PENN ROAR

Pennsylvania's Royalty Owners Action Report

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Politics & Natural Gas: Pa NARO's Call to Action

By: Trevor Walczak

Throughout the "Great Recession", anyone owning stocks through their 401K's has been trying to overcome the losses, while desperately maneuvering to preserve the gains. However, there is a far greater stock ownership that we all hold and have neglected for too long: our stake holdings in our local, state and federal government. Often, as individual constituents, we are overlooked by our representatives, even though we may represent the "silent majority." Special interest groups, with well funded lobbying firms and newspaper reporters on speed-dial, have become the "squeaky wheels" that get all the grease.

Well, it's time for us to get involved, and we already have a voice. We are all part of a rapidly growing group that has a louder voice than you think: we are NARO Pennsylvania Chapter members at the center of the biggest gas rush in Pennsylvania state history.

Joining this group brings with it the importance of identifying the issues that will affect our success and advocating the solutions to the problems at hand. Our involvement in Pa-NARO makes us a very organized sub-set of a broader, generally unorganized, state-wide group of landowners, with similar interests. We need to fix that by taking the lead through effective advocacy and education, so landowners who are literate in mineral management issues are the rule and not the exception to it.

By definition, it is the royalty owner's objective to engage in the active exploration and production of their mineral estate. How to more effectively accomplish and maximize that goal is our mission.

Issues that negatively affect us as royalty owners affect every royalty owner, regardless of their involvement or company they are signed with. Some issues we face as royalty owners will be the same as the producers. In those situations, we may partner with the producers to achieve a common goal, like opposing efforts to assess gas reserves for property taxation and removing the depletion allowance. Our representation as voters becomes a powerful negotiating tool for them.

However, our support of an issue that they may oppose makes us, conversely, a daunting adversary on issues like increased water testing mandates, presumption of operator liability, and strengthening casing requirements. I believe this dynamic will help mold policy, to our mutual favor, as this gas rush plays out. But only if we stay engaged…

Inside This Issue

www.naro-us.org

Beneficial Changes to Federal Estate Tax Law Explained

By Lester L. Greevy, Esq., and John A. Shoemaker, Esq.

As development of the Marcellus Shale progresses in Pennsylvania, there has been much confusion and worry about the impact of federal estate tax on landowners, many of whom are unfamiliar with the tax. It is time to clear the air.

The federal estate tax is a tax on the transfer of assets at death. Under the Economic Growth and Tax Relief Reconciliation Act of 2001, frequently referred to as "the Bush tax cuts", the top marginal rate has been decreasing from 55%, while the unified credit (the amount of the exemption from the tax) had been increasing from $1 million. The Act of 2001 was scheduled to sunset on January 1, 2011, at which time the top marginal rate and unified credit would have returned to their 2001 levels.

President Obama and Congressional Republicans have recently cooperated to prevent this return to 2001 levels. For the years 2011 and 2012, the top marginal estate tax rate will be 35%, and the unified credit will be $5 million. This is to the great benefit of local landowners, and means that very few, if any, landowners will pay federal estate tax solely because of ownership of oil and gas rights or the receipt of royalties.

In fact, even if the unified credit had reverted to $1 million, it is much less likely that local landowners would have owed any estate tax than many people seem to have believed.

Even before the Act of 2001, certain important features keep the estate tax at bay. Of particular importance:

1. The marital and charitable deductions prevent tax on assets passed to a spouse or to a qualified charity.
2. Where a future stream of income would be taxed, the tax is calculated using a discounted present-value figure, at a value much less than the sum of possible future payments.
3. Special valuation rules under Section 2701 of the Internal Revenue Code allow for valuation of farms and certain other properties under the current use, at values much less than the fair market value.
4. Section 6166 of the Code allows for deferred payment and installment payment options in certain cases where estate tax is owing.

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PA-NARO MEMBERS:

Please share your pictures and stories from your gas well, with us.

Forward them to pennroar@yahoo.com

Beneficial Changes to Federal Estate Tax Law Explained continued from page 2

The new law adds an even greater benefit—portability between spouses for the unified credit. This means that a husband and wife may make transfers of up to $10 million before incurring any estate tax.

The new law largely negates the need for anxiety, complicated trusts, appraisals, and other estate-planning maneuvers that are expensive and restrict landowners' ability to change plans in the future.

