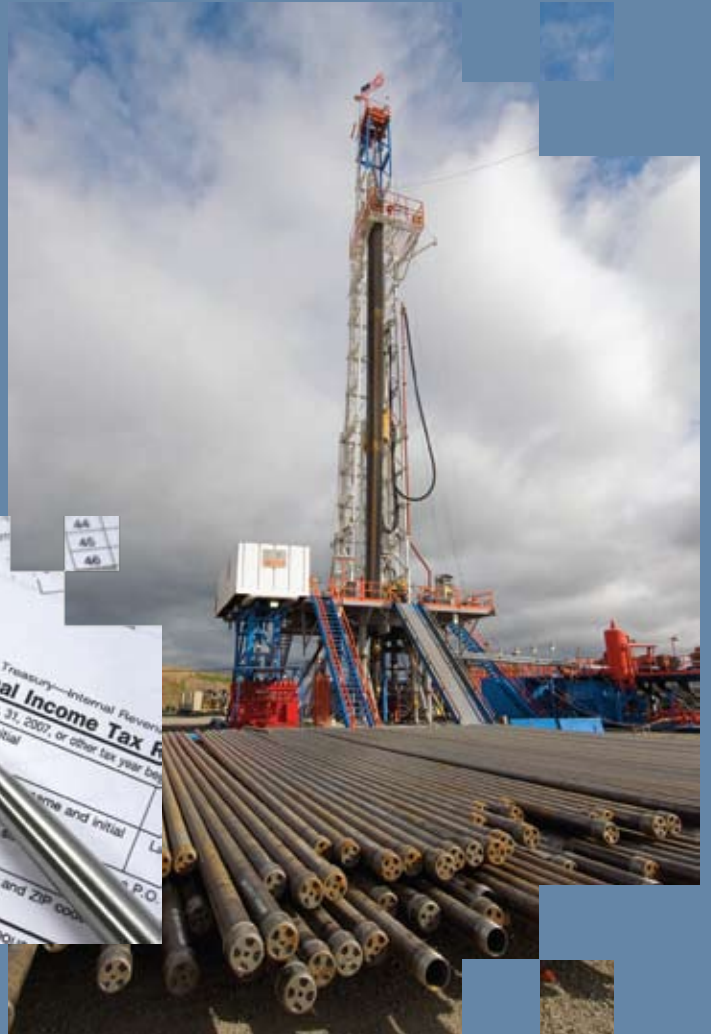
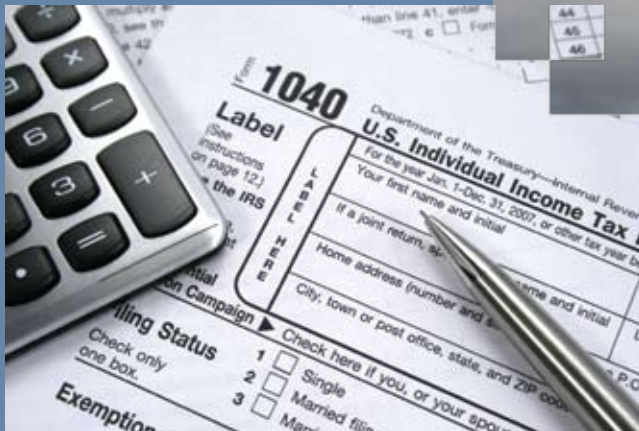




# Natural Gas Exploration: A Landowners Guide to Financial Management



## INTRODUCTION

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If you are a property owner in northern, southwestern, or central Pennsylvania, there's a chance that you are leasing your property, or considering leasing your property, for natural gas exploration and drilling. Perhaps you have received a bonus payment for signing a gas lease and are trying to decide how to use your windfall. Or maybe you've been promised a bonus payment for signing a lease but you're still waiting for your check from the gas company.

Exploration and extraction of natural gas from the Marcellus shale is a potentially valuable economic stimulus to rural communities in Pennsylvania. As landowners are paid for leasing their properties, and as the gas industry develops the regional drilling infrastructure, economic gains can be significant.

