

Marcellus Shale Landowner Coalitions and Collective Lease Negotiations

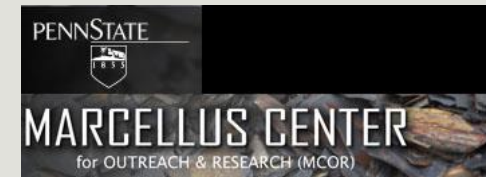
Grace Wildermuth

M.S. Candidate in Rural Sociology

Department of Agricultural Economics, Sociology and Education
The Pennsylvania State University

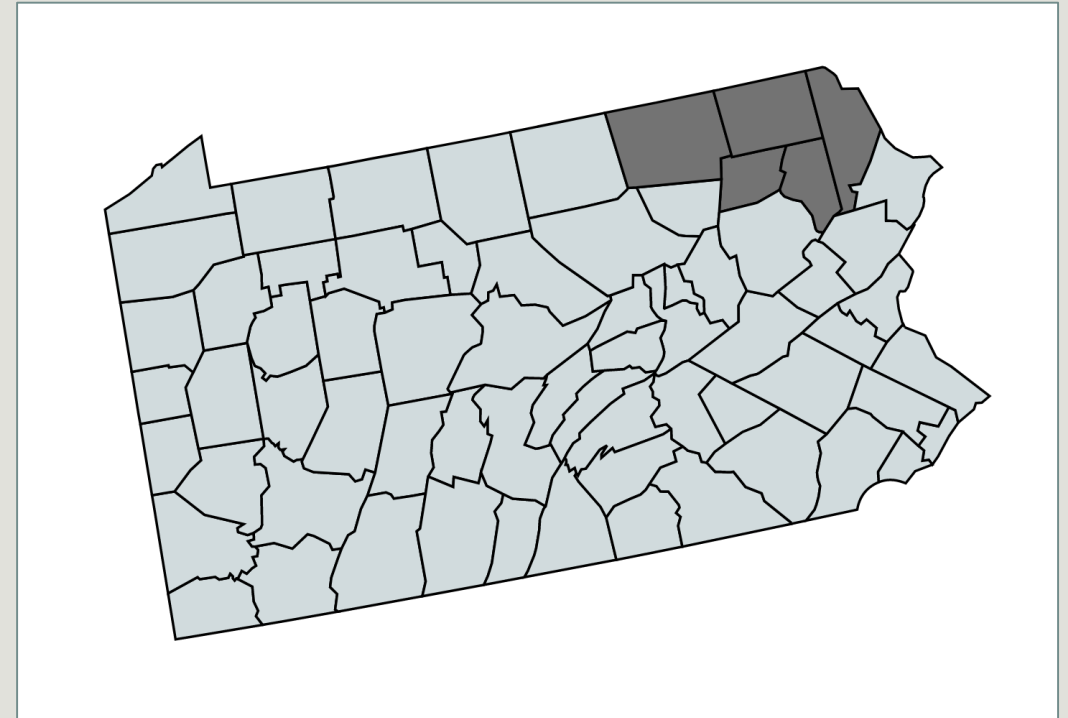


This project supported by the Northeast Sustainable Agriculture Research and Education (SARE) program. SARE is a program of the National Institute of Food and Agriculture, U.S. Department of Agriculture.



Methods & Study

- **Area**
- Pennsylvania
 - Northeastern PA
 - Susquehanna, Bradford, Lackawanna, Wyoming, and Wayne Counties
- Intersection of high leasing activity, the presence of landowner coalitions, and farm operations
- Landowner coalition borders don't conform to county boundaries