For many landowners, owning the right to receive royalties in an entity separate from the surface of the land will remain the prudent choice, especially it can limit potential liability for events occurring on the surface. Also, the changes to the estate tax law apply only to persons dying in 2011 and 2012, and could sunset in 2013.

The likely solution for any potential future decrease in the amount of the unified credit is a disclaimer trust will, which gives a decedent's surviving spouse the option to disclaim the transfer of any assets that would result in federal estate tax, and instead place the assets in to a trust. The surviving spouse would then receive the income from the trust, for life; upon the death of the second spouse, the trust assets would be distributed to heirs.

A disclaimer trust will allows for a wait-and-see approach, and doesn't lock in a specific, restrictive plan. An attorney with experience in estate planning and natural gas law should be able to prepare such a will relatively inexpensively.

The changes to the federal estate tax law do not affect the Pennsylvania Inheritance Tax, which remains at 0% for transfers to spouses and 4.5% for transfers to children and grandchildren. Pennsylvania does not have a gift tax.■

Upcoming Town Hall Meetings

Wednesday, February 9th 6:00 to 9:00 PM
201 Market Street, Warren PA
For additional information call (570)537-3829 or email Katie@gaswellguru.com

Thursday, February 24th 5:00 to 9:30 PM
Prospect Rd, Butler PA
For additional information call (570)537-3829 or email Katie@gaswellguru.com

Attention Pa-NARO Chapter Members:

Are you ready for the 1st Annual Pennsylvania State Chapter Convention?

March 31 – April 1, 2011

Toftrees Convention Center State College, Pa.

Two days packed with the latest in Pennsylvania oil and gas related legal issues, upcoming legislation, Marcellus technical developments, regulatory changes, geology, gas markets and more...

Watch your mailbox for Registration Information coming soon!

Legislative Update:

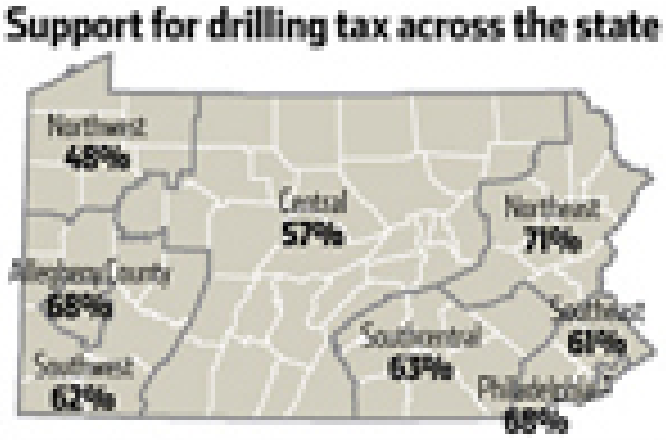
Changes in PA Leadership Poses New Opportunity

By: Trevor Walczak

Fiscal irresponsibility in Washington DC and Harrisburg has brought about an unprecedented reversal of the power structure that charts our political course. The November 2, 2010, election brought about a leadership change in the Pennsylvania governorship, and House of Representatives, and it strengthened the already Republican controlled Senate.

Under Governor Rendell, state general obligation debt rose by almost $2 billion, or 28 percent. Payments on the debt tripled from $350 million to $975 million in the 2010 budget. Gov. Rendell increased debt held by state agencies, like the Turnpike Commission and the Commonwealth Financing Authority by a whopping $16 billion, or 93%. Astonishingly, these totals don't even include the $3 billion deficit in unemployment compensation or the billions in unfunded pension obligations for public employees, according to the Commonwealth Foundation.

As the state's fiscal crisis deepens, momentum will build by those not directly benefitted by the Marcellus exploration to tax its operation and possibly threaten the only economic engine fueling this recession economy in rural Pennsylvania. Recently, newspapers across the state published a poll, of 800 people, claiming 63% of state residents favor a severance tax. The poll was widely publicized, but the percentage of the tax rate favored and where the money should go was not addressed.



Source: Susquehanna Polling & Research

Sensing this shift, exploration companies spent almost $700,000 on political donations last year in Pennsylvania, to mostly Republican candidates, and another $5 million in lobbying efforts over the last 3 years, according to www.marcellusmoney.org.

The combination of political donations by gas companies and the Republicans assuming control of the governorship, with the election of Tom Corbett, and the majority in the State Senate and State House of Representatives for the 2011-2012 session, has made the environmentalist community fear that this may "pave the way" for the gas industry.

