



ROW Agreements and Valuation

- Opening Discussions – Evaluate initial offer
- Size up your counter-party
- Value offer – income stream discounted back to PV, Value of product, Regional and geographic factors, Alternatives available to counter-party
- Do your homework!



Determine Value of Land for ROW

- Is land agricultural or grazing land?
- What are alternative uses for the land (highest and best use)
- Will there be surface damage or is the ROW existing and negotiation is a renewal



Value Product in ROW

- Relative values of product, both present and future, will determine what lessee is willing to pay for ROW
- Determine which government agency (state or Federal) regulates ROW
- Will a rate case be needed to justify payment for ROW?



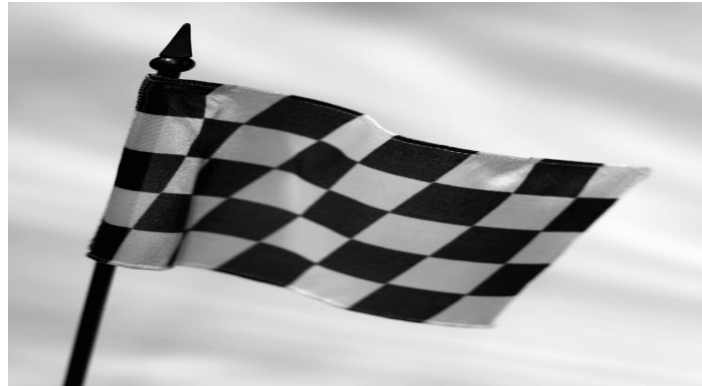
Importance of ROW to Lessee

- What alternatives does the lessee have if cannot reach agreement?
- Is bypassing the reservation a viable alternative – need to value cost of bypass
- Are there other pipelines/transmission lines available to lessee if cannot reach agreement?



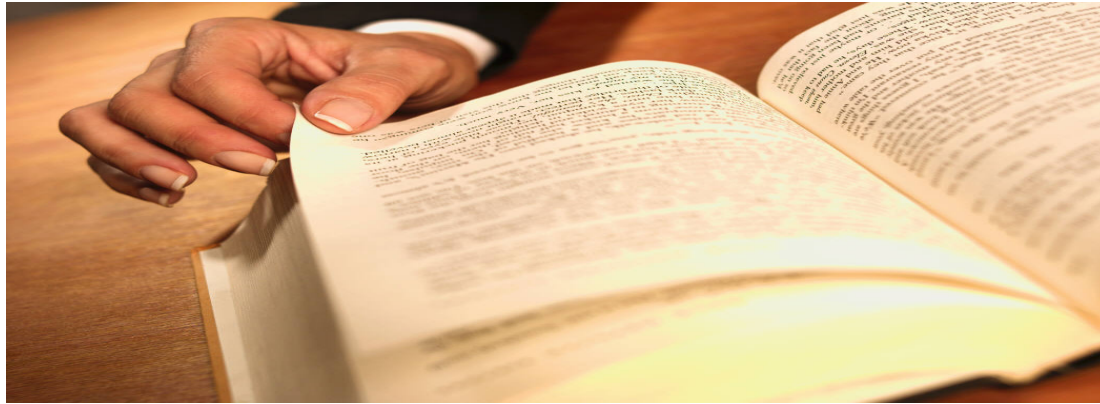
Comparable ROW Agreements in Region

- Are there any comparable or recent agreements in area for ROW on Tribal lands?
- Value ROW based what industry has paid recently
- Use public records and area landmen to value



Findings

- Value in doing homework – preparation is key to success
- Easier to start high and negotiate down
- Understand leverage Tribe has with lessee
- Look at contract term offered – shorter is better
- Value thru-put and make part of ROW negotiation



Helpful References

- Landman's Directory – American Association of Professional Landmen – www.landman.org
- Energy Information Administration website – www.eia.doe.gov/oil_gas/petroleum/
- Tribal/County tax records
- State Utility Commission records
- FERC filings/Utility rate sheets