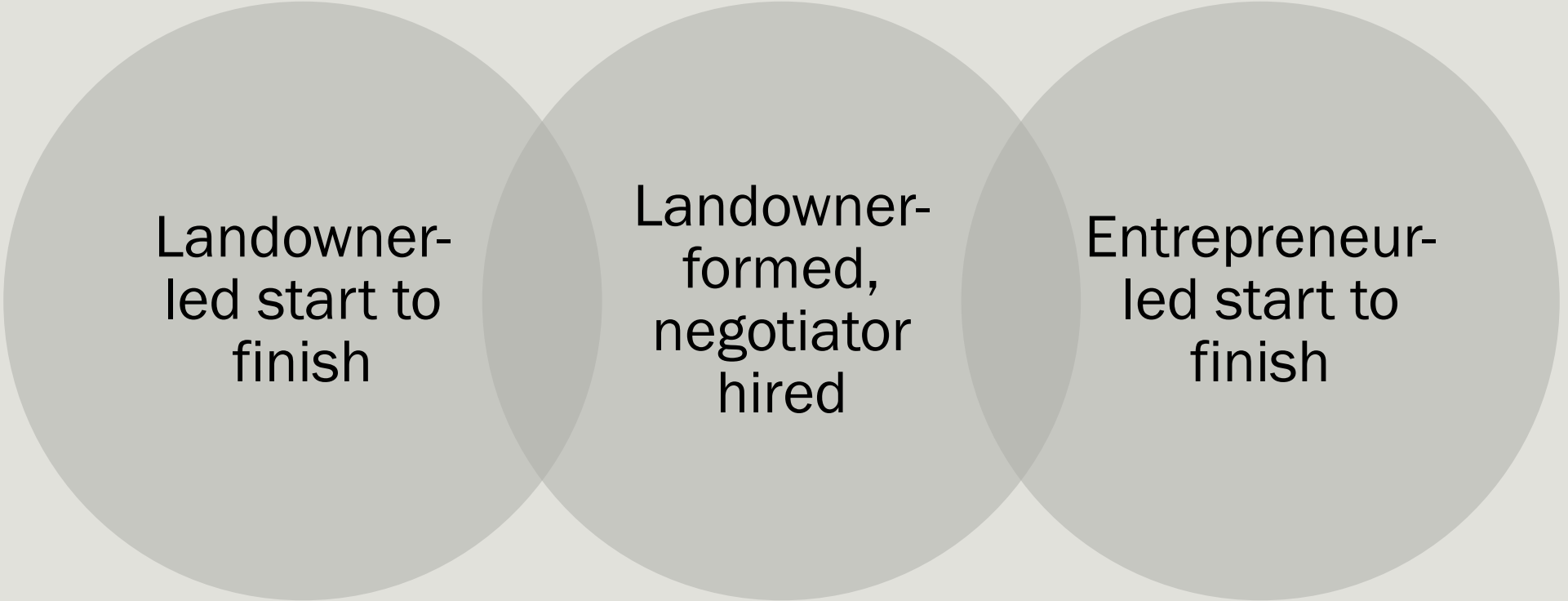
Landowner Coalitions in Pennsylvania

- Pooled legal fees, expertise, and information
- Successful in leasing negotiations
- Vary in size, scope, and structure
- Over 40 landowner coalitions listed (at one time) in PA

Agency of landowners?

- *Slowed down leasing process*
- *Collective needs over individual needs*

Three main types of landowner groups

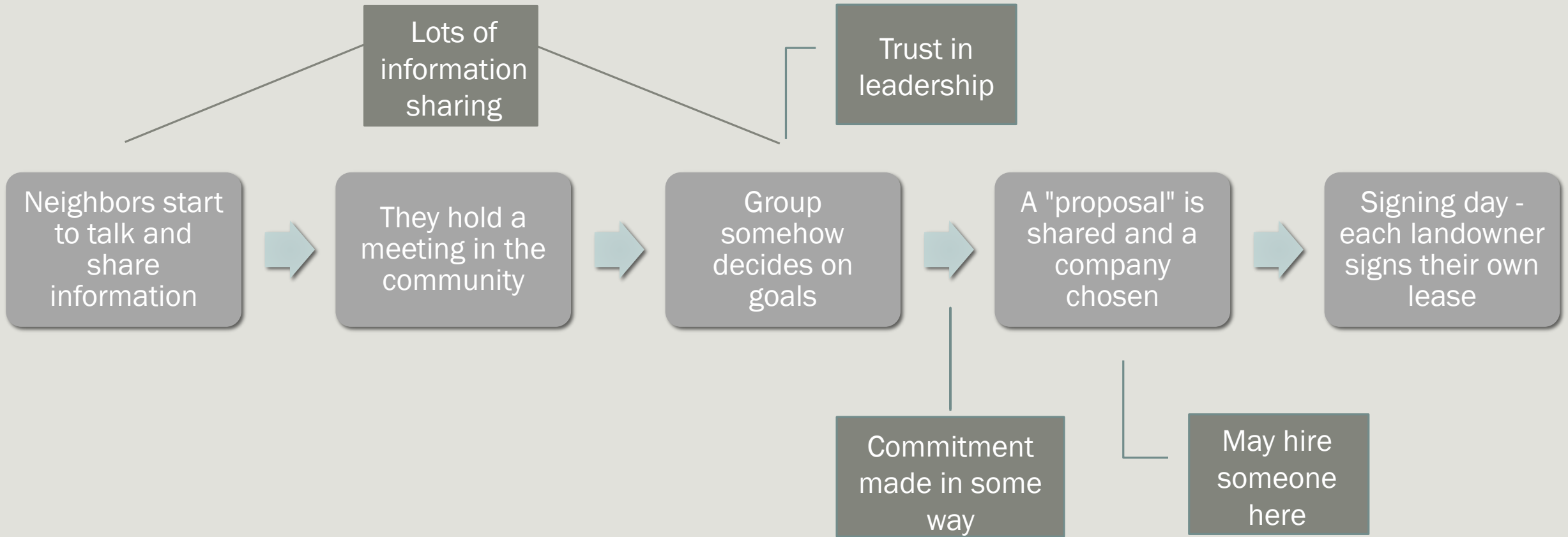


Landowner-
led start to
finish

Landowner-
formed,
negotiator
hired

Entrepreneur-
led start to
finish

Typical Coalition Timeline



Lease Negotiations

Negotiating Power

- Very informed/educated as a group
- Ability to choose from multiple companies/offers
- Bidding wars
- Small parcels included with larger ones

Financial Advantage

- pooled legal fees
- shared time/responsibility for education and negotiations
- generally highest bonus/royalty rates in area (\$750-6,000/acre, up to 20% royalty)

Lease Terms

- Siting control
- Reclamation requirements
- Clean and Green back taxes
- Deductions clauses
- Larger setbacks
- Pre-development water testing

Thank You