However, Governor Corbett, from his campaign documents, vows "fair and consistent" regulation of the Marcellus shale extraction. Corbett said he wants to require drillers to provide detailed information about chemicals they use when fracturing shale to release gas. He wants to require more testing and protection of water supplies, to impose more frequent inspections and to increase fines for violators. He plans to create a bipartisan commission to help set policy for the Marcellus shale industry. He also opposes a severance tax on its extraction. From the royalty owner's perspective, that is a favorable stance and most in the industry have taken him at his word.

With the start of the 2011-2012 legislative session, beginning on January 18, we will see what new bills may be introduced, regarding the drilling. All previously proposed legislation, which was not passed during the 2009-2010 session expired at the end of that session. Pennsylvania's royalty owners thankfully dodged some horrendous assaults by house Democrats, like Rep. Bill DeWeese (Geene/Fayette/Washington Co.), who introduced legislation that would allow counties, municipalities and school districts to assess the value of natural gas under your property and be included as part of your property taxes.

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Changes in PA Leadership continues from page 4

Pa-NARO's legislative Committee will also be sitting down with lawmakers, on behalf of Pa.'s royalty owners, about the need to address issues like clarifying royalty check stubs and the certification of gas well meters.

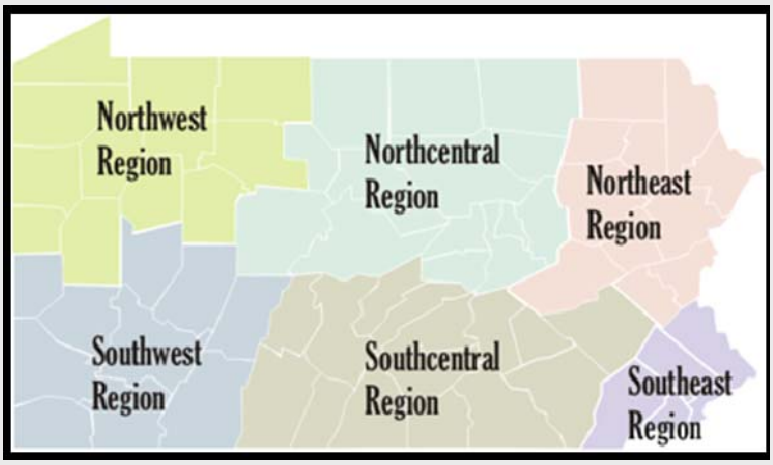
Royalty check stubs can potentially contain royalties from multiple wells, each with possible deductions, which can become confusing and difficult to ensure payments are accurate. A standardized method, to display how these royalties were calculated, including well numbers, production, the deductions made and adjustments to previous payments, should be created.

In Pennsylvania, all sales taking place over a scale or through a meter, like a gas pump, need to have that scale or meter certified by the state's Bureau of Weights and Measures. Currently, meters on natural gas wells, which are used to determine royalty payments, do not need to be certified.

Front and center on the industries efforts, as they apply to royalty owners directly, will be introduction of Compulsory Integration, and addressing the Oil & Gas Acts "confusion" as to whether or not it preempts municipal zoning restrictions. Drilling opponents have manipulated this "confusion" to their advantage, subsequently hijacking private property rights in a growing number of communities statewide, where they have attempted to remove drilling of gas wells as a permitted land use.

Another issue that has gained some attention by a growing number of surface owners, is the title to "abandoned" mineral rights. Given the long history of oil production in the state, many sub-surface rights have been severed from the surface ownership generations ago. If there is no record of the rights being transferred and no real estate tax paid, on that transfer, finding the current owners can be next to impossible and a "quiet title" claim lengthy to complete. While there has been previous attempts to address this issue via legislation, they never made it out of committee, and we can expect to see this issue resurface again.

Pa-NARO's legislative committee will be keeping you up-to-date with all the details as they unfold. ■



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The Truth Behind the Severance Tax

By: Trevor Walczak

Natural resource management can be viewed as a sliding scale. To the left is total "preservation" of the resource, while to the opposite right side of the scale is complete "exploitation." The area in between can be viewed as "conservation," in variable degrees. By understanding where people stand on this scale, when making their arguments, helps to interpret the inspiration of their arguments.

