



Frequently Asked Questions

Why is Pine Cliff doing this now?

There has been several recent high profile bankruptcies of shallow gas producers and Pine Cliff, like all dry gas producers, has been under considerable financial constrain for some time. Although our prudent financial practices have allowed us to continue to operate in this environment, our asset base is still challenged due to high fixed costs that were formulated many years ago in a much different environment. We want to continue to be a producer in your community and provide revenue and jobs for years to come, but in 2019 for the first time in corporate history, Pine Cliff reported negative quarterly cash flow for two consecutive quarters, and three quarters out of the past six. From a production standpoint, our assets are more than capable of producing for many years, but from an economic standpoint Pine Cliff cannot continue to incur ongoing negative cash flow.

What is your proposed reduction based on?

Factors including surrounding land use, lease size, access roads, equipment on-site, aerial photographs of the wellhead and spacing were reviewed in the estimation of the proposed annual compensation.

If I agree how long will the new rates apply?

The rates will be up for review at the beginning of the next five year cycle pursuant to the Surface Rights Act.

What happens if I do not agree with Pine Cliff's offer?

Your first course of action would be to submit the specific details of how our wellsite and/or access road impact your farming operation to Pine Cliff at pnesurfaceland@pinecliffenergy.com for review. We will work with each landowner to address any specific concerns in a timely manner. If annual compensation cannot be agreed upon, either party still has the option to apply to the Surface Rights Board for the determination of the annual compensation. On review of the economics of each well, Pine Cliff may also elect to put this well into a priority queue for abandonment and reclamation.

What is Pine Cliff offering to other landowners in the area?

Pine Cliff worked with an independent consultant to create a balanced proposal that assigned consistent rates to each specific lease and the methodology was universally applied across to all similar dispositions.

What is a minimal disturbance lease?

Many of Pine Cliff's surface leases are considered minimal disturbance leases because the impacted area is much smaller than the original lease. Minimal disturbance is common for shallow, dry gas wells where there is very little equipment required on the surface lease.

What is unjust enrichment?

Unjust enrichment is a term used to describe when a landowner utilizes the majority of the leased area on a minimum disturbance lease but is still receiving compensation for the full size of the lease.

Who can I contact to discuss this?

Please forward your questions or concerns via email to pnesurfaceland@pinecliffenergy.com. You can also call 587-393-1681 and leave a message and your call will be returned in a timely manner. Please include your Pine Cliff file number in any correspondence.