But while all the activity surrounding natural gas reserves in Pennsylvania can be exciting, it can also be confusing for landowners. You might be wondering how the nation's economic situation is affecting the market for natural gas. You might find yourself confused or frustrated by gas development activity that seems erratic. Good, nonbiased information about leasing and payments is hard to come by,

and the sudden interest and pace of drilling have led to uncertainty and suspicion about the gas exploration process.

This guide is meant to be a financial management tool for property owners, covering the basics of what you need to know, how to manage your income from natural gas leasing, and what to consider when making financial decisions. The more you understand the concepts behind wise financial management, the better decisions you can make for your land and your family.

While this guide outlines some things you should consider about financial issues surrounding natural gas leasing, it is not intended as legal or professional financial advice. You should consult with a financial professional, such as an attorney, certified public accountant (CPA), tax adviser, or financial planner, before making any legally binding decisions.

## THE GAS LEASE

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As a landowner, you should know that a natural gas lease is the product of negotiation between you and the gas company and will govern nearly all aspects of exploration and drilling on your property. The lease is a legal contract, and its written terms will supersede





money before you receive it. Make sure the money is in your hands before you spend any of it.

### **TYPES OF INCOME AVAILABLE THROUGH A NATURAL GAS LEASE**

When you are presented with a gas lease, the offer will include different types of payments, such as a signing bonus, land rental fees, and/or royalty payments. It's important to have

come across while negotiating a gas lease are outlined below.

#### **Bonus Payment**

A bonus payment is a one-time payment for signing the lease. The amount of the bonus payment is negotiable, and the payment is usually made within sixty to ninety days after lease signing. In today's economic environment, where market prices may affect a negotiated deal, it is wise to make sure the provisions of your lease

the document and the date payment is to be made. The parties should identify what events might affect the transaction and how they will be handled if they occur so there will be no surprises.

#### **Rental Payment**

Rental payments, including the bonus and annual rental amounts, are normally made in one payment for the stated term of the lease, which is referred to as a "paid-up lease." Rental payments can also be paid annually over the primary term of the lease.

#### **Delay Rental Payment**

A gas lease may also specify a delay rental payment in addition to the rental payment. A delay rental payment is made to compensate the landowner for delays in gas drilling or production. These payments are often made annually, and the obligation for payment ends if a well is drilled. The amount and number of delay rental payments are negotiable.

#### **Royalty Payments**

Royalty payments are made to you, the landowner, by the energy company when natural gas is extracted from your land. Royalties, which are based on the terms agreed to in the lease, recognize the landowner's right to a portion of the value of the gas resulting from the lease of



a written description so you understand exactly how you will be paid and what payments you might receive in the future. The types of payments you might

agreement state exactly when you will receive your bonus payment. This statement should address the impact of events arising between signing



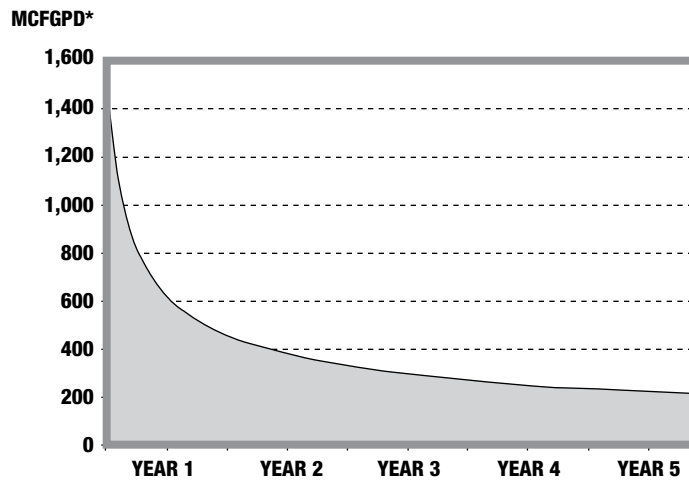
exploration rights. Pennsylvania law requires that the landowner be paid royalties of at least 12.5 percent of all natural gas removed from the property, and you may negotiate for a higher rate.

Keep in mind when multiple tracts of land are included in a drilling unit, as is common in areas with Marcellus shale, you will receive royalties based on the acres of land you own in the unit. For example, if a drilling unit is 180 acres and you own 90 acres within the drilling unit (or half of the unit), you will receive half of the royalties.