Pennfuture is the environmental group with the loudest voice calling for a severance tax to be placed on natural gas being extracted from Pennsylvania. They have favored a tax of 10%, proposed by the State House Democrats, that if enacted, would be the highest in the nation, which most economists agree would cripple the growth of the industry here. When you look into a group like Pennfuture you will quickly discover that they are adamantly opposed to this exploration taking place anyway, so the threat of shutting an entire industry down, or slowing the growth, is exactly what they are after.

Ask yourself "how would imposing a tax on an entire industry help protect the environment?"

Actually, it will do the opposite. By removing a significant amount of capital from the exploration companies they will have less money available to pursue drilling methods that would truly protect the environment, like more expensive casing plans or using tanks instead of ponds to handle flowback. Simply addressing casing plans, cementing and spill prevention would shore-up the environmental safeguards needed for safe drilling.

As the costs of operating increase, due to a burdensome tax, exploration companies also would, potentially, not be able to offer as much for leases or royalties, which should be a big concern for landowners who have not signed a lease or are looking at top-leasing. At a May 2009 EXCO Resources presentation in the northeastern corner of the Marcellus, the President of EXCO-Appalachia, stated that "in poor gas markets, like this one, they focus on drilling the cheapest royalty leases first." In a situation where the state would take an additional 8 – 10%, I suspect those landowners who were fortunate enough to negotiate a fair royalty of 18% or higher may have years before seeing a well, and may be forced to take a lower royalty in a top-lease situation. In prospective regions, near the fringes of the Marcellus, the opportunity to see drilling might disappear completely.

Harrisburg has jumped on the severance tax bandwagon, backed by the environmentalists, but not for environmental reasons. The politicians have spent us into a deficit in the billions and this money would become a slush fund of "cover your a$$" money. The state operating budget increased 45% under Gov. Rendell, and debt held by the state and state agencies increased a whopping 78%.

Similar to how revenues collected from the casinos were promised for property tax rebates, but were then spent on legislators "special projects," the severance tax revenues collected would find a identical fate. How does that protect the environment?

Often, the industry is painted by these environmentalists to be sitting on the end of the scale labeled "exploitation." This isn't accurate either. Most companies coming up here from other parts of the country quickly realized this "new frontier," closer to major population centers, was going to take a different approach from the blitz that took place in Wyoming.

Organizations, such as the Marcellus Shale Committee, were quickly formed and teamed up with the existing oil industry advocate groups, like the Pennsylvania Independent Oil & Gas Association, to educate the public and lobby on their behalf. They quickly adapted by cleaning up their image and took extra steps to improve the explorations view through the public eye, which has taken a more conservational approach.

However, it is the use of horizontal drilling and hydraulic fracturing that will be the greatest conservational methods employed. Rather than wellsites constructed every 60 acres, there is an availability to efficiently drain 600 to potentially 1,000+ acres from one footprint. Pushing technology to enhance conservation is the pinnacle of wise resource management, yet there were no tax incentives given in the Governor's or House's proposed severance tax for using such measures.

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Severance Tax continued from page 6

Part of this "new attitude" approach, by the companies, has been taking the initiative to work hand in hand with local governments on issues like road repair. In some of the regions of Bradford County seeing the heaviest exploration, the gas companies have entered into road use agreements with the townships and PennDOT, who now are the recipients of local roads reconstructed to standards higher than previously established. The success of this approach lays primarily in the fact that government closer to home governs best because it is closest to the people, and as a result is more efficient and accountable.

State roads have become problematic to address with a broad brush because the requirement of bonding each road snares, along with the gas companies, all the native trucking businesses, which may have nothing to do with the exploration. Primarily, the upkeep of state roads is administered through the revenues collected on every gallon of gas or diesel sold. The money goes to Harrisburg, then is sent back to the areas it was collected from. The greater the revenues collected in each area, the more those areas will receive in funding. Local trucks and out of town trucks pay the tax when they fill, so it is a market based, consumption tax that works well in theory.

However, Pennsylvania has the 13th highest gasoline tax in the nation and we are 4th in spending on roads (up 53% since Rendell took office), even though we were ranked last in *Overdrive Magazine's* 2010 survey of the worst roads in America.

So if they can't properly administer existing tax revenues, why would the potential billions from the proposed severance tax be different? By example, I have shown, it will not. It will not protect the environment. It will not improve our roads. It will not address the local issues, raised by the drilling, effectively or efficiently, if the money goes to Harrisburg first.

