



Look Before You Lease
www.lookbeforeyoulease.org

Public Service Announcement

There is renewed interest by energy companies to lease property in Athens, Vinton, Meigs, and Washington counties. Claims are being made via newspaper and radio outlets that landowners could receive up to \$5,700 per acre if they sign an oil and gas lease.

Landowners are encouraged to Look Before they Lease with any energy company. Landowners can call Susi at (740) 767-4938 for more information about a landowner toolkit that will help them understand important information that should be included in a lease. It is important to fully understand all information contained in any lease provided by an oil and gas producer, attorney, or 3rd party before signing.

Look Before You Lease has worked with an oil and gas law firm in Ohio to create a sample landowner friendly lease that can be used as a starting point to help understand terms and provisions included in oil and gas leases that should be included to help protect their families interests.

Landowners should not sign any lease without first working with a qualified oil and gas attorney and should understand all financial implications of entering into an oil and gas lease.

Visit www.lookbeforeyoulease.org for more information or call (740) 767-4938

End Public Service Announcement

Additional Note: Any landowners considering a lease with Cunningham Energy, LLC. should know that they will not automatically receive \$5,700/ acre and may not receive more than \$125 per acre as you can see from the excerpt below. Landowners should also note that royalties from vertical and/or shallow wells may not produce quantities of oil, gas, or other hydrocarbons in the quantities that that horizontal wells are currently producing in the Utica Point Pleasant Shale Play. Therefore royalties paid to landowners with shallow or vertical test wells may be different from a landowners expectation.

Excerpt from Athens News Article

Rather than paying the \$2,500 per acre signing bonus it had earlier been willing to pay, according to a letter Lavelle sent to his clients Friday, the company is now willing to pay the far more modest amount of \$125 per acre to keep the already-signed landowners under contract while the company investigates the geology of the county.

The property owners, according to Lavelle, will get the initial reduced payment even if Cunningham doesn't put together a joint venture to drill. If the project does come to fruition, the leases will pay off \$5,700 per acre over the life of the lease - though this will be more of a "back-end" than an up-front payment, and a landowner won't get this full amount if his or her land goes into oil and gas production and royalty provisions start kicking in. As the amendment states, "The likelihood of that many vertical wells being drilled and finding oil and gas in commercial quantities to hold the leases by production within the time frames in question is very unlikely and highly doubtful so if the results are good, you will likely get most of the bonus rental payment until your property is drilled."

The higher payment is contingent on the Utica actually producing here, and Cunningham and/or its venture partner drilling production wells. (This prospect also depends on the company's finding a new investment partner, which according to Lavelle it's in the process of locating.)

By Jim Phillips. May 06, 2012