

Huge Converse County seismic survey under way as part of Niobrara oil rush

## Wyoming landowners' rights topic of discussion

By DUSTIN BLEIZEFFER - Star-Tribune energy reporter | Posted: Sunday, July 18, 2010

A massive, 300 square-mile geophysical survey related to the new rush on Wyoming oil is under way in Converse County.

It's the precursor to what could be significant drilling activity in the area, and some landowners want to know more about potential surface impacts.

In response to local interest, the Powder River Basin Resource Council -- a Sheridan-based landowner advocacy group -- has organized a landowner workshop for July 28 at the Converse County Courthouse in Douglas.

The workshop features speakers Tom Toner, an attorney with Yonkee & Toner, LLP; Tony Perlinski of the University of Wyoming Department of Renewable Resources; and Don Spellman, a Campbell County rancher.

Landowners who don't own the minerals beneath their surfaces -- a situation referred to as split-estate -- don't get to choose which companies develop those minerals. Some say that because the mineral owner has the right to enter the surface to develop the minerals, surface owners are at a disadvantage in negotiating "surface use agreements."

There are pitfalls for landowners who do own minerals, as well.

"Never sign the oil and gas leases that the companies bring around. They should talk to their lawyer," Toner told the Star-Tribune in a phone interview.

The proliferation of coal-bed methane gas drilling in the Powder River Basin spurred landowners across the state to push for reforms to Wyoming's split-estate laws. Modest reforms were made in 2005, requiring developers to give surface owners reasonable notice and to negotiate in good faith in order to receive permitting throughout the state.

Converse County Commission Chairman Ed Werner said the landowner workshop might be a little late for those wishing to learn more about their surface rights, because most surface owners in the county have already signed contracts.

"Almost all the landowners have already been contacted and signed agreements, so the horse is already out of the barn," said Werner.

300 square miles

Texas-based Dawson Geophysical Co. is conducting a 3-D geophysical survey on behalf of Chesapeake Energy, an oil and gas developer that has secured some 600,000 mineral lease acres in the southern Powder River Basin.

Chesapeake told state regulators it plans to spend about \$10 million per month and drill about 16 oil wells per year in Wyoming. Its first well was drilled late last year, and it helped set off a rush on mineral leasing in the area.

The survey effort covers some 300 square miles spanning an area north and south of the North Platte River east of Glenrock and all the way to the Niobrara County line. Surveying will also occur within the city of Douglas, beginning in a couple of weeks.

Douglas interim City Administrator Forrest Neuerburg said some residents expressed concerns about the seismic surveying, worried that "thumper trucks" might cause structural damage.

But Neuerburg said Dawson Geophysical assured city officials the technology is more advanced and involves lower-impact vibration.

"Dawson has done this in quite a few communities, and there's adequate insurance if anything happens," said Neuerburg.

Dawson paid the city of Douglas \$10 per acre to perform the seismic survey. It paid the same \$10 per acre to Converse County.

Neither Dawson nor Chesapeake responded to inquiries by the Star-Tribune.

Neuerburg said that while drilling is prohibited within city limits, it is possible that Chesapeake or other developers could drill horizontally under the city from a pad outside city limits.

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On the Web

Go to the Wyoming Oil and Gas Conservation Commission website, [wogcc.state.wy.us](http://wogcc.state.wy.us), and click on the "Split-Estates" button on the right.

Landowner workshop

\* When: 7-9 p.m., Wednesday, July 28.

\* Where: Converse County Courthouse, Douglas.