

# LANDMAN

magazine

## Geothermal Energy's Lithium Connection

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# Putting Pencil to Paper

*How to successfully negotiate a lease with the mineral owner*

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by/ **ALYCE BOUDREAUX  
HOGE**

**As a landman, negotiating an oil and gas lease** with a mineral owner requires a strategic approach and a thorough understanding of the industry. Here are eight key steps to successfully navigate this process:

## **1. Research and prepare:**

- Begin by conducting extensive research on the mineral owner, their property and any existing leases in the area.
- Familiarize yourself with current market conditions, including oil and gas prices, drilling activity and regulatory requirements.
- Understand the specific terms and provisions commonly included in oil and gas leases.

## 2. Establish communication:

- Initiate contact with the mineral owner in a professional and respectful manner.
- Clearly communicate your intentions and objectives, emphasizing the potential benefits of entering into a lease agreement.

## 3. Build rapport:

- Take the time to build a positive relationship with the mineral owner. Show genuine interest in their concerns and goals.
- Address any questions or concerns they may have, providing accurate and transparent information.

## 4. Understand the mineral owner's objectives:

- Determine the mineral owner's primary objectives, such as financial gain, environmental considerations or long-term land preservation.
- Tailor your negotiation strategy to align with their goals, emphasizing how the proposed lease agreement can meet their needs.

## 5. Offer competitive terms:

- Present a fair and competitive offer that reflects the current market conditions and the value of the mineral rights.
- Consider offering attractive bonus payments, royalty rates and lease durations to incentivize the mineral owner. Remember, mineral owners talk to each other — they are often neighbors or relatives — and a lowball offer will likely reflect poorly.

## 6. Be flexible and compromise:

- Be open to negotiation and willing to make reasonable compromises to reach a mutually beneficial agreement.
- Address any concerns raised by the mineral owner and explore potential solutions together.

## 7. Seek legal advice:

- Encourage the mineral owner to seek independent legal counsel to review the lease agreement.
- Offer to clarify any legal terms or provisions to ensure transparency and fairness.

## 8. Document the agreement:

- Once the negotiation is successful, ensure that all agreed-upon terms are documented in a legally binding lease agreement. Make sure that the lease analyst has all the information they need.

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- Clearly outline the rights, obligations and responsibilities of both parties to avoid any future disputes.

Remember, negotiating an oil and gas lease requires patience, effective communication, and a willingness to find common ground. By following these steps and maintaining a respectful approach, you can increase the likelihood of a successful negotiation with a mineral owner. ▲

## ABOUT THE AUTHOR

**Alyce Boudreaux Hoge** is an attorney licensed in Texas and Louisiana. She has practiced energy and mineral law for the past 30 plus years. The founder of Land Training LLC, she also teaches the Professional Land Management, Lease and Division Order Certificate Programs at Midland College in Midland, Texas. Previously, she taught PLM programs at the University of Texas (PETEX) and the University of Houston. A native of Louisiana, Hoge is fond of saying she gives "legal advice with Cajun spice." She can be reached at [ahoge@landtraining.net](mailto:ahoge@landtraining.net) or [www.landtraining.net](http://www.landtraining.net).