

WHAT DO WE HAVE TO DO TO SIGN A GAS/OIL LEASE?

Many congregations have signed gas and oil leases over the last few years. The leases can be a helpful source of income, but they also carry significant risks. While not all of the leases have been properly examined by presbytery, congregations should be aware of the following requirement of the Book of Order:

“A congregation shall not sell, mortgage, or otherwise encumber any of its real property and it shall not acquire real property subject to an encumbrance or condition without the written permission of the presbytery transmitted through the session of the congregation.”
(G-4.0206a)

The Presbytery has an interest in making sure congregations are adequately protected from loss. Consequently, we ask congregations considering oil and gas leases to complete three steps BEFORE signing the lease, or signing off on any significant change in a lease:

1. Get a lawyer. The land agent may tell you that you don't need legal counsel. YOU DO. Have your attorney examine the terms of the lease to ensure that it's fair and complete.

2. Make sure that the session – not just a committee – sees the lease. A lease CANNOT be signed on the authority of one elder, or the president of the trustees, or the pastor. It must first be approved by a vote of session and at a called congregational meeting of the congregation/corporation. A lease that is not approved by the session and the congregation/corporation IS NOT a legal lease agreement.

3. Provide the Presbytery Trustees with a copy of the lease terms, the name of your attorney, and the minutes of the session meeting and congregational meeting at which the lease was approved. The Trustees will forward the lease to the full Presbytery for approval. A lease that has not been approved by Presbytery IS NOT a legal lease agreement.

Gas company land agents are paid to get leases signed quickly. DO NOT let them pressure you. Also, keep in mind that there's more to consider in such leases than money. A congregation may decide that certain kinds of drilling activity could adversely affect neighboring property, in which case love of one's neighbor outweighs financial benefit. Also, a congregation may decide that the environmental risks of drilling are greater than the financial reward.

If you have questions, please contact the Presbytery Center, and they'll put you in touch with the Board of Trustees. Thank you.