

Mineral Rights Leasing Is Hot Topic

Part 1 of a Series

Some landowners in White County, Arkansas and surrounding areas are being approached with opportunities to lease their natural gas rights. Most area residents know little about mineral right leasing and even less about Arkansas oil and gas law.

If you have not signed a lease, you may want to do some research and contact an attorney who is familiar with mineral or gas lease contracts.

Research tips for landowners:

- A good place to begin your research is on the internet. If you don't have web access, see if you can get access through your local library or through your local community college or university library.
- When you go on the web, check the Oil and Gas Commission's site at www.aogc.state.ar.us. There you will find a brochure, "Surface and Royalty Owner Information Bulletin," and a publication, "The Arkansas Leasing Manual."
- The Arkansas Geological Commission has the same publications on their website and general information in the "Fayetteville Shale Gas Play" publication. Their site is www.state.ar.us/agc/agc.htm.
- The Arkansas Department of Environmental Quality enforces hazardous waste and water law and regulations. Their site is www.adeq.state.ar.us.
- You can find additional information on the Real Estate Center at Texas A & M University site, <http://recenter.tamu.edu/pubs/catoilg.html>. Judon Fambrough, senior lecturer and attorney, has written and posted several publications you can download and print. Fambrough has over 30 years of experience dealing with mineral companies and landowners. One excellent publication is "Hints on Negotiating and Oil and Gas Lease."

Negotiating leasing agreements:

In addition to conducting your own research, you should consider hiring an attorney familiar with oil and gas leasing. Oil and gas companies may write a lease specifically for you if negotiated properly. This won't occur unless you actively understand and protect your interests. While you may not gain everything you want in negotiating, you will be better served by knowing what you want in the lease.

“Three basic things influence the negotiation power of the mineral owner,” says Fambrough in “Hints on Negotiating an Oil and Gas Lease.” “The first is the amount of acreage the lessor controls,” he writes. “The second is the proximity of the acreage to known production. And the third is the number of oil companies vying for the lease. The ideal situation is for the mineral owner to have a larger tract next to a newly discovered field with numerous oil companies seeking a lease.”

Understand everything about the lease before you sign. Don’t assume anything. The person or company negotiating may not be around when drilling begins. If you have questions after you sign, contact the company. Most importantly, have an attorney represent you.

Look for future articles about leasing your mineral or natural gas rights. If you have questions, contact your county office of the University of Arkansas Cooperative Extension Service. The Extension Service is part of the University of Arkansas Division of Agriculture.

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