A word of caution about royalty income: when a gas well first comes online, it produces a significant amount of gas the first few months, but production steadily trails off in a long decline curve. The first year's production could be 60 percent or more of the well's total production. So it's important to remember that the first royalty checks you receive will likely be much larger than what you can expect in the long term. Don't make major financial commitments based on these initial royalty checks, since the royalty income will probably drop from the initial amounts.

Another factor that affects the amount of a monthly royalty check is the current market price of natural gas, which can fluctuate greatly. For instance,

**REPRESENTATIVE PRODUCTION DECLINE FOR A SHALE GAS WELL**



\*thousand cubic feet of gas per day

natural gas prices were as high as \$14 per thousand cubic feet in July 2008 and have dropped since then. So monthly royalty payments received in July 2008 for a given volume of natural gas were higher than in February 2009 for the same volume of gas produced.

**Shut-in Royalty Payment**

A shut-in royalty is paid when one or more wells are fully developed but not producing gas. This might be due to lack of pipeline connections, market timing to increase wellhead revenue, or other production and transmission circumstances. A gas company is not required to pay shut-in royalties unless the lease agreement makes specific provisions for their payment. A gas lease might state a period of time, such as

six months, that the landowner would have to wait before the shut-in royalty starts.

**Free Natural Gas**

Some gas leases include a provision for free natural gas for the landowner. This agreement would entitle you to receive a specified amount of the natural gas extracted from your property at no cost. You would most likely be responsible for piping the free gas from the wellhead to your residence, which could be an expense (and possible liability) for you. As an alternative, the lease agreement may provide for you to receive a payment in lieu of free natural gas.



## **Additional Revenue Opportunities**

### *Pipelines*

If gas is being moved from a drilling unit that you're receiving a royalty from, pipeline access is expected by the company and is reasonable for the landowner to grant. If the right-of-way is for gas to be transported from a unit that your property is not a part of, then this should be negotiated separately so that the gas company pays you an additional fee. You should exclude pipeline rights from the general natural gas lease so that you can negotiate to grant a right-of-way for pipelines in exchange for additional payment.

### *Gas Storage*

In certain cases, natural gas can be pumped back into a depleted gas well after being extracted elsewhere. Gas is stored to take advantage of seasonal market changes. Although gas storage can increase wellhead revenue, it can also complicate the gas lease. You should consider gas storage separately from the original exploration and drilling lease, and develop a separate gas storage lease, possibly for added income.

### *Well-Siting Fee*

In Marcellus shale areas of Pennsylvania, energy companies are interested in large blocks of land, often wanting groups

of neighbors to agree to unitization. In this case, if you are part of the unit, and the energy company would drill a well on your neighbor's property, you would still be paid a royalty based on your prorated share. If the well was drilled on your property in the unit, and your lease provided for you to receive a well-siting fee, you would receive that fee beyond the royalty payments.

### *Other Revenue*

You might be able to profit from gas exploration and drilling by selling resources from your land, such as stone, timber, or water access. More details on this type of revenue can be found in a later section of this guide, "Land-Use Considerations." You should consult with an attorney, forester, or financial professional to learn about possible options.

## **POTENTIAL EXPENSES**

Before signing a gas lease, you should consider what home (personal) or business (farm, for example) expenses might relate directly to the lease. Legal fees, property tax increases, and other expenses may be necessary when entering into a lease, or during drilling, for the designated term(s). These expenses should be taken into account when considering

the company's lease offer so that you can understand your bottom line (profit) after deducting these expenses.

As a landowner, you should understand that there is the possibility that activities from gas drilling will result in negative financial consequences. Whenever possible, you should include terms in your lease to protect you as much as possible from these liabilities. If you don't feel your lease agreement contains adequate financial protection, you should obtain protection through insurance or by establishing your own financial reserve.

### **Property Damage**

Drilling activities might cause damage to your property, such as to soils, crops, fences, buildings, trees, roads, and water supplies. The lease agreement should state how damages to these items will be calculated.

