

# Oil and Gas Lease Tips

**Negotiate, negotiate, negotiate.** Don't be quick to sign the first lease you are offered. You can often negotiate more favorable terms for yourself and/or your family.

**Talk to your neighbors.** Have they been approached? Have similar offers been made? Visit with them to open up the lines of communication. Sometimes neighbors are hesitant to talk about personal business with each other. Many farm, ranch and landowner related organizations encourage communication amongst neighbors in relation to oil & gas topics.

**Know who you are dealing with.** When it comes to the "landmen" or companies approaching you, get their contact information and ask for credentials and references, including local landowner references if they are available. Perform your own research on the company. It is your land and your rights. Be diligent.

**Don't let yourself be pressured.** If the company or "landman" tells you to sign their standard lease—that you can "take it or leave it," be cautious. If you feel too pressured, don't sign. Take the time to get any questions you have answered to your satisfaction. Do your own research and negotiate a deal that works for you.

**Know what you are leasing.** This is a crucial part to be clear about. Be careful that you don't give up all mineral rights unless you intend to. Are you leasing natural gas? Oil? Coal? All of the above or just one. Be aware.

**Get everything in writing.** A handshake is not enough. Every last detail should be reduced to writing and you should take the time to review the lease and digest its terms. This way all parties know the expectations.

**Let companies compete for you.** If you are lucky enough to have more than one company approach you, let them compete for your lease so you can get the best deal.

**Talk about and agree on damages.** If your crops, livestock, fences, trees, farming equipment or any other assets are damaged or have to be removed, plan out who will be responsible—in writing. Do you have a well or septic? Drilling could affect your water system, so map out the parties' responsibilities. Try to protect yourself from any damages to your property.

**Understand any and all payments.** Some payments may come immediately. Some payments may be based on acreage, whereas others will be based on production. Some payments will depend on certain events occurring through time. Be familiar with all payment clauses, including renewal clauses and expiration dates.

**Keep your own good records.** In the event you ever need to challenge a company because you feel you've not been treated fairly, it helps to have well-organized records to make your case.

**Seek legal counsel.** Talk to a lawyer. Make sure they are knowledgeable in oil & gas law and leases. Some landowners who cannot afford an attorney alone pool their resources with other local landowners that are similarly situated.