

July 8, 2008

As we all know, Broome County is located over potentially large natural gas deposits in the Marcellus shale. Many of our local property owners are being inundated with offers to execute gas leases. The County owns approximately 6,000 acres of land, and it has received numerous unsolicited offers. I assume that some of your municipalities are also receiving offers. The purpose of this letter is to advise the municipalities of the steps being taken by the County and to offer to share services.

There are obviously many environmental, legal and political issues attached to gas drilling. Gas deposits have the potential to increase property values, sales tax revenues and personal income. We want County residents and taxpayers to benefit from these economic opportunities. Residents and local leaders are also properly concerned with potential water and soil contamination, damage to roads, noise pollution, air pollution and similar issues. Our job is to balance these various and sometimes competing interests.

Although New York State has pre-empted localities from passing local laws regulating the drilling of gas, there are obviously many steps we can take to mitigate potential environmental problems. Broome County is presently doing its due diligence on these steps. We intend to hire an environmental engineer to provide guidance and advice. Any recommendations will be incorporated into lease documents, including Requests for Lease Proposals (RFP), mineral leases, surface rights agreements and related contracts.

I want County government and our residents to benefit from experiences in other parts of the country. For example, horizontal drilling operations, as anticipated in Broome County, were developed in the west. Some communities there have adopted various techniques to mitigate the adverse impacts caused by drilling. We want where appropriate to adopt those same practices.

I have told our County Department Heads that our information and research will be shared with the local municipalities. Once the County's documents are developed, we will be glad to share that information if desired with any municipality. We are also receptive to any insight which the localities and other agencies can offer to Broome County. For example Broome County will attend the seminar hosted by Cornell Cooperative on July 15, 2008.

We also expect to share our information transparently with Broome County residents. One of my concerns is that municipal land owners will impose necessary contractual restrictions designed to protect the environment, but neighboring leases will not contain the same protections. This may undermine our efforts, because gas companies will attempt to place drill rigs on parcels with the least restrictive leases. Consequently I want to educate our residents as much as possible.

Our research, and the experience of local coalitions, also demonstrates that adjoining property owners may increase economic benefits of gas leases by working in concert. While it may be impractical to have consolidated RFPs for all municipal properties, there may certainly be circumstances where municipalities would benefit by consolidating bids for parcels in close proximity. Obviously that is an individual decision for each municipality, but it is something I have instructed our Department Heads to explore. I hope you will also examine those possibilities.

If your municipality is interested in the consolidation efforts set forth in this letter, please send us contact information. I request that you forward the name, title, address, telephone number and email contact of the employee in your municipality. I will also be glad to discuss this personally with any of you.

Thank you.

Very truly yours,

Barbara J. Fiala  
Broome County Executive