

**OIL, GAS AND MINERAL RIGHTS DISCLOSURE AND
ADDENDUM TO AGREEMENT OF SALE**

OGM

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of REALTORS® (PAR).

1 **PROPERTY** 10 Fireside Lane, McDonald, PA
2 **SELLER** Donald L. Steward, Laura A. Steward
3 **BUYER** _____

4 the following section is to be completed by Seller to indicate the Seller's knowledge of and intentions about the oil, gas, and/or
5 mineral rights for the Property.

6 **1. Oil, Gas and Mineral Rights Excepted**

7 (A) Seller is not aware of any oil, gas and/or mineral rights that have been previously transferred by Seller or a previous owner of the
8 Property.
9 Seller is aware that the following oil, gas and/or mineral rights have been previously transferred by Seller or a previous owner
10 of the Property (exceptions) and is not transferring them to Buyer: _____
11 _____
12 _____
13 _____

14 (B) The warranty of title in the Agreement of Sale does not pertain to the oil, gas and/or mineral rights that have been excepted. Seller
15 will not defend title to these rights and does not covenant that Buyer will have quiet enjoyment of these rights.

16 **2. Seller's Reservation of Oil, Gas and Mineral Rights**

17 (A) Seller is not reserving oil, gas, and/or mineral rights.
18 Seller is reserving an undivided _____ % interest in the Seller's non-excepted oil, gas and mineral rights for the property and
19 is not transferring them to Buyer. This reservation will be executed in its entirety at settlement, unless checked below.
20 Seller will reserve oil, gas, and/or mineral rights according to a schedule, which is attached.

21 (B) Seller's reservation does not apply to domestic free gas and surface damage rights, which are set forth below.

22 (C) The warranty of title identified in the Agreement of Sale does not pertain to the oil, gas and/or mineral rights that are reserved by
23 Seller. Seller will not defend title to these rights and does not covenant that Buyer will have quiet enjoyment of these rights.

24 **3. Domestic Free Gas**

25 Seller will convey to Buyer _____ % of the domestic free gas rights to the Buyer.

26 **4. Surface Damages**

27 Seller will convey to Buyer the exclusive right to receive compensation for any and all surface damages, which include, but are not limited
28 to, pipeline rights of way, well pad sites, compressor sites and standing marketable timber.

29 **5. Documentation**

30 Seller has attached to this Addendum copies of all written oil, gas, and/or mineral rights leases and other documents (e.g., royalty agreements)
31 within Seller's possession having to do with past transfers of these rights, as follows: _____
32 _____
33 _____

34 **SELLER** Donald L. Steward Donald L. Steward DATE 2-25-2016
35 **SELLER** Laura A. Steward Laura A. Steward DATE 02-22-2016
36 **SELLER** _____ DATE _____

37 The following section is to be completed by Buyer and signed by Buyer and Seller as an addendum to an agreement of sale.

38 **6. Seller's Knowledge**

39 The exceptions listed above are to the best of Seller's knowledge and may not reflect all oil, gas and/or mineral rights for the Property that
40 have been previously transferred. Buyer is advised to conduct a full examination of oil, gas and/or mineral rights for the Property.

41 **7. Examination of Oil, Gas and Mineral Rights**

42 **WAIVED.** Buyer has the option to conduct an unlimited title examination and/or any other investigation to determine the status of
43 oil, gas and/or mineral rights pertaining to the Property. Buyer WAIVES THIS OPTION and agrees to the terms of the RELEASE
44 paragraph of the Agreement of Sale.

45 **ELECTED.** Contingency Period: _____ days (30 if not specified) from the Execution Date of the Agreement of Sale.

46 (A) Within the Contingency Period, Buyer, at Buyer's expense, may undertake a title examination of unlimited years and/or take
47 whatever action(s) Buyer deems necessary to determine whether oil, gas and/or mineral rights will pass with transfer of title from
48 Seller to Buyer, and if not, to determine the extent and manner by which these rights are affected.

49 (B) If the title examination performed by or on behalf of Buyer reveals Seller's inability to convey full and marketable title to oil,
50 gas and/or mineral rights (except for the exceptions stated above) to Buyer, Buyer will, within the Contingency Period:

- 51 1. Accept the Property with such title as Seller can give and agree to the terms in the RELEASE paragraph of the Agreement of Sale, OR
- 52 2. Terminate the Agreement of Sale by written notice to Seller, with all deposit monies returned to Buyer according to the terms
- 53 of the Agreement of Sale.

54 **Buyer Initials:** _____ / _____

Seller Initials: DS / LS



55 **8. Delivery of Reservation Language**

56 Seller will, within _____ days (15 if not specified) furnish to Buyer the reservation language that will appear in the deed that conveys
57 title to the Property to Buyer. If this reservation language does not reflect the terms in paragraphs 2 through 4 above, Seller
58 may be in default of the Agreement of Sale.

