

WHAT TO DO/ SAY WHEN THEY CALL!!

Pipeline Companies, Right of Way Agents, Oil Companies
PERSPECTIVES

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For Tarrant County Convention Center Barnett Shale Expo 4-16-07

1. YOU are Living in the Right Place, the Right Time and have the Right Resources = Land/Mineral/ Benefits of the Barnett Shale!
2. What do you Say/ Do? It Depends, You WILL CONSIDER their Proposal!
3. Play Dumb, Be Smart: Dumb “A” Look
4. Perspectives Overview- What to SAY when the call comes in.
5. Players YOU, Oil Companies, ROW Agents, Pipeline Representation
6. Oil and gas has become part of urban landscape and is generally done right!

PIPELINE CONDEMNATION OR NEGOTIATION? STUPID vs. SMART

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Condemnation or Threat of “Cram-down”

1. Telephone call
2. Survey request
3. Offer for Right of Way (ROW)/\$Rod
4. No response or negotiation?
5. Pipeline/ oil company affiliate files condemnation suit- \$ tendered to courts
6. Size of Right of Way etc., all goodies gone
7. Land seized, construction begins
8. County Commissioner’s Court for \$
 - Lawyers!! \$250/ hour
 - Appraiser \$2000+150/hour for court
 - Hearing
 - Court order
 - Easement \$ tendered into court for land owner at offering price/terms
 - Easement without GOODIES filed
 - Appeal to higher court\$!
 - Jury of 12 decides fair value of partial estate
 - No negotiation!
 - No goodies!
 - Often less \$
 - 2 years of frustration
 - Pipeline in ANYWAY!
 - Net money is generally less!

Vs. Negotiation

1. Telephone Call- survey request or Offer
2. Positive friendly attitude! By you!
3. Play dumb!
4. Meeting collect information/ route,
5. Negotiate- prior to survey crew premise
 - a) Total price per foot
 - b) % easement % damage \$
 - c) Addendum
 - Location
 - Width
 - Depth
 - Land use allowed over easement
 - Surface equipment allowed
 - Compressor site? Where?
 - Expiration
 - Termination
 - Other uses? Single line!
 - d) Compressor site? Will you consider?

Equipment/ Site Hardware Terms Agreement

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Oil and Gas Lease/ Terms/ Pipeline Connections/ Equipment

- Drill-site (size, shape)
- Production-site (size, shape)
- Access Road- who owns?
- Tanks, well head separator
- Compressor/ terms? (HP/ building decibels)
- Pipeline vs. flow line?
- Metering station
- Digital vs. chart
- Radio controlled?
- Multiple metering stations, 1 location

Natural Gas Pipeline Easement/ Terms/ Equipment

- Macro route/ map/ plat
- Size of pipe
- Width of permanent easement
- Width of temporary easement
- Surface equipment/ requirements (Federal Gov)
 - Signs warning and call before you dig
 - Road signs/ warning
 - Vented pipes
 - Vales
 - “Loops”
 - “PIGS”
 - Compressors
 - Metering stations/ access
 - Size of the pipe
 - Number of lines in easement

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You

1. Be nice
2. Be friendly
3. Play dumb!
4. Do not mention my name!
5. Everything in writing!
6. Copies of proposals
7. Consider everything, agree to nothing!
8. Amendment and addendum is KEY!
9. \$ vs. terms, both are important
10. Damages vs. lease bonus/ pipeline easement damage tax

Oil Companies

Minerals Rule over Surface Estate
(Reasonable Access)

1. Lease? Site plan?
2. No lease/ bulldozer
3. Add value?
4. Reduce value?
5. Minimize damages!
6. Maximize income!
7. Long term land plan!
 - a. Future land use (20+yrs)
 - b. Flow lines (lease)
 - c. Pipelines (condemnations or negotiation)
8. No minerals? Still consider drill site \$/ORRI/ zoning?

Pipeline Company/ ROW Agents

1. A job to do/ most are professionals
2. Paid by the day
3. Work for the "other side"
4. Can work for you too!
5. You <±> attorney?
6. Appraisers vs. market/ know
7. More \$ net vs. court
8. Tax free \$ damages
9. Capital gain income easement
10. Join with neighbors information represent

Seismic Companies

1. \$ 5.00/ ac
2. Trees?
3. Equipment
4. Dozers
5. Expiration date!
6. Hand carry cables
7. 4-wheeler and Thumpe truck