

# F.A.Q.

## Frequently Asked Questions

### – Why sign up now?

Over the past few rounds of leasing it has become evident that the operators' strategy is to take an approach that permits them to hold as much land as possible. One of the methods they utilize in order to hold a larger area of land is to lease key pieces of property and to advise those surrounding landowners that they will be back to lease them at some vague future date. Typically, as the negotiations continue, the willingness of the operator to pay premium rates and provide necessary protections becomes more strenuous and ultimately the terms of the transaction deteriorate as all of the competition has left the area.

In our office's experience, companies are much more responsive to landowner demands when we are able to provide them a clear and logical picture of their path to development. In short, one of the most effective negotiation tactics is to be able to provide the operator with numerous contiguous parcels that can be developed or parcels that complete their existing units.

As many of you are aware, leases will begin to expire as early as the next several months. As infrastructure begins to take shape, the various companies are going to have production requirements to meet their dedicated quotas and most importantly an avenue for their product to get to market. Based upon our experience, we need to be prepared several months in advance of the operators' target date. With advanced preparation, the best terms and conditions can be negotiated. In order for our office to successfully obtain those terms and conditions, we have to exhibit to the operators the desirability of taking on the property in which our office represents. All of this takes dedicated preparation during slow leasing periods so there can be a swift response during rapid expansion periods.

### – Why should I sign up if I am already leased?

Based upon the more favorable terms previously negotiated, we believe that many of the operators may attempt to renegotiate lease terms as leases expire and come up for renewal. This means that large blocks of area are going to become open again. It is important that every landowner is prepared to enter into negotiations with the operators when this opportunity presents itself. Preparation and consistency is key to capitalizing on this opportunity as each operator will attempt to grab a foothold in the area once again.

### – When will all of this happen?

Our office predicts that most of the lease activity will continue at a slow, steady pace until such time as all of the necessary infrastructure begins to come online and until such time as a majority of the oil and gas leases previously signed start to rapidly expire. At that point, the leasing will again be rapid for a short period of time. Many of the operators and their midstream partners have already commenced extensive undertakings for the commissioning of various processing and transportation necessities. As these processing facilities and transportation sources begin to come online, the expansion of development is only going to accelerate. We believe that much of the leasing and new development opportunities should be viewed as correlated to the expansion and completion of midstream operations.

– **What types of protections are being negotiated?**

These are some of the areas of supplemental protection that our Office is actively pursuing:

- Shut-in Limits
- Liability Protections
- Depth Severances
- Damages for Well Pad Placement
- Unit Size and Development Issues
- Property Damage Provisions
- Protections regarding Pipelines and Related Facilities

– **Do they have to take my lease/Can you promise that they'll take my lease?**

No, we cannot promise that they will lease your property; they are under no obligation to lease your property, just as you would not be obligated to enter into a lease arrangement. Our goal is to create effective and efficient units that are desirable for any company to develop, making all members' property attractive for development and each lease advantageous to fund. The success of the lease negotiations and likelihood of development and funding will be directly influenced by the ability to create units with contiguous property for development.

– **How do we get in contact with you?**

The best way to contact us is at [jbarkley@srlawllc.com](mailto:jbarkley@srlawllc.com). We can also be contacted at (724) 794-2929. When calling please identify yourself as part of the group and ask for Julie.

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