

Mineral Lease Process

► STEP 1

Initial Meeting with attorney and potential client (the Lessor). (1-2 hours)

- a. Get acquainted and discuss goals.
- b. Discuss options that client has regarding negotiation of mineral lease.
- c. Discuss terms of lease offer—royalty, bonus, term of lease.
Which factors are most important to the client? Does client own the surface as well as the mineral estate? For instance, if client owns the surface and lives there, he/she may want to determine the drilling location with the company before signing the lease, including the agreed-to location as part of the lease terms.

How many gross and net mineral acres? How strong is our bargaining position? What is the preferred timeline? Is there more than one offer on the table? Is it a proven area?

- d. Discuss how I can assist client—negotiation and/or information gathering.

► STEP 2

If client hires me, we sign an engagement letter and continue the process.

► STEP 3

Research the “Going Rate”

I do research, checking with various sources to determine the range of the “going rate” for the (a) bonus, (b) royalty, and (c) term of lease in the Texas County of the lease offer. Every county’s rate is different and changes from month to month.



► STEP 4

Draft lease terms pursuant to client’s wishes.

► STEP 5

Meeting with client (in person or via phone and e-mail).

- a. Go over my suggested response to the lease offer.
- b. Determine which terms are most important to client and which are non-negotiable.

► STEP 6

Continue negotiations with Lessee (the company making the lease offer).

► STEP 7

Work with my client and Lessee until we have agreed to the lease form.

► STEP 8

Sign and notarize lease and coordinate payment.

