

August 22, 2008

Re: Marcellus Shale Gas Drilling in Broome County

Dear :

I am writing a follow up to my letter of July 8, 2008. In that letter I indicated that Broome County was performing its due diligence on gas leasing issues. As stated we welcome any input and advice from the localities, and I have instructed our Department Heads to share the results of our investigations. This is a follow up report.

Chemung County. Chemung County presently receives significant natural gas revenues. It has a number of producing wells within the County. Several county officials visited Chemung County to discuss the impact on the environment and to view the gas drilling facilities. Most of the active well sites are located in rural areas. County officials report that there have been very few complaints. The producing wells, however, are vertical wells in the Trenton Black River Shale. They are not Marcellus Shale wells.

Fort Worth. Broome County has made contact with officials in Fort Worth. As you probably know Fort Worth is located over the Barnett Shale. There is an extremely high level of natural gas drilling. We have spoken with gas inspectors, the land agent and corporate counsel. Many issues were addressed during our discussions; some expected and some unexpected.

Residents over the Barnett Shale have many of the same concerns we have. Primarily they are interested in protecting their water supply. This involves both regulating the use of fresh water in the drilling process and regulating the disposal of production/salt water. As in New York State, state regulators are involved and in some cases pre-empt this process.

Other issues highlighted by Fort Worth officials included damage to roads, noise abatement, emergency response, location of pipelines and accounting of royalty payments. We were surprised to learn that the number one complaint received by the gas inspectors is based on noise at producing wells.

Municipal Leases. Broome County is proceeding methodically. We are trying to examine all of these issues as thoroughly as possible. Our Law Department has developed a first draft of a Request for Proposals to submit for municipal gas leases. That first draft has been shared with other local municipal attorneys for their comment. If

your municipal attorney has not received a copy, please let me know. We will also share the draft with the County's external environmental expert. We look forward to receiving responses.

Patrick Brennan, Deputy County Executive, and Joseph Sluzar, County Attorney, are coordinating the County's efforts in this area. If you have any technical questions, please contact either one of them. If you have any other question, please let me know. Thank you.

Very truly yours,

Barbara J. Fiala
Broome County Executive