

# NEGOTIATING OIL & GAS LEASES FOR HORIZONTAL DRILLING IN A VERTICAL WELL PARADIGM



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1

## OVERVIEW – The New Oil Business



Changes in the Oil Business have been dramatic over the past two decades, yet we continue to negotiate oil and gas leases based in large part upon traditional, historical concepts.

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# Ethical Considerations



“A lawyer should act with competence, commitment and dedication to the interest of the client ...”

(Comment 6, Rules of Prof. Conduct 1.01)

- Understand the benefits that the client (Lessor or Lessee) expects to receive for granting or purchasing the oil & gas lease.
- To be effective, the lawyer must understand both sides of the negotiation and the business.

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# OVERVIEW – The New Oil Business



**GOAL TODAY:**

**discuss business factors influencing lessee decision making.**

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## A FEW FACTS & FIGURES

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- **1990**
  - 300 Horizontal wells drilled worldwide
- **2008**
  - Horizontal drilling in Barnett Shale, Haynesville, Utica and Marcellus
  - Horizontal drilling in the Permian was limited
  - Henry Resources ~ 10 vertical drilling rigs, 200 “Wolfberry” wells/yr.

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## Title search: Negotiating Oil & Gas Leases For Horizontal Drilling In A Vertical Well Paradigm

Also available as part of the eCourse

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45<sup>th</sup> Annual Ernest E. Smith Oil, Gas and Mineral Law Institute session  
"Negotiating Oil & Gas Leases for Horizontal Drilling Projects in a Post-Vertical Well  
Paradigm - A Look At the Application of Selected Common Lease Provisions to Horizontal  
Well Operations"