### **Liability to Third Parties**

When negotiating a lease, you should include a provision to require the gas company to indemnify you for any liability you might incur as a result of drilling activity. Indemnification means the gas company will protect you against any claims for loss, damage, or injury that happens on your property from drilling. The indemnifi-



cation clause should be written to address all possibilities, including situations such as someone tripping over the drilling equipment, contamination of a neighbor's water well, or an explosion caused by the release of natural gas. Also, since litigation is expensive even if you ultimately win a case, the indemnification clause should include a duty to defend so that the gas company is obligated to hire an attorney for you and to pay all other costs and expenses of litigation.

### **Violations of Preservation Programs**

You may also incur liability through increased taxes, penalties, or damages from violations of a preferential property tax assessment (Clean and Green) or other farmland preservation/conservation programs. See further information on preservation and conservation programs as they relate to natural gas leasing and taxation in the "Tax Planning" section of this guide.

### **Land-Use Considerations**

When you are approached by a landman or energy company with an attractive offer to lease your land for gas exploration and drilling, the prospect of financial gain might be tempting. But before you sign a lease on your farmland or forestland, consider both the





economic and environmental impacts of this activity. Building roads, installing pipelines, and clearing drilling pads can disturb forest and wildlife habitats. These environmental impacts also have financial consequences for long-term stewardship of your land. Understanding these issues and your options are important in making the right decision for you and your land.

A good motto is “plan ahead.” If you have forested land, some timber will probably

need to be removed for road access, drilling equipment, drilling pads, and pipelines. Timber is a valuable asset, one you might not think about. How the timber harvesting is conducted will affect future conditions and timber quality. If you have a land or forest management plan for your property, refer to it when deciding on appropriate locations for gas wells, roads, and pipelines. The resource professional who helped write your plan may offer useful advice. If you don’t have a forest management plan, contact your local Department of Conservation and Natural Resources (DCNR) Bureau of Forestry Service forester for a list of qualified plan writers. It is in your best interest to have a well-written forest management plan for your property before leasing your land. As a rule of thumb, work with the gas company to minimize disturbance to your forestland by using existing roads when possible and concentrating new roads, pipelines, and well sites along existing openings or in places that do the least environmental damage. The language in your lease should require your approval for well site, road, and pipeline locations, and the lease also needs to be clear about postdrilling cleanup and land restoration.

You should negotiate fair compensation for trees removed to develop these sites. There are two common approaches for establishing a value for these trees: (1) negotiation with the gas company and (2) competitive bidding. In both instances, it’s important to at least establish the fair market value by using an independent third party, such as a consulting forester. For example, if your trees are still immature (not merchantable or still can grow in volume), the fair market value should include discounted foregone revenues from not allowing future tree growth. In the first approach, this estimated value becomes a starting point for you to negotiate a reimbursement directly with the gas company for your standing timber affected by site development.

The second option is to sell designated trees competitively by requesting bids on the volume. Again, a reputable consulting forester can help develop a timber sale prospectus to market your timber to the highest bidder. This approach may yield a higher return than negotiating directly with the gas company. Since an outside buyer, other than the lessee (the gas company), is purchasing the timber, you need to allow time for the buyer to harvest the designated trees. It is not





