

QUESTIONS YOU MAY WANT TO ASK A LAWYER AND/OR TAX ATTORNEY BEFORE SIGNING A GAS & OIL LEASE



Questions for a lawyer:

When I lease my minerals, what does that include? Am I leasing more than just natural gas? Can I lease *only* my natural gas?

When do my remaining gas/minerals belong to me again?

Once I sign a lease, when do the terms of the lease expire? Isn't a 5-year lease that can be automatically extended by the gas company really a 10-year lease?

If the gas company chooses not to produce the gas in the well associated with my property for market reasons, or any other, will that automatically extend the term of the lease?

If the production of this well ceases for a period of time, will the well be capped and the pad site restored? What period of non-production will trigger capping/restoring? What sort of bonding should I expect the company to maintain to cover this?

As the mineral owner, am I protected from legal action in case of an accident caused due to company activities?

Is there a "hold harmless" clause in my contract that prevents me from holding the gas company accountable for harms to my home, water source, air, health, or property values that their activities might cause?

If I sign a lease after being "force-pooled," what rights and liabilities do I take on?

Questions for a tax preparer/attorney:

Are my royalty checks and any signing bonus I receive subject to income tax? As unearned income? What effect will this have on my tax debt overall?

What monies received by the company will be subject to the extra 1% property tax by the county?

Will I be taxed annually on the potential value of my minerals, through property and school taxes?

Will I be obligated to pay this tax only on *produced* gas and not on gas flared away?