

case study

Fisher German specialist

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project

Mineral Lease analysis and management

about the client

A farming family based in the East Midlands; the quarry, which had been closed for many years is situated in an unused part of the farm.

challenges

- The family were approached by a prospective operator who was optimistic that planning permission could be reactivated and the site could be reopened.
- As information was not complete regarding the quarry, the lease had to cover all eventualities and was by its very nature rather complex. The lease had to cover matters such as Minimum rent, Certain rent, Surface rent and royalties for different classes of stone etc.
- When extraction commenced the information provided by the operator to the landowner was sent in a rather haphazard and disorganised way. Whether this was deliberate is for conjecture....
- The client became concerned and confused about the information they were being provided with.

our approach

We carefully analysed the lease to identify the correct payments due to the client.

Mineral leases can be complex documents containing multiple rates of payment and industry jargon. The total rent due to the landlord can be made up of separate payments for the surface, different grades and types of material and any material that is imported for recycling or landfill. In addition different review mechanisms are common for the different elements that make up the total rent.

result

Analysis of the lease revealed that the tenant was underpaying by a significant sum through the misclassification of types of stone. With accurate classification and implementation of the terms of the lease, the client will now benefit from an **additional £250,000** over the term of the agreement.

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