



## Managing Natural Gas Lease & Royalty Income

June 3, 2008  
Williamsport, PA

## Up-coming Programs

Gas Wells & Drinking Water – July 2  
Lycoming County

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

## Managing Natural Gas Lease & Royalty Income

### AGENDA

- Managing your Gas Lease Windfall – Cathy Bowen
- Tax Implications of Gas Income – Gordon Chase
- Legal Implications for Land Owners - Atty. Les Greevy
- Basic Steps to Investing Gas Income – Brian Pick

## Managing Natural Gas Lease & Royalty Income

Dave Messersmith  
Penn State Extension

## You Worked Hard For Your Lease

- Attended Educational Sessions
- Group Involvement
- Learned About Gas Exploration and Drilling
- Studied Lease Terms
- Dealt with various companies and landmen.
- The next step is smart handling of your lease and royalty income.

## Learn to live with your deal.

- Over the coming months and years you will hear of better offers.
- Regardless of what you signed for, it's a done deal. Be at peace with it.
- Don't spend your lease money at least until you receive it!

## Keeping tabs on your lease

- If you have not read your lease – read it now!
- Keeping track of permits and drilling activity in your area.
  - PA DEP Bureau of Oil & Gas
- When does your lease expire and what steps do you need to take?

## Possible Gas Income Streams

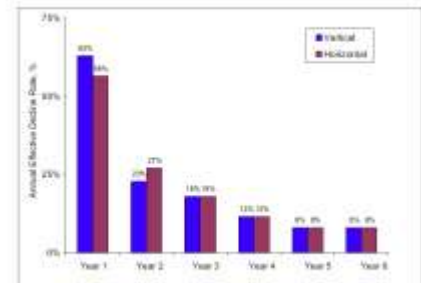
- Income from your lease
- Royalty Income
- Pipeline Rights-of-Way
- Others?
  - Water
  - Stone
  - Related Businesses

## Possibilities for Royalty Income?

- Limited data on Marcellus production.
- Initial production of 1 – 6 MMcfg/day???
- Royalty Calculator:  
[www.naturalgas.psu.edu](http://www.naturalgas.psu.edu)
- Production may decline 70% in first year and an additional 30% the second year.

## Gas Well Production Over Time

Barnett Shale Decline Curves Vertical and Horizontal Wells



Source: Picking Energy Partners, Inc.