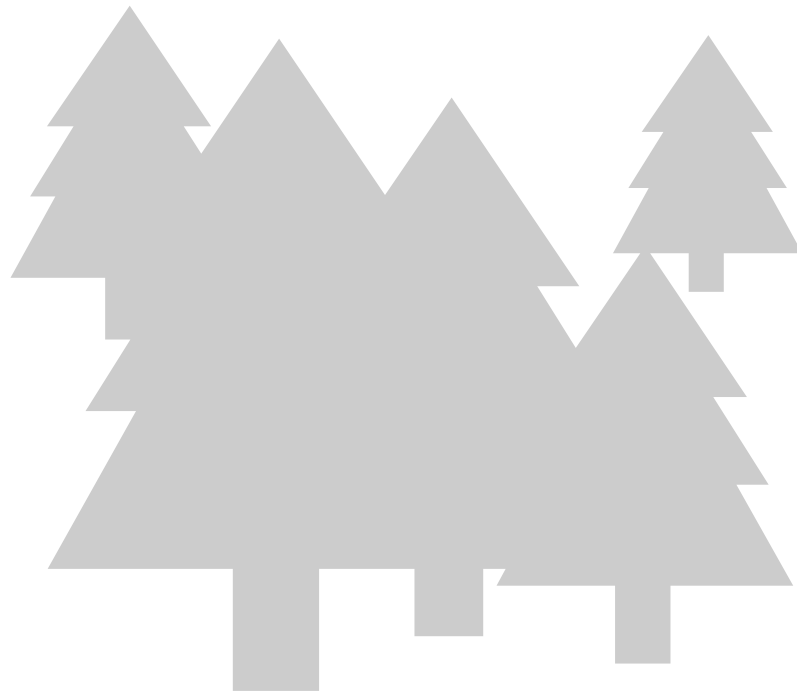
uncommon for bidding and harvesting to take a year or two, but this can be negotiated in the timber sale contract. So it's important that you work with the gas company to clearly define timber locations in advance to complete the harvest operation. If you chose to sell timber through a competitive bid and you do not have roads on the site, the buyer will need to construct roads to complete the harvest. The successful bidder will bear the cost of building these roads and this will likely reduce the bid price. If an extensive road system is required, you may benefit more by having the lessee build the roads and remove the timber. Timber income is generally subject to capital gains tax rates, and expenses are deductible from the timber sale.

Make sure you adhere to laws related to timber harvesting. It's your job to protect your surface property, including its natural resources such as water, farmland, and trees. You can do this by adding addenda to your lease.

## TAX PLANNING

### Income Tax on Natural Gas Revenue

The income you receive from natural gas leasing is subject to federal and state income taxes. (Currently, natural gas revenue is not subject to local



taxes in Pennsylvania.) When you sign a gas lease and receive a bonus payment, that payment is considered ordinary income and is subject to regular income tax, which is reported on Form 1040, Schedule E. Royalties from gas drilling are considered ordinary income as well.

### Depletion

As a landowner, you have what is known as a cost basis in your property. The cost basis is simply the amount you paid for the land. Generally, the only time you can recover your basis is when you either sell your property or sell resources from your property, such as timber or stone. But the law on natural gas royalties allows you to deduct annually from your basis

as natural gas is depleted from your property, so you pay fewer taxes. There are two types of depletion: percentage depletion and cost depletion. Using the percentage depletion method, you may deduct 15 percent of your royalties annually. You should consult with a financial professional to determine what type of depletion is available to you and how it will affect your taxes.

### Land and Natural Gas Rights

In some cases, you may not own the natural gas rights to your land, even though you own surface rights. You can find out if you own natural gas rights by checking the deed or chain of title to your property. If natural gas rights have been or are



separated from the cost basis of the land, the depletion expense will reduce the cost basis of natural gas rights. If natural gas rights have been separated from the cost basis of the land *and* the natural gas rights are then sold, you may recognize a capital gain on that sale.

### Property Tax

Property taxes can be affected, especially if your land is enrolled in Pennsylvania's Clean and Green or another conservation/preservation program. Clean and Green is a preferential assessment that allows you as a forest or agricultural landowner to pay lower real estate taxes. You may be subject to pay back taxes if you allow gas exploration and drilling on your land. Clean and Green is a state program that is administered at the county level. Counties throughout Pennsylvania have not treated natural gas development uniformly. As a result, it is possible that the General Assembly will enact legislation to provide for uniform treatment of natural gas drilling throughout the state. If this happens, some counties may be required to change their current practices.

If your land is assessed under Clean and Green, you'll want an addendum stating that the gas company will reimburse you for any roll-back taxes (and

penalty) you have to pay from gas leasing and/or exploration. If your land is under any kind of preservation or conservation easement program, the terms of your conservation easement may address the issue of natural resource development after the easement is recorded. You should discuss these issues with your attorney or financial professional before signing a gas lease.

### Tax Avoidance Versus Tax Evasion

You can use tax avoidance for current proceeds from a gas lease/royalties and for future earnings from investment of gas revenue. Tax avoidance, unlike tax evasion, is perfectly legal and involves interpreting the tax code to pay the least amount of taxes owed. Evasion is illegal underpayment of taxes due. Legal tax avoidance strategies include retirement plan contributions, U.S. savings bonds, municipal bonds, and charitable contributions. You should partner with financial advisers to develop and implement a plan that will minimize the tax impact of gas lease and royalty incomes.

