

July 27, 2012

Ms. Jennifer Tubbs  
Watertown Township Manager  
12803 South Wacousta Road  
Grand Ledge, MI 48837

Delivered by e-mail

Dear Ms. Tubbs,

Recently, a number of companies have begun contacting landowners in many areas of the state, including Clinton County in efforts to lease land for oil and natural gas exploration. Lease bonuses are being offered from \$35 to \$200/acre. For many landowners, this is their first experience with oil and gas leasing. Michigan State University Extension has free information to assist landowners with understanding leasing and their options when considering an oil and gas lease.

Some things a landowner should consider:

- What does it mean my royalty will be paid based on net income?
- What are the post-production costs the lease mentions? How do they reduce my royalty?
- Is there an alternative to a 1/8 royalty? What royalties do other areas of the U.S. receive?
- What state agency regulates the oil and gas industry to insure the wells are properly constructed?
- Is compulsory pooling a bad thing for the landowner?
- What is horizontal drilling and hydraulic fracturing? Are they safe?
- Does “brine and other chemical disposal” mean there could be an injection well on my property?
- What does it mean that I have to defend the title to my land?

- If it's an oil and gas lease, why does it say it includes helium, nitrogen and other gases?
- How do I insure the land is reclaimed in the manner I wish?
- Can I charge a fee for pipelines placed on the property? Can I charge for uses of the land surface, other than for the well site?

**MSU Extension is sponsoring an informational meeting about Michigan's oil and gas industry, negotiating the oil and gas lease and the role of the Oil, Gas and Minerals Section of the Department of Environmental Quality in regulating the oil and gas industry on August 13, 2012 from 6 to 9 pm, at the Baker College Welcome Center Conference Rooms C&D, 1309 South M-52, Owosso, MI 48841.**

**There is a registration fee of \$5 per person.**

*If you need more information please call any of us:*

*Curtis Talley Jr. Extension Area Farm Management Educator, Oceana County, (231) 873-2129;*

*Marilyn Thelen, Extension Educator (989) 227-6454*

*Faith Cullens, Extension Educator (989) 224-5249*

Sincerely,

Curtis Talley Jr.

Michigan State University Extension Farm Management Agent