Solutions to problems created by this boom do not involve Harrisburg, but rather are better handled locally to ensure that the money gets to where it's needed. In the severance tax proposals by Gov. Rendell, money would only return to the communities it came out of after Harrisburg took $70 million off the top first, to help plug their budget deficit.

The environmental stakes are too high for Harrisburg's business as usual. People on every side of the issue should agree on that.

If solutions are needed, a tax could be levied but it should be no more than 1.5%, with 100% of that money going back into the communities it came out of to handle growing schools, funding of emergency responders, property tax rebates and fully funding DEP's Bureau of Oil & Gas Management. The department should be fully staffed to ensure permits are processed on time, adequate inspections are completed, and appropriate responses to accidents are completed, so the liabilities are not passed on to the taxpayers.

To solve the environmental concerns, they should be addressed specifically through tougher regulations. A panel of experts in industry and environmental policy should convene on a regular basis to evaluate accidents, remedy solutions and explore improved technology.

Pennsylvania should set the tone for having the highest environmental standards, while also trying to make this a friendlier state to do business in, by not penalizing every operator with another punishing tax.

We already have the highest corporate tax rate in the nation. Let's not add the highest energy tax to that.

For those looking for benefits to the greater populous, the best example is the falling natural gas prices to homeowners who rely on natural gas to heat their homes. Most UGI customers will see an almost 30% reduction in their home heating bills by the end of 2010, due to the amount of natural gas on the market now, according to UGI. As more markets are expanded to utilize natural gas, like automobiles and electricity generation, it will reduce our dependence on foreign oil and bring those prices down as well. This market based benefit beats any redistribution policy drawn up by bureaucrats, by truly helping those struggling to heat their homes this winter season.

While for 2010, we may have defeated the severance tax, there is a good chance we will see these proposals rise again if Pennsylvania doesn't get its fiscal house in order. The longer this financial crisis plagues the state, the more traction proposals, such as these taxes may get, until the tide is too strong for even common sense to withstand. ■

Have a comment on this opinion? Please send comments to Pennroar@yahoo.com. Subject line: editorial comment

Severance Tax for Top Natural Gas Producing States					
Top Natural Gas Producing States	**State**	**Severance Tax on Natural Gas**	**Severance Tax Exemptions and Incentives for Unconventional Wells**	**Top Corporate Net Income Tax**	**State & Local Tax Burden As a Percentage of State Income (Rank)**
1	Texas	7.5% of market value	Rate reduction appr. 2% for up to 10 years	0.00%	8.4% (43)
2	Wyoming	6% of taxable value (gross sales minus certain processing and transportation costs)	Gas transportation costs are significant and are subtracted from the taxable value	0.00%	7.0% (48)
3	Oklahoma	7% plus 0.095% excise tax	Exempt from severance tax for four years or until gas production pays for the cost of the well	6.00%	9.8% (19)
4	New Mexico	3.75%		7.60%	8.6% (39)
5	Louisiana	$0.03 - 0.13 per MCF	Severance tax suspension on horizontally drilled well for 2 years or until payback	8.00%	8.4% (42)
6	Colorado	2% to 5% based on gross income	Allows producers to deduct 87.5% of their property taxes paid to gov. from severance tax to state.	4.63%	9.0% (34)
7	Alaska	25% to 50% net value	Reduction for all drilling in Cook Inlet basin and when gas is used instate; result minimal tax (appr. 1%). State also gives certain tax credits for exploration	6.50%	6.4% (50)
8	Utah	3% - 5%	6 months exemption for development wells	5.00%	9.6% (22)
9	Kansas	8% on gross value severed from earth	There is 3.67% tax credit for ad valorem taxes paid, effectively reducing the severance tax to 4.33%	7.05%	9.6% (21)
10	California	Less than 0.01 per mcf		8.84%	10.5% (6)
11	Alabama	4-8% of gross value		6.50%	8.6% (38)
12	Arkansas	5%	1.5% on new discovery wells for 24 months and on high cost wells for 36 months (can get extension)	6.50%	10.0% (14)
13	Michigan	5%		4.95%	9.4% (27)
14	West Virginia	5% plus $0.047 per MCF		8.50%	9.3% (29)
15	Pennsylvania	No Tax		9.99%	10.2% (11)

January 2011 Penn ROAR Membership Survey

In each issue of Penn Roar we will conduct a survey about the subjects discussed in each newsletter. The results will give us a stronger connection to our membership and allow us to more definitively create policy stances. Your participation is crucial to our making a difference.

