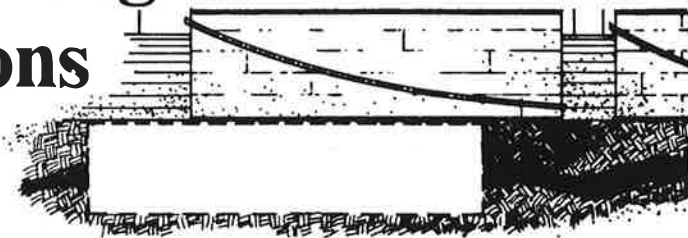


# Gas Storage Problems and Solutions



## The landman's critical role in acquiring underground gas storage rights

■ GEORGE W. THOMPSON

### Summary

The surface areas of the 10 storage fields owned by Texas Gas Transmission Corporation range in size from approximately 1,700 acres to 23,000 acres. Some of these fields are located in areas of active coal mining. Oil is being produced within the field boundaries from multiple pay zones lying above and below the storage reservoirs.

In many instances, the coal, oil, gas, and other minerals are owned separately from the surface. In areas of complex mineral and surface ownership such as these, the success of any storage acquisition effort depends on the individual responsible for the acquisition and that person's ability to resolve the challenges that arise during the process of acquiring the rights necessary to develop and maintain an underground storage reservoir.

### Introduction

The acquisition of an underground storage reservoir involves most of the departments that make up a gas transmission company. Each department contributes its

own special area of expertise in preparing for the project.

Once all the data are collected and evaluated, the area of interest defined, and the decision to proceed with the acquisition made, someone must determine the ownership of the rights being sought and buy those rights. This is the landman's job.

The initial contact made by the landman with the property owner helps form the opinion the property owner has of the company he or she is dealing with. To many property owners, the landman is the company. Therefore, if the company is to be successful in acquiring the rights sought, then it becomes vitally important that the landman working on the project possess the qualifications to do the job.

### Choosing the Right Person for the Job

Ideal landmen should possess certain character traits that are not common to everyone. They should, first of all, be honest and truthful. Their word should be their bond. They should be serious about what they say and concerned with maintaining a reputation for honesty and integrity. They should like people and be able to accept them with all their faults and failings. Landmen need good personalities and should be able to present themselves in a warm and friendly manner so that they will put the people they contact at ease. They should be believable and instill a sense of trust in others. They need a great reserve of pa-

tience in order to listen, when necessary, as well as talk. Landmen should possess qualities of diplomacy and tact that reflect a sensitivity to the feelings of others. They should know and understand the project they are involved in and the company they represent. They should be committed to the project at hand and believe that it can be accomplished.

Landmen should represent their companies and corporate goals when dealing with the land and mineral owner, and they should represent land and mineral owners when presenting their requests to corporate management.

Fairness and consistency in landowner relations keep problems to a minimum.

Although it may be difficult to find a person who possesses all these qualities, it would be wise to have someone who has a large percentage of them.

President Lyndon Johnson often said that he "believed in the art of the possible." His success in dealing with Congress proved the effectiveness of this attitude.

### Background Knowledge

Because of the nature of its principal product, the natural gas transmission industry has created a demand for the development of underground natural gas storage reservoirs in an effort to better serve its customers. With a background knowledge of the petroleum industry, the landman is ideally suited for the task of acquiring underground gas storage rights.

It is understandable why underground storage reservoirs are essential to the natural gas industry. Having been a gas dispatcher, or as they are presently called, a "gas controller," I certainly can appreciate the flexibility in load stabilization and pipeline operation that an underground storage reservoir can provide.

The most common types of reservoirs for the storage of gas are:

- A. depleted gas reservoirs
- B. depleted oil reservoirs
- C. aquifers, or water bearing reservoirs.

This paper was presented at the 33rd Annual International Right of Way Education Seminar, Portland, Oregon, June 1987.

George W. Thompson is Director of Land, Texas Gas Transmission Corporation, Owensboro, Kentucky.