### PLANNING YOUR ESTATE

Estate planning refers to the important decisions you make that have lifetime impact or significance when planning for the transfer of your property after your death. Reasons for

estate planning are to save money by reducing legal and other related expenses, to save on estate and inheritance taxes, and to ensure efficient means of transferring property after the owner's death. Recognizing that the transfer of property after a person's death is a trigger for imposing inheritance and estate taxes, many people plan during their lifetimes to avoid these taxes at their death. Your attorney will help you determine how your income from natural gas can affect these taxes.

When planning your estate and leasing your property for natural gas exploration and drilling, think about your valuable assets or potential assets that relate to natural gas. These include the rights to natural gas and natural gas royalty streams from producing wells, along with the value of the surface estate. Remember that the mineral estate, if you own mineral rights to your property, has a value separate from the surface estate. When reviewing your estate plan with your attorney, you should consider these different assets separately.

### WEALTH MANAGEMENT

While a financial windfall is almost always a welcome event, figuring out how to manage newfound wealth can be



stressful. If you've received or are receiving a windfall from natural gas exploration and leasing, you will want to manage that money wisely. When deciding what to do with your money, it might help to follow the four P's:

Pause to assess your situation while keeping the funds in an interest-earning account and think about what you want to do with it in the long term. Choose an account that allows you to withdraw money on short notice with no penalty or state taxes on interest earned.

Plan in writing your goals for using the funds, whether for children's education, an emergency fund, a retirement account, or charity. At this stage, remember that almost all income is subject to federal and state tax, and don't overspend. Make sure to set money aside to pay taxes. Consult with an attorney or financial professional to learn more about taxation. Remember, don't count your chickens before they're hatched! In other words, don't spend money that you haven't yet received, and don't spend what you will have to pay as income tax.

Pay off any debts you might have, especially high-interest credit cards. This natural gas windfall could be your opportunity to say good-bye to credit card debt. If you have other loans such as a mortgage or a



student loan, you should discuss a payoff strategy with a financial planner.

Ponder hiring professional help, such as a financial adviser or CPA. This can be a daunting task as you try to figure out whom to hire. The following section will help get you started, and you can get more detailed information on hiring professionals on the Penn State natural gas Web site, listed at the end of this guide.

When you need to hire a professional such as an attorney, accountant, or financial planner, do some groundwork. Call professionals and ask them to mail or e-mail background information to you. Many professionals have background information posted on a Web site. State or national regulatory organizations or professional associations may also be a source of information about the professional. Ask friends and

relatives for suggestions based on their experiences.

Interview the experts and check their references. Ask questions to ensure the person you hire is someone you are comfortable with and has the skills to meet your needs. If you feel good about the interview, ask for three references of clients who have similar situations to yours. When you talk to references, one question to ask is, "Would you recommend this person to your son or daughter?" Follow up to find out why or why not.

Penn State financial educators recommend that you check out at least three sources before you make a decision. Chances are that out of those three choices, you'll find the right one. The process can be time consuming, but if you do a thorough job up front, you'll save time and money in the long term.

### **Some General Questions to Ask Any Professional**

- How long have you been in practice?
- How much experience do you have working on natural gas issues?
- What are your qualifications? Tell me about your professional credentials, certifications, and how you stay updated or remain current in your field.
- Will you provide a written



contract that outlines the service agreement and fees?

- How long will the work take?
- Will any of your work be delegated to others and if so, how much?
- How do you charge or get paid (i.e., fee structure—hourly, flat, or a combination)?

## TYPES OF PROFESSIONALS YOU MIGHT HIRE

### Attorneys

Attorneys can help you with the legal matters of leasing and the tax implications of transferring property (wills and trusts). Before hiring an attorney, check with the appropriate regulators in the state where the attorney is doing business to see if they have any misconduct citations in their file. Ask about the attorney's experience in natural gas, and make sure you're comfortable working with the attorney. Understand the basis of all fees the attorney charges. Get a written fee agreement from the attorney.

