



2/18/2016

Beaver County Landowner Update:

CX-Energy and Morascyzk & Polochak, Attorneys at Law, would like to thank all of those folks that attended the February 16, 2016, informational meeting at the Hanover Volunteer Fire Department to discuss current market and leasing conditions in Southern Beaver County. A standing-room only crowd of past Mt. Jackson clients and new neighbors received some extensive analysis on what factors are driving the current lease market. The combination of high up-front drilling costs (upwards of \$10 million per well), escalating volume of gas output since leasing began resulting in over-supply of product, and historically low oil and gas trading prices have resulted in a severely depressed leasing market for landowners. Essentially, most operators are cutting spending until conditions improve, including their capital spending on lease signing bonus payments or extension payments.

In addition to the analysis of the economic factors at play for Southern Beaver County, geological factors now indicate that while Southern Beaver is still a good geological location, it is however, not considered the "core of the core" drilling area, especially with oil selling at under \$30/barrel. This depressed market is being reflected in the lease offers currently being made by the drilling companies to landowners. Many of the leases signed in Southern Beaver are set to expire in 2016, or are likely not to be extended for an additional 5-year term. As such, many landowners of Southern Beaver County have contacted us and requested the assistance of Pennsylvania-licensed professionals with years of experience representing landowners, a track-record of assessing landowner needs, with access to some of the most advanced local industry technology that deliver results for their clients. CX and M&P are poised, once again, to professionally assist landowners in this ever-evolving leasing environment.

Signing an oil and gas lease is a once (or maybe twice!) in a lifetime opportunity for landowners to capitalize on our region's oil and gas natural resources. The smart thing to do is to work with licensed professionals with up-to-date knowledge of the local oil and gas industry that can advise you of your options and help you can make a well-informed decision. Uniting with your neighbors to gain negotiating leverage does not hurt either! Thus we invite you and your neighbors to once again have the opportunity to work with licensed professionals. To be a part of this process, simply sign and date the attached Landowner Marketplace Agreement, complete Exhibit A: Contact and Parcel Information, and send back to us via fax (724-913-4706), e-mail (landowners@cx-energy.com), or regular mail (CX-Energy, 1373 Washington Pike, Suite 204, Bridgeville, PA 15017). As always, please do not hesitate to contact us with any questions that you may have.

Please continue to check this website for additional updates and meeting notices. CX-Energy and M&P Law look forward to working with you and your neighbors once again, and hope to see you at our next meeting.