

Natural gas exploration has the potential to be a very rewarding economic development tool in Otsego County. Natural gas can provide environmentally healthier alternatives to current fuel sources (coal and oil) to meet our energy demands. However, as with any development, there are risks that need to be understood. Local officials as well as the public have a responsibility to become educated on the issues surrounding gas exploration and pumping, the transportation of this resource, and effects on the environment. Otsego County Conservation Association is providing information to help county residents make informed decisions.



Photo: Natural Gas well , DEC

In the Natural Gas Process there are Two Major Parties Involved . . .

Private Sector

For the most part, the private sector has control of issues associated with gas development, including research, prospecting, leasing, and actual construction. The major parties are gas companies, their private contractors and local landowners.

Public Sector

In regard to gas development, the public sector represents entities, largely at the state level, with applicable regulations and/or guidelines. Agencies with varying degrees of oversight are:

New York State Department of Environmental Conservation – Division of Mineral Resources

(DMN). Gas companies must declare to the NYSDEC-DMN exactly where they have determined the surface boundaries of an underground gas deposit lie after a well is successful. NYSDEC-DMN deals with:

- identification of productions units
- drilling – oversees drilling techniques that could pose hazards through brine contamination, pollution, or discharge of oil or gas into the environment
- site reclamation
- gas well safety

Public Service Commission (PSC) & Department of Public Service Staff deal with:

- gas pipeline safety
- proposed routes and construction for pipelines operating at or above 125 psi

New York State Department of Agriculture & Markets deals with:

- technical assistance to agencies, farmland owners, and gas companies where gas lines affect resources
- provides, upon request, technical assistance on well drilling pad development and project mitigation on farmland

New York State Attorney General’s Office deals with:

- complaints of lease violations
- related legal matters

Local Government

Local government has the responsibility to protect the health, safety and well being of its residents. Local governments, even those with limited regulations, have the ability to plan, pass local laws, and adopt regulations as well as provide incentives to developers. Some limitations do apply to the amount of regulation a municipality may impose but generally local government can deal with:

- permitting (prospectors, gas firms, drilling operators, etc.)
- siteplan review (screening, facility layout, lighting, etc.)
- zoning (setbacks, density, hours of operation)
- tax incentives (payments in lieu of taxes, rebates, etc.)
- State Environmental Quality Review (SEQR)

Some common actions to ensure the environmental integrity of drilling and pipeline operations in NY have included:

- Distance to surface operations from structure or water resources (Existing regulatory requirement is 100 ft from residences or 50 ft from a water body. Greater distances (350 – 500) may be called for.)
- Extent to which water may be used, e.g., from a farm pond during drilling.
- Fairly assessed value of, and compensation for, damage to crops, timber, or water resources.
- Implementation of effective conservation and land restoration, such as:
 - Protection of agriculture soils during exploration and well operations
 - Protection of farm infrastructure (roadways, livestock, travel lanes, drainage features, fences)
 - Road location and construction
 - Site of a well relative to other property uses

Advice to landowners

Gas leases are legal, binding documents, i.e., contracts. When entering into a lease agreement with a gas company, have the document reviewed by an attorney experienced in mineral rights issues.

Property owners generally have the right to explore and develop minerals under their property. Owners may lease the right to explore for gas to a company that has the equipment and expertise to recover or receive the gas for a period of time. The property owner may accept payment for the lease and royalties for the value of the gas. Public records, deeds, and real estate titles will indicate whether such rights have been leased, sold, or otherwise transferred.

Do not accept out of hand pre-printed leases provided by gas companies, but rather use these as a starting point for negotiations. Retain the ability to negotiate for new terms when the lease is up.

There is no legal requirement forcing a landowner to sign a lease with a gas company; however, under New York State Environmental Conservation Law, **compulsory integration** is required when any owner in a spacing unit does not voluntarily integrate his/her interests with those of the unit operator. Compensation to compulsory integrated interests will be established by the DEC Commissioner's Order after a public hearing.

Be aware of the different types of lease payments: bonus, rental, royalties, and shut-in royalties.

When entering into a lease, please make sure you know who you are dealing with. Verify the following:

Is the company registered as an operator with the DEC?

Has the company drilled any wells in New York?

Does the company have any violations on record in NYS or elsewhere?

How can the company and supervisor be contacted?

For information on the potential environmental impacts related to natural gas exploration see OCCA information sheet, **Potential Environmental Hazards of Directional Drilling**. This document identifies concerns related to:

- Drilling wastes
- Produced waters
- Blowouts/pipeline leaks
- Effects on land
- Effects on air
- Human Health Risks
- Economic impacts



For assistance with natural gas proposals or local concerns please contact:

Erik Miller, Executive Director

Otsego County Conservation Association

POB 931, 101 Main Street, Cooperstown, NY 13326

(607) 547-4488 or by email: director@occainfo.org

Who to Call about What:

Gas drilling regulations in DEC Region 4

NYS DEC Division of Mineral Resources – Region 4
1130 North Westcott Road Schenectady, NY 12306-2014
(518) 357-2450- Ask to speak with Division of Mineral Resources, Oil and Gas Regulation staff.

Gas well spacing and compulsory unitization

New York State DEC Division of Mineral Resources
625 Broadway, Third Floor, Albany, NY 12233-6500
(518) 402-8056

Gas lease contract provisions

Qualified private attorney (referral or use telephone book)
or
Cornell Cooperative Extension (non-legal advice)
(607)547-2536

Gas pipeline routing or safety concerns

NYS Department of Public Service
Consumer Services Division
1-800-342-3377

Mitigation planning for pipeline crossing or well site location affecting agriculture property

NYS Dept Ag & Markets – Matt Brower
10B Airline Drive, Albany, NY 12235
(518) 457-7076

Land resource and conservation management

Otsego County Conservation Association
(607) 547-4488

Concern about violation of environmental conservation law – (e.g. discharge of pollution)

NYS DEC Division of Mineral Resources – Region 4
1130 North Westcott Road Schenectady, NY 12306-2014
(518) 357-2450- Ask to speak with Division of Mineral Resources, Oil and Gas Regulation staff
or
NYS Environmental Conservation Officer in an emergency or after hours
(Use telephone book in your county)

Complaint about gas lease violation

Qualified private attorney (referral or use telephone book)
or
Office of New York State Attorney General
Consumer Helpline: 1-800-771-7755
44 Hawley Street, 17th Floor, Binghamton, 13901-4433
(607) 721-8778

Gas storage

NYS DEC Division of Mineral Resources – Region 4
1130 North Westcott Road Schenectady, NY 12306-2014
(518) 357-2450- Ask to speak with Division of Mineral Resources, Oil and Gas Regulation staff.

NOTE: To further explain this information sheet, attached is "Gas Exploration and Leasing on Private Land: Tips and Guidance for Landowners," Jim Ochtorski, Cornell Cooperative Extension, April 2005.