

Dear Neighbor,

Is there a gas lease on your land that is about to expire? If so, we urge you to stop, consider, and act carefully on your own behalf.

Since the time you signed your lease, the gas drilling situation in our area has changed dramatically. More and more information has come to light about the methods the industry will use to extract gas, and more and more reports of accidents associated with the drilling are coming from PA and other places in the US. We know that the story the landmen gave us 5 years ago - small well pads, quick in and out of the drill rigs, no noticeable changes in the landscape - is not true of the new, unconventional, high-volume, slick-water hydraulic fracturing in horizontal well bores that the industry uses to drill the shale formations today.

The new extraction methods being used in the Marcellus shale are much more intensive and dangerous to both the environment and human health than the methods used in the past. Well pads are now much larger and require the support of thousands of truck transports and banks of massive diesel compressors that run 24/7, emitting air pollutants and deafening noise often a few hundred feet from homes.

If the expiration date of your lease is near, and you decide that a gas lease does not work for you at this time, do not sign and deposit or cash any check sent by the leasing company, and do not allow anyone to pressure you into leasing again. If you decide to let your lease expire, there are actions you need to take to ensure its expiration.

Attached is a packet of information we have prepared for landowners who are considering not renewing their gas leases. Although the information was compiled by an experienced environmental attorney, and can legally be used to effectively **terminate an expired lease**, you may want to consult your own attorney before taking action.

The **Lease Termination Packet** contains:

- A) instructions on how to use the information to put a legal end to your expired lease
- B) excerpts of the appropriate sections of the New York General Obligations Law 15-404
- C) sample Notice Letter,
- D) sample Affidavit of Service

If you decide to negotiate a new lease, time is on your side. Take the time you need to learn all you can and explore your options. Get expert advice. If you choose to hire a lawyer, be sure that lawyer has specific and extensive experience in negotiating gas leases.

Gas Drilling Awareness for Cortland County is a group of Cortland County residents, with and without leases, who are concerned about the impact that drilling and the associated heavy industrial activity will have on our community and environment. Our goal is to educate ourselves and the community about gas drilling and to promote a safe and clean environment. More information on gas drilling and leasing, and links to other sites, can be found at our web site <http://gdacc.wordpress.com>>. If you would like to contact us please email [<gdacc.cortland@gmail.com>](mailto:gdacc.cortland@gmail.com)

This package does not address the *force majeure* letters received by many lessees declaring the company's right to arbitrarily extend a lease. GDACC is working on an information package on this situation. Check our website.

Part A **HOW TO TERMINATE A GAS LEASE IN NEW YORK STATE
UNDER GENERAL OBLIGATIONS LAW § 15-304**

FIRST - BE VERY CAREFUL ABOUT CHECKS SENT TO YOU NEAR THE EXPIRATION DATE OF YOUR LEASE. Many leases contain “delay rental” clauses, which allow the company to extend the lease merely by sending such a check; acceptance and cashing this check WILL EXTEND YOUR LEASE.

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Determine if your lease has been re-assigned to another gas company. You may have received notice of any assignment, but the only safe way to determine if there has been an assignment is to check with the County Clerk and search under the name of the company who originally leased your lands. Leases are often assigned in whole or in part to other companies by the original lessees, with no notice to the land owners. Many county clerks' offices have on-line available records. You will need to send a notice to each company that still holds any share of the lease.

With the understanding that the land owner is the "**lessor**," and the gas company is the **lessee**", read the sections of your lease that are titled "lease term", "lease extension", and "termination".

Review the outline (enclosed) of the General Obligations Law 15-304.

**Wait to take your action until 10 days after the expiration date of the lease.**

Using the "notice letter" (enclosed) as your template, write your own notice letter to the company currently holding your lease, and follow this template carefully as all of this detailed information must be included in the notice letter/s. If there is more than one lessor who signed the lease, **all lessors must** be listed in the notice letter. **Be sure to use the current address** for the gas company.

- A. Keep at least two copies of your notice letter for your file.
- B. Send the original of the notice letter to the gas company by **certified mail, return receipt requested**.
- C. Prepare and **have notarized** an "affidavit of service" (enclosed). Make and keep two copies for your file.

If the gas company does not respond within 30 days of their receipt of your letter/s, file copies of your notice letter/s and affidavit/s of service at the County Clerk's office in the county where the leased land exists. "By such filing the lease shall be cancelled and of no further effect" (General Obligations law 15-304).