#### *Questions for Attorneys*

- What are your areas of concentration?
- Are your clients primarily companies or individuals?
- Will you provide copies of all relevant correspondence?
- What experience do you have in natural gas issues?
- Are there other costs I might



incur that are not included in your basic fee structure?

- Are there ways I can reduce my costs while working with you?

### Accountants

You will want to look for an accountant who has expertise in gas leases and tax laws in Pennsylvania. Certified public accountants (CPAs) are accountants who have passed a rigorous exam and meet additional state education and experience requirements. CPAs can operate in virtually any area of personal finance (e.g., tax planning and preparation, financial analysis, financial planning, financial accounting, estate planning, venture capital, corporate finance). Make sure the person you are considering has expertise in the area you need help with.

#### *Questions for Accountants*

- Are you available to answer tax questions throughout the year?
- How much experience do you have with tax situations like mine?
- How much assistance do you provide if I am audited?

### Financial Planners

Financial planners generally take a "big picture" view of your financial situation and help you develop a strategy to cover all your personal financial needs. Planners can help with budgeting and cash flow needs, savings, investments, risk or insurance needs, taxes, retirement, and estate planning. Depending on the complexity of your situation, planners might also suggest a consultation with other professionals, such as an attorney or accountant.

A word of caution: the financial planning industry is



virtually unregulated. You might find individuals in this industry who use the title “financial adviser” or “financial planner” with backgrounds in banking, insurance, or a nonfinancial area. So it’s wise to determine the credentials of financial planners or financial advisers before you hire one.

*Questions for Financial Planners*

- What is your approach to financial planning?
- Can I have a written agreement outlining our working relationship?
- How will you be paid for the service you provide to me?
- What type of clients do you specialize in?
- What services do you and your firm offer?

- Do you create a written financial plan for your clients?
- How do you service your clients?
- How many clients do you have now?
- Have you ever been disciplined by the Financial Industry Regulatory Authority (FINRA)—formerly the National Association of Securities Dealers (NASD)—or any regulatory agency during your career?

**FREQUENTLY ASKED QUESTIONS**

**How should I decide whether or not to sign a gas lease?**

If you are approached about signing a gas lease, ask the energy company representative or landman for a copy of the lease and say you will look it over. Never sign anything on the spot. Ask a qualified attorney experienced in oil and gas leases to review the lease and explain its impact on you and your landholdings.

When you sign a gas lease you are entering into a legal contract. In any contract, you are giving up something and you are getting something in return. Financial issues play a large part in the decision, but land use and oil and gas rights are also part of the picture. If any part of the agreement is unclear or seems unfair, you can negotiate until you feel

your interests are protected. An attorney who specializes in natural gas leases can help minimize your risks.

**If I sign a lease, how, when, and how much will I get paid?**

You may be offered a one-time bonus payment from the energy company when you sign the lease. You might also receive a delay rental payment, which is an annual payment that would end when a well is drilled on your property. Royalty payments start when natural gas is extracted from your land. The state law requires that you be paid a minimum royalty of 12.5 percent, but you may negotiate for more. All of these types of payments are negotiable.

Many factors determine the amount and type of payments you will receive from a gas lease. These include the current natural gas market, past drilling results in your area, amount of acreage to be leased, the presence of pipelines or other infrastructure in the area of your property, and more.

**Is it best to receive the lease bonus in one lump sum (“paid-up lease”) or receive a set payment each year for the duration of the lease?**

For tax purposes it would definitely be beneficial to receive a portion of the lease payment each year for the duration of the lease. However, an energy





company generally reserves the right to terminate a lease at any time. So if a company decides after a year or two that it no longer needs your lease, it may choose to terminate the lease and stop making annual payments to you.

**What is an addendum? Why is it so important?**

Leases are standard documents that are drawn up to protect the interests of the gas company. You and your attorney can protect your rights by preparing an addendum that includes terms of agreement that you specify. It is not uncommon for twenty or more of these to be added to the typical industry lease to modify it in a way that is more beneficial to you, the landowner.