1. Do you support a severance tax on natural gas extracted from Pennsylvania?
2. If so, what percentage should it be?
3. If so, where should the money collected go?
4. Do you have an alternative?

Please send responses and comments to:
pennroar@yahoo.com

Subject Line:
January Survey Answers

Thanks,

Pa-NARO Legislative Committee

Lester Greevy
Jacqueline Root
Alan Rank
Trevor Walczak

A Friend of the Royalty Owners: *Senator Gene Yaw*

By: Trevor Walczak

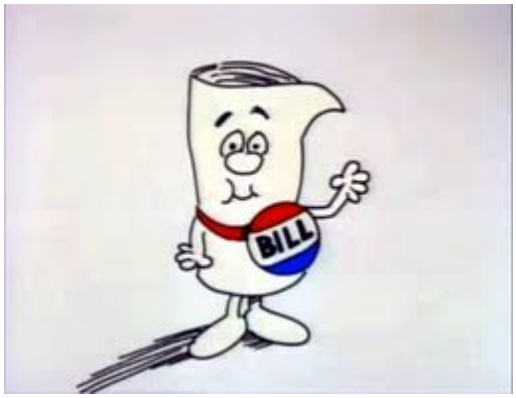
State Senator Gene Yaw's (R, Lycoming) district encompasses the gateway to Pennsylvania's gas rush with a district that covers parts of Lycoming, Bradford, Sullivan, Susquehanna, and Union Counties. This position has thrust him onto the front lines of the Marcellus debate, where he has become a champion of the Pennsylvania royalty owner.

In a bill sponsored by Senator Yaw, the Senate of Pennsylvania took action on the first regulatory legislation relating to Marcellus Shale. Senate Bill 297, now called Act 15 after it was signed by Gov. Rendell in March 2010, amends the Oil and Gas Act to require operators of Marcellus Shale wells to provide well production information to the Department of Environmental Protection. That information will be made public in six months and be posted on DEP's website. Yaw said "the current law required DEP to keep production information confidential for a period of five years, so the change to six months is very significant."

"As this new industry begins to grow and expand, it is important that we have information on the amount of gas being produced by each well," Yaw said. "This is important to ensuring transparency and proper record-keeping."

Yaw said his bill will also enable companies to determine where natural gas production levels are higher, which will help to attract larger companies. This will not only help the local economy but also encourage greater production and use of natural gas.

His most important achievement, to date, for royalty owners, came a year later when the Governor signed into law, legislation sponsored by State Senator Yaw, which clarifies how farmland is assessed for natural gas, by eliminating the inconsistent interpretation of the state's Clean and Green law. Senate Bill 298 amends Clean and Green to better define how the widely used program is administered and is set to go into effect 60 days following the Governor's October 27, 2010 signing date.



Yaw said the bill would restrict a roll-back tax to the portion of land filed under the well restoration report and land which is incapable of being immediately reclaimed for Agricultural Use, Agricultural Reserve or Forest Reserve as defined in the original statute. "Farmers and landowners needed this legislation enacted to avoid paying roll-back taxes because of disparities in how Clean and Green was being assessed while open spaces in Pennsylvania were remaining largely intact which was the original intent of the program," he added.

He has witnessed, firsthand, the economic benefits that the exploration has brought to his district, and on November 18, 2010 conducted public hearings, at Penn College, with the Senate Majority Policy Committee, about the economic impact the drilling has created.

Yaw said that in the past three years, approximately 65 to 85 new companies have located in Lycoming County as a direct result of the Marcellus Shale Play. It is estimated that somewhere between 3500 and 4000 jobs have been created and many of those jobs are being filled by Pennsylvanians. In addition, unemployment rates in the area have fallen at a time when other areas are seeing unemployment grow.

Yaw added that the Pennsylvania Economy League recently estimated that each direct job in the Pennsylvania oil and gas industry creates an additional 1.52 indirect and induced jobs throughout the economy. The effect is what's being called the "Marcellus Multiplier," where every dollar invested by gas production companies is creating nearly double the economic output.

On November 10, 2010, Pa-NARO hosted a townhall meeting in Williamsport, which also served as the kickoff to the newly formed Pennsylvania state chapter. State Senator Yaw was an unexpected attendee, who graciously stayed for the entire 4 hour presentation, including the question and answer session, listening intently to attendees concerns.