Part B **TERMINATION OF GAS LEASES:  
NY's GENERAL OBLIGATIONS LAW § 15-404:**

[ PLEASE NOTE: Since we always need to be prepared for resistance from the gas companies against termination, with the possibility of legal action, you need to **follow these steps** very carefully and **keep accurate records.**]

Subdivision (1) requires that once the lease terminates or expires on its own terms, the gas company [the lessee]: “**shall provide the current owner of the land which is subject to the lease, without cost to the owner, a document in recordable form canceling lease . . .**”;

Subdivision (2) provides that if the gas company fails to cancel the lease, as provided in subdivision (1), the current owner may serve notice upon the gas company, and all of the assignees, that: “such lease be cancelled as of record, and stating that if such release is not executed within 30 days of the service of the notice, the lease will be terminated and no longer in effect. Such notice shall also state:”

The names and addresses of the lessor and the lessee;

The name and address of the person giving notice and a statement of his/her interest;

The state, county, and town of the leased property, along with the location and a general description of the property as contained in the lease;

“If located in a [spacing] unit, the name and description of the unit, if known;

If there is a well on the leased land, the name or number of the well if known;

The date when the lease was signed;

The date of the termination of the lease and the basis of such termination;

Service of such notice must be either personal or by certified mail to the last known address of gas company or assignee. If this is not possible—then by publication—once a week for 3 weeks in a paper of general circulation in the county where the land is located.

If the gas company claims that the lease has not terminated, but is still in effect, it must (within 30 days of service of the demand) file an affidavit in the county clerk's office and serve a copy on the land owner within 10 days of the filing.

If not such affidavit is filed, the land owner can file a copy of the notice letter and an affidavit of service with the county clerk, and “**by such filing the lease shall be cancelled and of no further effect.**”

**SAMPLE NOTICE LETTER**  
**FOR**  
**TERMINATION OF GAS LEASE**

Your name  
Your address  
Today's date  
Gas company name  
Gas company's **CURRENT** address

**RE: TERMINATION OF OIL and GAS LEASE**

Tax map ID No.:  
Town of \_\_\_\_\_, \_\_\_\_\_ County, New  
York

Dear Sir/Madam:

[Start here if more than one lessor signed the lease. ]

I write on behalf of myself and fellow lessors:(\_\_list names here\_\_)  
who each have authorized me to write this letter and make the demands  
contained herein below. As your records indicate, collectively we are the  
lessors in this now terminated lease.

[Start here if only one signature is on the lease]

I write to remind you of your obligation under New York General Obligations  
Law § 15-304 (1) (Forfeiture and cancellation of oil, gas or mineral land  
leases), to send me the required "document in recordable form canceling the  
lease as of record in the county where the leased land is situated."

This lease was signed on \_\_\_\_\_, and therefore was  
terminated by its own terms, on \_\_\_\_\_. Since you  
have failed to meet this statutory obligation within the 30 day period in § 15-  
304 (1), we/I hereby exercise our/my rights under § 15-304 (2) and are/am  
SERVING YOU WITH **NOTICE** that:

1. This lease was terminated by its own terms on

\_\_\_\_\_.

2. You are obligated to send me the cancellation document mandated  
by  
§ 15-304 (1)

3. If such cancellation document/release is not received within 30 days of your  
receipt of this Notice, please be further advised, that pursuant to § 15-304 (2)

(a), the lease will be terminated and no longer in effect.

4. Further, as required by § 15-304 (2) (a), the following information is being provided:

The lessee is: \_\_\_\_\_(gas company name and address here)\_\_\_\_\_.

The lessors are: \_\_\_\_\_(names and current addresses)\_\_\_\_\_.

\_\_\_\_(letter writer's name and address)\_\_\_\_ is giving this NOTICE, as one of the lessors, with the authorization of the other lessors.

The leased premises are located in the Town of \_\_\_\_\_, County of \_\_\_\_\_, State of NY; tax parcel ID # \_\_\_\_\_, which is a parcel of \_\_\_\_\_ acres.

The leased premises are not in a unit.

There are no oil or gas wells on the leased premises.

The lease was executed on \_\_\_\_\_.

The lease was terminated on \_\_\_\_\_ due to the provision of the lease.

As noted, all correspondence in response to this Notice should be sent to me at the address at the beginning of this letter, and also contained above. Thank you for your attention to this matter.

Sincerely,

(letter writer's name here)

cc: (other lessors names here)

# AFFIDAVIT OF SERVICE

STATE OF NEW YORK  
COUNTY OF \_\_\_\_\_

\_\_\_\_\_(letter writer's name here)\_\_\_\_\_, being duly sworn, deposes and says  
that:

On \_\_\_\_ (date)\_\_\_\_\_, I served a letter which contained a Notice of  
termination of an Oil and Gas Lease, pursuant to New York General  
Obligations Law §15-304 (2), upon \_\_\_\_ (gas company  
name)\_\_\_\_\_, by mailing an original thereof to: \_\_\_\_ (gas company  
address)\_\_\_\_\_ via Certified Mail, Return Receipt Requested.

Sworn to before me this

\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC