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Farmers Hit the Jackpot in Kansas Oil Boom

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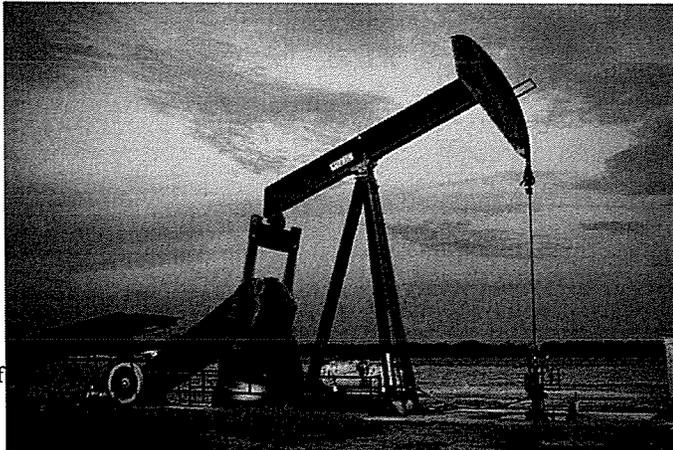
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By CNNMoney
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By Blake Ellis

Farmers in Kansas are hitting the jackpot.

But instead of holding the winning lottery numbers, it's all about owning the right piece of land.



In Harper County, Kan., and the surrounding areas along the south central border of the state, oil companies are pinpointing plots of land they think will become drilling hotspots and offering farmers up to \$1,250 an acre for the mineral rights that allow them to drill there.

Only a year ago, these same rights were worth about \$25 an acre, said Gordon Stull, a lawyer in the town of Pratt, who helps clients negotiate mineral right leases.

With a knock at the door, many local farmers who have been sitting atop their mineral rights for decades are suddenly seeing their lives change forever.

John Walker, a 63-year old farmer who has been harvesting wheat in the small town of Anthony since he was six years old, has received \$1.5 million over the past year after leasing out mineral rights on 2,000 acres of his land.

Walker received \$550 an acre for leasing out half of them last year, then received \$1,000 an acre for the other half this year. He will also get royalty payments of 20% from any oil that is produced on that land.

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"I've had to pinch myself every morning just to know I'm awake ... we've kind of hit the jackpot," said Walker.

With the new money, Walker went straight to the John Deere store and swapped some of his old farming equipment for two new tractors, a baler, a swather and two pickup trucks. He also bought a luxury motor home, so that he and his wife can start taking a few vacations. But he won't be quitting his day job any time soon, he said.

Mineral rights grant access to the materials beneath the land. So farmers are still able to farm the land above the minerals that they lease out. If a well is drilled, however, they will no longer be able to farm on the portion of land where it is located.

Jack Gates, a 64-year old farmer who leased out 160 acres of his mineral rights for \$1,000 an acre, may not have earned a life-altering sum but the \$160,000 he received will help him retire more comfortably.

Previously, Gates had struggled to save for retirement. The cost of fertilizer kept climbing as prices for wheat, his big crop, kept falling. He believes that God was responsible for this recent stroke of good fortune, and he doubled his regular contributions to his church as soon as he received his check -- in addition to paying off several small loans and putting more than \$10,000 toward his retirement savings.

"Without this money, my retirement would have been on faith that the Lord would have provided for me somehow," he said. "It's just a blessing that we're able to participate in the oil boom going on in Harper County." *Read more at CNNMoney:*

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