



Levene Gouldin & Thompson, LLP has formed a team of attorneys prepared to start lawsuits against all oil and gas companies attempting to extend New York leases beyond their expiration dates. The team consists of Scott Kurkoski, Cindy Manchester, Phil Johnson, Gary Farneti, Mike Wright and Maria Lisi-Murray. Attached is a description of the team members.

Many landowners have received letters from their oil and gas companies claiming their leases have been extended. These claims have been based on payment of delay rental or “force majeure”. We contend that force majeure has no application to the facts at hand. During the entire primary term of these leases, gas companies were at liberty to develop the leased premises. Many companies have maintained active drilling programs. The so called “moratorium” is only in regard to high volume hydraulic fracturing under the Generic Environmental Impact Statement. All other methods of drilling including horizontal gas fracs, are permissible in New York.

Chesapeake Energy Corporation has been sending landowners lease extension letters with respect to leases that were originally signed by Central Appalachian Petroleum (CAP). Most of these leases are ten (10) years old and were signed at \$3.00 per acre. Chesapeake contends that payment of a modest delay rental payment extends a lease indefinitely and in perpetuity at the sole discretion of the Lessee - essentially granting Chesapeake a perpetual, unilateral option to renew. We strongly disagree. Leases in perpetuity are not favored in New York. Delay rental clauses contained in a boiler plate lease are intended to keep the lease in force only within the primary term.

The Attorney General’s Office has been negotiating with Chesapeake on the CAP leases for over a year. Unfortunately, the Attorney General has been unable to reach a resolution. Additionally, the Attorney General’s office is not addressing the Phillips Production Company lease currently held by Chesapeake and Victory Energy leases currently held by Inflection Energy and MegaEnergy.

If you have an interest in these issues, feel free, with no obligation, to complete the Landowner Questionnaire and return it to Levene Gouldin & Thompson by mail, fax or e-mail.

We believe that gas companies have made an economic decision to attempt to extend their New York leases, hoping that landowners will not contest their position. We simply cannot permit this to happen. Many landowners will be locked into low paying, poorly worded leases, unless they assert their rights.