

The Bedford Citizen

THE NEWS YOU NEED TO GUIDE YOUR CITY

Vol. 1 No. 10

June 27, 2007

FEATURES

[MINERAL RIGHTS 101](#)

This overview of the *Mineral Rights 101* video, which was shown at the Barnett Shale Expo, includes comments, suggestions and guidelines offered by Professor Bruce Kramer, Maddox Professor of Law at Texas Tech University.

[UPCOMING ACTIVITIES IN BEDFORD](#)

ABOUT THIS E-NEWS

The mission of this electronic newspaper (e-news) is to increase citizen awareness of current events and thereby increase their involvement in our government's decision-making process.

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4th Fest Celebration

Noon - 11 p.m.

Bedford Boys Ranch Park, 2801 Forest Ridge Rd.

FREE Children's Activities Area 4-9 p.m.

FREE Fort Worth Zoo Wild Wonders 5-6 p.m.

FREE Concert [King Creole](#) 6-9:50 p.m.

FREE Fireworks Extravaganza 10 p.m.

PLUS

Food Court noon - 11 p.m.

InflataFUN Area noon - 9:30 p.m. (fee)

SPLASH Aquatics Center noon - 7 p.m. (fee)

<http://www.ci.bedford.tx.us/Departments/tourism/fourfest.htm>

If you find this e-news helpful and informative, please help us grow by passing it along to others.

FEATURES

MINERAL RIGHTS 101

By Stu Updike

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During the May 22 City Council meeting, Councilmen Orean and Whistler reported on the Barnett Shale Expo. They mentioned two presentations that are available for viewing on the Internet. For those of you who haven't found time to watch those videos yet, this article is an overview of the second of those presentations, *Mineral Rights 101*.

In this program Professor Bruce Kramer, Maddox Professor of Law at Texas Tech University, explains that the law allows the ownership of the surface estate to be severed from the mineral estate. In order to determine what you own, he says, you should first check your deed and your title insurance policy. Prof. Kramer also mentions that title records should show "surface only," "mineral only" or "surface and mineral."

According to the Tarrant County Clerk's Office, anyone wishing to search the title records themselves, can do so at the County Courthouse.

An oil and gas lease is the instrument which conveys ownership of the mineral estate. Prof. Kramer cites two areas of concern when negotiating an oil and gas lease: compensation and the use of the surface by the mineral owner. He also makes it clear that *everything* is negotiable.

Before discussing compensation, Prof.

Kramer explains the primary and secondary terms of leases. The primary term is a fixed term, normally one to three years, and the secondary term will begin at the end of the primary term and typically last "so long thereafter as oil or gas are produced in paying quantities."

In addition to the royalty, three other forms of compensation were mentioned: the bonus, delay rental and shut-in gas royalty.

A bonus is a cash payment at the time of the execution of the oil and gas lease. It's a negotiated amount, generally a function of the amount of acreage.

During the primary term, the lease will normally terminate if the lessee hasn't begun drilling by an agreed-to time. Payment of a delay rental keeps the lease from terminating. In many cases, the lessee will pay the delay rental for the entire primary term in order to preclude losing the lease due to an oversight. The delay rental is then referred to as "paid up."

Since low market prices and mechanical problems may require a suspension of production, the shut-in gas royalty provides for this eventuality.

The bonus, delay rental and shut-in gas royalty are small in comparison to the royalty itself, which is a cost-free percentage of the actual production that begins with the first production of the oil and/or gas. Each royalty clause has its own language and terms, but the royalty will be a fractional share. In the case of oil, the share can be a share of the actual oil, but the royalty from gas is usually a share of the proceeds. Before you sign your lease, you should consider where you want to

take your share at the mouth of the well, at the point of sale, etc. You should also determine whether you want to take a share of the actual proceeds of the sale or a share of the fair market value, etc.

Prof. Kramer points out that oil and gas leases are almost never re-negotiated, so you should *never sign anything until you have read it and understand it.*

After compensation, surface use is a major concern. Mineral leases carry with them an implied easement for the mineral owners to use only as much of the surface estate as is necessary for the exploitation of the mineral resources. There's no compensation for this use of the surface estate. The implied easement is subject to broad interpretation and can lead to expensive court battles.

Since express easements override implied easements, the better way is to negotiate express easements which can restrict or expand the rights of the mineral owner to use the surface estate. If a lease has a "no surface occupancy" clause, the lessee is promising not to put any surface facility on that land. There could be a clause also that establishes a minimum distance between the well and the other surface structures.

Suppose you have chosen not to lease your mineral rights and your neighbor decides to drill a well on his property that does not violate your property. During the operation of that well, his gas flows into the well bore and is captured. Now your gas flows into the well bore also. According to Prof. Kramer, the rule of capture states that the gas captured by his well is his. The Texas Railroad Commission, which

regulates the State's oil and gas industry, seeks to prevent this from happening by ensuring that there is enough land under lease that the well bores do not get close enough to capture gas from estates which aren't leased.