59 **9. Buyer's Review of Reservation Language**

60 Upon receiving the reservation language, or if Seller fails to provide reservation language within the time stated, Buyer will, within
61 _____ days (15 if not specified):

62 (A) Accept the Property and agree to the terms of the RELEASE paragraph of the Agreement of Sale, OR

63 (B) Terminate the Agreement of Sale by written notice to Seller, with all deposit monies returned to Buyer according to the
64 terms of the Agreement of Sale, OR

65 (C) Enter into a mutually acceptable written agreement with Seller.

66 If Buyer and Seller do not reach a written agreement during the time stated in this paragraph, and Buyer does not terminate
67 the Agreement of Sale by written notice to Seller within that time, Buyer accepts the Property and agrees to the
68 terms in the RELEASE paragraph of the Agreement of Sale.

69 All other terms and conditions of the Agreement of Sale remain unchanged and in full force and effect.

70 BUYER _____ DATE _____

71 BUYER _____ DATE _____

72 BUYER _____ DATE _____

73 SELLER _____ Donald L. Steward DATE _____

74 SELLER _____ Laura A. Steward DATE _____

75 SELLER _____ DATE _____

Buyer Initials: _____ / _____

Seller Initials: LS / JS

NOTICES REGARDING OIL, GAS AND MINERAL RIGHTS

The owner of a property has a variety of rights that go along with that property, including surface rights (such as the right to use the land for building or to grow crops) and certain subsurface rights (including the right to extract materials from below the ground). Among the various subsurface rights are the rights to explore for, and remove, oil, gas and various minerals such as coal.

Surface and subsurface rights are often transferred together, but sometimes are transferred separately. Despite the best intentions of sellers, property owners are often not aware of the precise extent of the oil, gas and/or mineral rights that they may or may not own. Some owners have all the rights associated with their property, some may be subject to a lease allowing others to access those resources, and still others may have had some or all of the subsurface rights to their land split off and sold.

Determining who owns the various oil, gas and mineral rights to a property can be a difficult and complex exercise, and should only be done by an attorney or title company with expertise in this area. If there is any question about the ownership of rights associated with a particular property, buyers are strongly encouraged to perform an extensive title search before moving forward with the transaction.

Aside from the questions about ownership, some properties are subject to the terms of existing leases that give outside parties (such as exploration, drilling or mining companies) the ability to exercise certain subsurface rights in exchange for payments or royalties to the owner(s) of these rights, who may or may not be the surface owners. These leases can be very legally complex and could drastically impact the surface rights of the landowner. For example, some leases give exploration companies a broad ability to drill, mine and/or transport materials over the land with minimal input from the landowner. Leases may also restrict the ability of the surface owner to use the property if it would conflict in any way with the subsurface rights. Before purchasing any land subject to an existing lease, buyers should have the lease reviewed by an attorney with expertise in this area of law in order to be sure that the extent of the lease is fully understood.

Exception and Reservation of Rights

A typical Agreement of Sale conveys all rights to a property to the buyer as part of the sale. If certain rights have been transferred to someone else by the current landowner or a prior owner, those rights cannot be transferred to the current buyer. These rights are considered to be excepted from the transaction. Sellers with knowledge of prior exceptions are asked to list those exceptions in Paragraph 1. Buyers are still strongly encouraged to conduct a thorough title search in order to be sure that the listed exceptions are the only existing exceptions.

In some transactions a seller may wish to retain certain rights while transferring less than the complete bundle of rights to the buyer. For example, a seller may elect to sell the surface rights and mineral rights, but keep rights to subsurface oil and gas exploration. In this case, the retained rights are considered to be reserved by the seller. This practice requires that a deed be drawn up that specifies which parties will be obtaining which rights. Paragraph 8 requires that the seller provide the buyer with the specific reservation language that the seller expects to include in the new deed so the buyer can determine if he/she is willing to proceed subject to such restrictions and limitations. The reservation language and any review of that language should be done by an attorney with expertise in this area of law.

Additional Information

For additional information regarding oil, gas and mineral ownership, leasing and transfer in the Commonwealth of Pennsylvania, you can visit, among other sites, the Pennsylvania Bureau of Oil and Gas Management (www.dep.state.pa.us/dep/deputate/minres/oilgas/oilgas.htm), Pennsylvania Department of Natural Resources' Oil and Gas Resources (www.dcnr.state.pa.us/topogeo/oilandgas/index.aspx) or the Penn State Dickinson School of Law's Natural Gas Exploration page (<http://www.dsl.psu.edu/centers/aglaw/gas.cfm>).

Buyer Initials: _____ / _____

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Seller Initials: *DA, LS*