

# GARDING LEASING AND MINERAL RIGHTS

## **How can I find out when drilling on my property might occur? Will I have input as to where the well goes?**

A landman will stay in touch and notify you when the well is scheduled to be drilled. Reputable energy companies work closely with their landowners to find mutually agreeable well locations.

## **How long will it take to complete the well?**

An exact answer depends on the location and depth of the well, but generally between two and eight weeks.

## **What will the energy company do to ensure that noise, traffic and dirt will be kept to a minimum?**

Again, ask the landman about company policy. Chesapeake meets or exceeds all local ordinances to remain welcome and neighborhood-friendly.

## **How I can be assured that my family and property will be safe?**

Gas wells have one of the strongest safety records in the industry. Make sure the company you sign with has an excellent safety record and can tell you how they maintain compliance with safety rules and regulations. Also, ask about their employee training programs and emergency response teams. At Chesapeake Appalachia, L.L.C., safety is at the absolute highest level of priority. We operate in a manner that protects the health and safety of our employees, our contractors, and the communities in which we live and conduct our operations. We comply with all applicable health, safety and environmental laws and regulations.

## **How long after the drilling starts could I expect to receive payment?**

Generally, once the well is completed as a producer, your first royalty check should arrive within 90 days after the first sale of gas produced from the well.



## **Will payments be equal each month? And for how many months or years can I expect to continue receiving payments?**

No, the checks will not be equal, and the length of time they continue is based on reservoir quality and production life. Natural gas prices and production volumes fluctuate quite a bit, and so will your payments. Some wells can remain active for up to 50 years, but the energy company may discontinue production at any time if prices or production levels fall significantly.

## **Will I have to pay income tax on my gas payments?**

Yes, all royalty payments are subject to various local, state and/or federal taxes.

## **How will the well affect my property value?**

Property values can be positively correlated with production and as a result you may see a change in ad valorem (property) taxes. This change is determined by your county/town assessor. Therefore, be sure to monitor your assessments carefully to make sure your taxes are calculated correctly.