

Oil, gas leases

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agree to join together to gain the economic advantage to obtain better financial terms and lease protections from the leasing companies.

"Agents will tell you," Mazza said, "that lawyers are only going to line their own pockets by working with you to get a better lease, but that is not so. The agents themselves are paid according to the number of leases or acres they can sign up."

"Farmers are too trusting. If they were to lease their own land or home, they would write the lease themselves, but when a landman comes in the door with a lease written in the favor of the oil company, the farmers sign without question!"

Reportedly in Bradford County several thousands of acres have been leased recently by C.E. Beck and Associates from Oil City, Pa.

"Farmers were not hesitant to sign because they have signed leases in years past," Mazza said.

"They think that because no drilling has been done in the past they might as well take what is offered. But times have changed since last summer or fall when modern computer technology discovered that the substrata similar to that found in the western overthrust has been found from Alabama to New York state. Since then, gas and oil leasing companies have rushed in to sign up land."

The oil and gas lease, which sometimes also includes mineral rights in the fine print, being signed by some land holders in Bradford County offers \$2 per acre bonus payment on signing, \$1 an acre yearly for ten years, and 1/8 royalty.

"The \$1 per acre is practically invisible in the oil company budget since a good well will yield several million dollars," Mazza said.

In one county in which Mazza recently worked he reported that the leasing company's first bonus payment offer was \$5 an acre, and the final offer obtained after negotiating as a group was \$15 an acre. The yearly rental was raised from the initial \$1 to \$5; free gas per property was raised from 200,000 cubic feet to 400,000 cubic feet; the oil company agreed to install the gas service line, the royalty was raised from 1/8 to 3/16; and finally the oil company who won the winning bid paid all the legal fees incurred by the negotiating!

"The idea of energy groups has made an impact on leasing companies," Mazza said.

"Weaver Oil and Gas Company has already added two pages of typewritten paragraphs to their standard lease."

Many questions about the fine points of the lease were discussed such as what happens to the lease if the farm is sold; clearing the deed title after the lease ends; indemnity clauses to protect the land owner against law suits, the right to agree to locations for drilling; the rights-of-way protection of buildings and agriculture use.

"Some of these lease terms are only implied in the standard lease," Mazza warned. "They are not spelled out as they should be."

When asked if landowners who had already signed leases could terminate the lease, Mazza replied that possibly after their lease has expired they could get in with an energy group and gain a better

lease next time.

Mazza concluded his talk by saying the success of negotiations for more money and better terms depends on the size of the energy groups, and the leasing companies involved. He expressed the ob-



S. Paul Mazza, attorney for the Pennsylvania Farmers Association Legal Service, urges farmers in Bradford and Sullivan counties to form energy groups in lease dealings with oil and gas companies.

servation that the group in Towanda was the most interested and affirmative group he had encountered.

It is anticipated by officials of the Bradford-Sullivan County Farmers Association that township groups or smaller groups of adjacent farms of more than 500 acres will be formed in the near future in Bradford County.

RCWP funds

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ducted to prepare the 208 funding application identified 400 farms in the project area (bounded by Rt 322 from Ephrata to Hinkletown, and north) that had critical conservation needs out of a total of 1250 farms. Farms with critical needs were defined as:

- adjacent to the Conestoga River or Cocalico Creek;
- adjacent to smaller tributaries;
- having a higher livestock stocking rate than 1.5 animal units per acre; and/or
- using high rates of commercial nutrients and pesticides.

Brubaker stated the 208 conservation project is designed to assist approximately 300 of the 400 farmers with problems. He stressed the decision of which farmers would receive funding would be decided by the local County ASC committee.

The 208 program is planned to be carried out over a 10-year period, Brubaker explained. A farmer would be able to receive a maximum of \$50,000 in conservation assistance until 1991, if the program was implemented this year.

Lancaster County Conservation District Administrator Tom Johnston stated the types of conservation practices being considered under the clean water program are manure storages, terraces, waterways, and diversions, for the most part.

"This program is different from the regular conservation program because it's designed to control water pollution through non-point sources," he said. The Rural Clean Water Program will hopefully improve the quality of our water supplies.

"The Conestoga River supplies

half the water for the City of Lancaster's population of 100,000. And, Ephrata gets a portion of its water from the Cocalico, a tributary of the Conestoga.

"There are eight water authorities altogether in the project area — the work is critical for Lancaster County's water supplies."

If the Lancaster application is approved, Johnston explained the remainder of 1981 would be spent in planning the needed conservation with those farmers wishing to participate. Then, starting in the Spring of 1982, construction work would be contracted and practices installed.

The cost of technical assistance provided by the Soil Conservation Service staff in applying the 208 conservation work has been estimated at \$473,000. This amount would be taken out of the \$1.9 million, along with an additional \$10,000 for information and education assistance provided by Extension Service. That would leave about \$1.4 million to be used for actual practice installation expenses, Brubaker explained.

Hopefully there will be good news coming out of Washington within the next month for Lancaster County farmers, but the competition for funding is keen according to a state ASCS spokesman.

He pointed out there are only \$20 million allocated for the Rural Clean Water Program nationwide for 1981, whereas in 1980 there was \$50 million.

Last year, 208 projects were approved in neighboring states of Delaware and Maryland. However, Pennsylvania's application was tied up in red tape with the Governor's delay in signing the state water quality plan.

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