**What can I do if I signed a lease but have not received my bonus payment?**

First, review your lease agreement to determine if the gas company has a legal obligation to make the bonus payment. Specific provisions of the lease agreement may allow the gas company to back out of its obligations to you. You should also consider whether you need to take any actions to terminate the lease agreement. Finally, if the lease agreement has been recorded at the County Recorder of Deeds Office, consider whether you need to make an additional

recording to indicate that the lease is no longer in force. You should discuss these issues with your attorney to determine the proper course of action.

**How do I know if I own the natural gas rights to my property?**

In Pennsylvania, surface land and the subsurface land (mineral rights) can be separated. Many landowners are unsure as to whether they own mineral or subsurface rights or whether those rights have been sold. To find out whether or not you own the mineral rights to your property, you will need to check the deed or chain of title to your property.

**How much money do I need to save to pay for taxes?**

Every situation is different. The important thing is to be aware that you will need to pay federal and state taxes on your natural gas income. A basic rule of thumb is to set aside at least one-third of the income for tax purposes. You should consult with a financial planner or accountant to determine the amount to set aside for taxes.

**How can I reduce my tax burden?**

You can use tax avoidance for current proceeds from gas lease payments and royalties and for future earnings from investment of gas revenue. To learn more about your specific situation, you should consult a

financial planner, tax adviser, or accountant.

**Do I need to make estimated tax payments on income received from a gas lease?**

Estimated tax is the method used to pay tax on income that is not subject to withholding, such as income from a natural gas lease on your property. If you do not pay enough through withholding or estimated tax payments, you may be charged a penalty. If you do not pay enough by the due date of each payment period, you may be charged a penalty even if you are due a refund when you file your tax return.

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. Work with your financial professional to avoid penalties associated with nonpayment of estimated taxes.

**I am a member of a hunting club. What if the club decides to lease land from our hunting camp for gas exploration and drilling?**

Hunting camps, usually nonprofit corporations, are not set up to handle a lot of income. Your club might have to restructure to handle natural gas issues. You should consult an attorney or tax professional to determine what action will be necessary.

## **PENN STATE RESOURCES**

**Penn State Cooperative Extension**

[www.naturalgas.psu.edu](http://www.naturalgas.psu.edu)

**Agricultural Law Resource and Reference Center, Penn State Dickinson  
School of Law**

[www.dsl.psu.edu/centers/aglaw/gas.cfm](http://www.dsl.psu.edu/centers/aglaw/gas.cfm)

**Pennsylvania's Gas Rush: Uncovering the Impacts of Natural Gas  
Development**

[www.wpsu.org/gasrush](http://www.wpsu.org/gasrush)

**Penn State Forestry Extension**

[rnnext.cas.psu.edu](http://rnnext.cas.psu.edu)

## **STATE AGENCIES**

**Pennsylvania Department of Agriculture**

[www.agriculture.state.pa.us](http://www.agriculture.state.pa.us)

**Pennsylvania Department of Community and Economic Development,  
Governor's Center for Local Government Services**

[www.newpa.com/default.aspx?id=20](http://www.newpa.com/default.aspx?id=20)

**Department of Conservation and Natural Resources**

[www.dcnr.state.pa.us](http://www.dcnr.state.pa.us)

**Department of Environmental Protection**

[www.depweb.state.pa.us](http://www.depweb.state.pa.us)

**Pennsylvania Bureau of Oil and Gas Management**

[www.dep.state.pa.us/dep/DEPUTATE/MINRES/OILGAS/oilgas  
.htm](http://www.dep.state.pa.us/dep/DEPUTATE/MINRES/OILGAS/oilgas.htm)

**Pennsylvania Department of Transportation (PennDOT)**

[www.dot.state.pa.us](http://www.dot.state.pa.us)

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- David Messersmith, extension educator, Wayne County
- Tom Murphy, extension educator, Lycoming County
- Rachel Perry, staff assistant, Penn State Cooperative Extension director's office
- Jeanine Richlin, extension educator, Sullivan County

Penn State Cooperative Extension provides educational resources for landowners concerned about the natural gas leasing and exploration process. County extension offices may host an educational workshop, discuss leasing arrangements, or refer you to regulatory or legal specialists. Although extension educators cannot provide legal advice, they can provide additional insights about natural gas issues.

**Visit Penn State's College of Agricultural Sciences on the Web: [www.cas.psu.edu](http://www.cas.psu.edu)**

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