

the
Huntley Law Firm PLLC
Uncommon Law

January 6, 2012

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ATTORNEYS AT LAW

[REDACTED]
[REDACTED]
Parma, Idaho 83660

Re: Our File No. [REDACTED] – Generic Mineral Lease and Issues Raised

Mr. and Ms. [REDACTED]:

[REDACTED]

I reviewed the New York Bar Journal article, and the redacted lease form, both sent with this letter. The two-page lease form version¹ appears to affect rights of property owners in some of these ways:

1. The length of the leases initially appears to be “five years.” But they are really indefinite. They can last for as much time as (a) extraction or drilling (exploration) is conducted by the oil and gas companies that own the lease; or (b) for as long as “market conditions” make it unprofitable to explore;
2. The leases continue even after work on your land is over. They remain open-ended as long as extraction, drilling or exploration occurs on other lands “pooled” or integrated in an exploration plan;
3. A “pool” is completely undefined. It may be created at the absolute discretion of the companies. Under present laws it can extend across counties and even state lines;
4. Only crops are protected from damage – not structures, soil nor even to the quality of your water;
5. Most of us have borrowed money secured by our property, or expect to sell it in the future. (a) We are required by law and good stewardship to protect it against the effects of hazardous materials. (b) These leases give the companies unfettered rights to cause permanent damage from hazardous activities, while (b) absolving them from fixing or even mitigating it.

¹ A third page beginning with a paragraph numbered “9” appeared to have been added from another document, and was not considered.

6. Speaking of water, the leases give nearly unlimited water rights to the companies;
7. An owner signing this lease might be in immediate default of many standard mortgages or deeds of trust;
8. The lease purports to bind a wife or husband without consent of the other;
9. You may sell, subdivide or lease your land, but only after cumbersome and expensive documentation to the companies;
10. Unless you choose to take your compensation in actual oil or gas, its dollar value may be severely reduced or even eliminated based on market conditions, costs of processing or the whim of the companies to hold it for investment; and
11. Indefinite storage can occur on your land (e.g., a tank farm); your land can also host easements for pipelines, roads and other utilities – all at the whim of the companies.

The information contained in the letter is based upon the information that you provided, and is not intended as an opinion on any particular transaction or legal document. You have not retained us to pursue this matter further on your behalf.

[REDACTED]

[REDACTED]

Sincerely,

for M Boyer
Robert A. Wallace
RAW/trw

[Opposing parties identified to date:

Bridge Energy, Denver, CO
Snake River Oil & Gas, Denver, CO
Green Tree Financial
Bank of America
Attention: General Counsel
450 American St.
Mailing Code: CA6-919-01-15
Simi Valley, CA 93065-6285
Mr. John Peiserach, AR
PNC Financial Services]