Since large tracts of land are rare in urban settings, most urban leases will contain a pooling clause which allows the lessee to join the small tracts together to create an area that is large enough to enable compliance with minimum size requirements.

Prof. Kramer closes by saying that the regulations require the lessee to leave the site in a safe condition when they terminate production. The lease should contain a clause that requires the land to be restored to its original condition.

This video is available at

www.barnettshaleexpo.com

Prior to retiring in April, 2007, Stu Updike completed 27 years as a regional airline pilot. He has lived in Bedford since 1993.

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**Thursday Club House @
Bedford Public Library**

Xtreme Kidz Ntertainment will present
Swashbuckle, Snorkel and Sail.

This free program, intended for school-aged children, begins at 1:30 p.m. Jun. 28 at the library. Registration is not required.

UPCOMING ACTIVITIES IN BEDFORD

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Saturday Matinee @ BPL Library, Bonnie Finn Room; 817/952-2370; FREE

<http://www.eventkeeper.com/code/events.cfm?curOrg=BEDFORD>

Sat., June 30, 2-4 p.m.

Sprouts Story Time for the active child Library, Bonnie Finn Room; 817/952-2370; FREE

<http://www.eventkeeper.com/code/events.cfm?curOrg=BEDFORD>

Tues., July 3, 10-10:20 a.m.

Story Book Club Story Time for the child who is ready to sit and listen

Library, Bonnie Finn Room; 817/952-2370; FREE

<http://www.eventkeeper.com/code/events.cfm?curOrg=BEDFORD>

Tues., July 3, 11-11:20 a.m.

Summer Movie Madness Library, Bonnie Finn Room; 817/952-2370; FREE

<http://www.eventkeeper.com/code/events.cfm?curOrg=BEDFORD>

Tues., July 3, 2-3:30 p.m.

Deadline to Sign Up for the July 10 City Council Agenda

Wed., July 4, noon

4th Fest at Boys Ranch Activity Center

<http://www.ci.bedford.tx.us/Departments/tourism/fourfest.htm>

Wed., July 4, noon-11 p.m.

City Offices Closed for Holiday

Wed., July 4

No Parks & Recreation Board Meeting July 5

No Children's Summer Reading Club Activity July 5

Teen Court Advisory Board Meeting City Hall; Open to Public

Thurs., July 5, 6 p.m.

Saturday Matinee @ BPL Library, Bonnie Finn Room; 817/952-2370; FREE

<http://www.eventkeeper.com/code/events.cfm?curOrg=BEDFORD>

Sat., July 7, 2-4 p.m.

ABOUT THIS E-NEWS

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The mission of this electronic newspaper (e-news) is to increase citizen awareness of current events and thereby increase their involvement in our government's decision-making process. As a result, *The Bedford Citizen* will focus on providing Bedford's residents with the information they need in order to cast an informed vote. We also will include occasionally some helpful and entertaining information.

The Bedford Citizen is currently a volunteer effort which we expect to be circulated from friend to friend via email in its PDF format. If you find it helpful and informative, please feel free to pass it along to others.

During this introductory period, the subscriptions are free. This will allow us to gauge the demand and work out the bugs. Eventually, we plan to charge a fee for subscriptions. This will allow us to avoid the conflicts of interest that can arise from accepting paid advertising.

Initially, we plan to publish an issue every Monday, Wednesday, and Friday, subject to volunteer availability and the amount of news to report.

To subscribe, please send us an email at Be.A.Citizen@earthlink.net Please include your name, address and email address.

The Bedford Citizen welcomes free of charge:

- ◆ News articles from any volunteer writers, provided we judge the articles are relevant to our readers and the facts can be substantiated

- ◆ Position papers from political incumbents and candidates provided these position papers clearly state that person's position and they do not attack any other party

Our policies are as follows:

- ◆ *The Bedford Citizen* does not share nor sell its mailing list information.
- ◆ Paid advertising is not accepted.
- ◆ Except when identified as editorials, letters to the editor or opinion pieces, stories will contain only facts that can be verified. Writers should expect to be asked to provide documentation before articles are published.
- ◆ All submitted articles must deal with issues relevant to Bedford's residents and not exceed two pages, as published in this format.
- ◆ Only one letter to the editor or opinion piece will be accepted from a single household during any 30-day period.
- ◆ Public service announcements will be included as space allows.
- ◆ The staff of the Bedford Citizen will be the final judge.
- ◆ Submissions must be received at least 72 hours prior to publication.
- ◆ Submissions should be sent to Be.A.Citizen@earthlink.net and must include the author's name, address, email address and phone number.