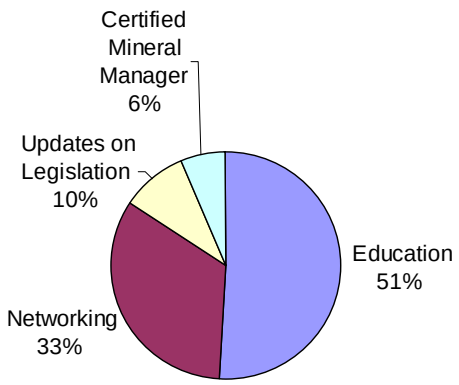
As a result, he became a Pa-NARO chapter member! We solute him for his great work, on our behalf, and we are proud to have such a strong partner in the State Senate.

Each issue of Penn ROAR will spotlight a public figure who has worked on the Pennsylvania royalty owner's behalf to help our cause.

Membership Survey Results

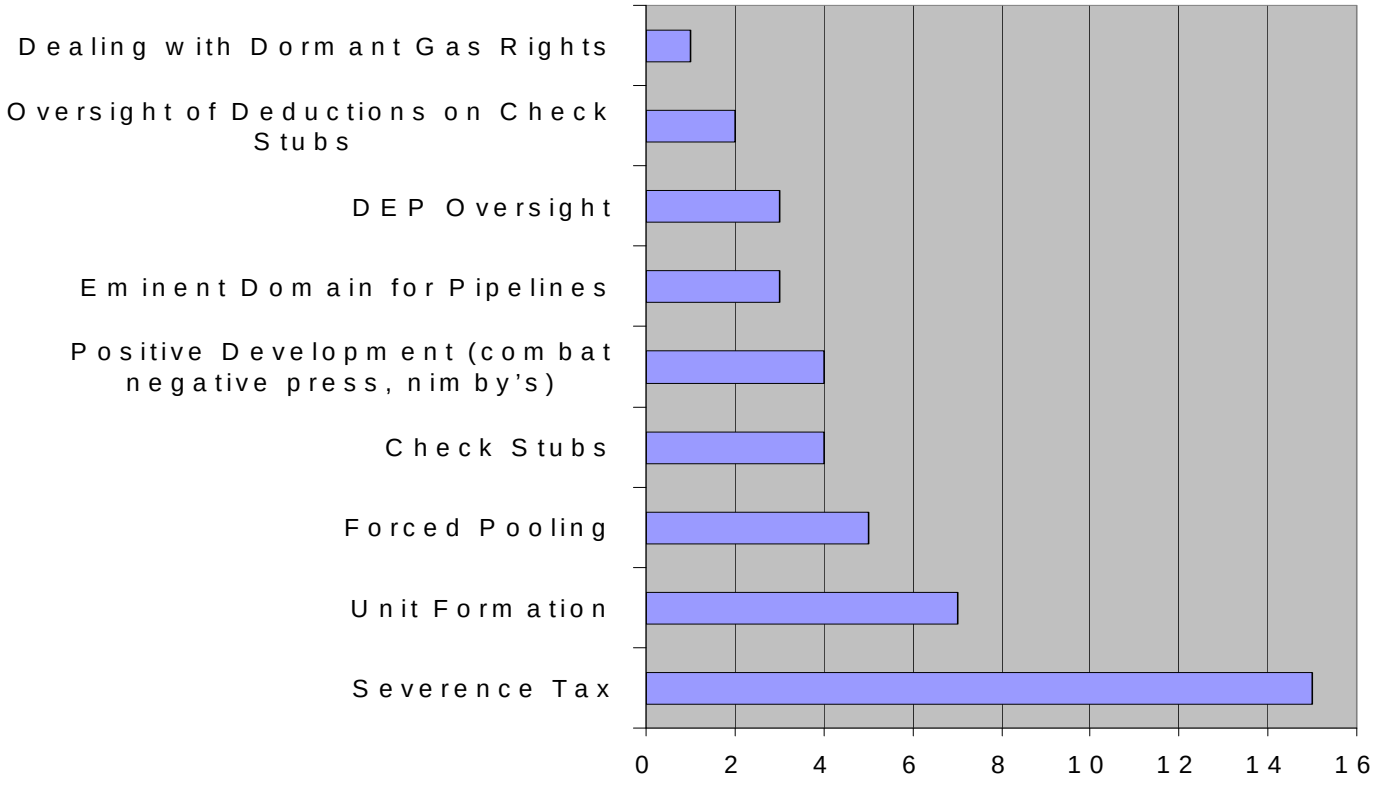
At the November 10, 2010 Pa-NARO business meeting that took place prior to the informational townhall meeting, Brian Pick, who leads the membership committee, conducted a survey of the attendees to learn why people have joined Pa-NARO, as an effort to better serve our members.

Why did you join NARO?



"With all of the misinformation out there, sometimes a person just wants to talk to other people that are going through the same decision making process. To compare stories, experiences and information. I would hear that someone, somewhere was able to negotiate a term that the landman at my door said could never be agreed to, so you naturally want to learn more." - Pa-NARO member

What do you think is the #1 issue facing royalty/mineral interest owners in PA?



Meet the Pa-NARO Founders:
Jacqueline Root, Chapter President

It was just another day on the farm back in 2000 when a landman first wandered into Root's Tax Service, a small tax prep office that Jacqueline Root ran from her home near Lawrenceville, on the northern tier of Tioga County, near the NY line. The landman was stopping to inquire about leasing the Root's 284 acre dairy farm with an offer of $2/acre/12.5%/10 year term for Allegheny Energy.

Originally, the exploration was focused on the Trenton-Black River formation, which is a deeper, more traditional gas play than the Marcellus. Using techniques landmen have honed through 100 years of leasing land from unsuspecting landowners, he attempted to explain why the Roots should sign a gas lease as soon as possible. What he didn't know is this was not just another stop on his route. Jackie is not the type to sign something without exploring all the options first.

At this early point in the gas boom, little information was out there to assist landowners in Pennsylvania. Naturally, with their farming background, the Penn State Co-operative Extension was a first stop. Penn State's Natural Gas Team was just being formed through the work of its founder, Earle Robbins, and was a great source of information for the rural landowner, just learning about natural gas exploration in Pa.

After learning what terms should be in a lease and comparing it to the boiler plate lease she was presented, she came up with a logical solution. If the gas companies wanted land and she wanted a more favorable lease to the landowner, she would use some leverage. She spent the next five years visiting other landowners in the township helping to inform them of what they needed to know before leasing. This laid the groundwork for her to begin "collectively bargaining" as a landowner group, which was a revolutionary idea in Pa's emerging gas play.

After years of preparation, organization and education of her community, the result was Jackie leading a group of 35 landowners, owning roughly 3,800 mostly contiguous acres, to sign a lease in 2005 with East Resources, for $190/ac over 5 years/12.5%/5 years, which, at the time, was huge.

With so much invested in this new frontier, she took her skills as a great orator and organizer on the road with Penn State's Gas Team to share her inspiring experience with other communities, as a gas leasing consultant representing landowner groups in their leasing efforts.

As landmen and gas companies began their eastward march, she was able to bring her message of improved lease terms, bonuses, and soon royalties to new landowners. It was groups she represented that first achieved the landmark thresholds like $750/ac, $2000/ac and royalties of 18%, when prior offerings to those landowners were only a fraction of the results she gained on behalf of them.

As the gas boom took off in mid-2008, she partnered with the founder of Penn State's Gas Team, the recently retired Earle Robbins, to form R & R Energy Consulting, LLC, along with her daughter Katie, who already had been drafted into the new family business. Les Greevy of Greevy and Associates, Williamsport, has also been by her side for legal counsel, from the beginning.

She gained firsthand experience when in March, 2008, East Resources drilled the Root 1H, a horizontal well on the Root farm. It measured 4,400 feet in depth, with a leg stretching 5000 feet and hydraulically fractured it in May, 2008. A pipeline was constructed shortly after and the well began production in January, 2009. She also became a NARO member in 2007.

To date, she has represented over 200,000 acres, in 19 successful gas deals with 9 different companies, in Pa and NY. It was the competitive bidding on these large chunks of acreage that ignited the gas rush that soon consumed Marcellus Shale country. Even for those who did not employ her services, benefits accomplished by her were reaped through the general improvement in lease terms and rates that companies began to offer to a more educated landowner statewide.

A large part of the year she can now be found attending natural gas related conferences across the country. She has taken overwhelming strides to learn all sectors of the natural gas production industry, which she incorporates into her consulting business. She has carved out a niche in Pennsylvania's gas field where she has been respected by landowners and gas companies alike for presenting prospective deals with terms that are greatly beneficial to landowners, while also being practical to the gas companies. Much of that comes from the experience gained by working with the different companies and the production on the Root farm.