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CORTLAND, N.Y.

Gas drilling leases explained to crowd

Presentations sponsored by the Soil and Water Conservation District educate landowners

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CORTLAND — About 200 people crowded the New York State Grange headquarters Monday night, watching a slide show of natural gas drilling activity in Pennsylvania and listening to Preble resident and attorney Joe Heath explain how to lawfully terminate leases with gas companies

ager of the district, presented the slide show.

An executive order signed last year by then-Gov. David Paterson declared a statewide moratorium until July on high volume hydraulic fracturing, commonly known as hydrofracking or fracking.

Since hydrofracking, a process that injects high quantities of chemically treated water and sand into the shale deep underground, is the most effective means of releasing gas, companies, for

the most part, are holding off on extracting gas until then.

The state Department of Environmental Conservation is also releasing a list of guidelines governing safe practices for the industry to follow this year. Until those guidelines are released, gas companies would have to seek individual environmental impact statements for

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each drill site, something that would be cost-prohibitive, so most companies are awaiting the state guidelines.

In Pennsylvania, gas drilling is proceeding.

Barber showed pictures of drill rigs in Bradford County, Pa., where she described neat and professional operations that nonetheless left irrefutable road damage, stream bank erosion, and had mixed reactions from the community members.

Barber said some store owners praise the industry for resulting in increased sales and economic activity, while other people said the growth left limited housing options and raised the prices of rental properties.

Barber's slides showed oil rigs set up in close proximity to houses and grazing cattle. Pictures of damaged roads and large tanker trucks carrying water for drilling operations, showed what the industry could look like in Cortland County.

Many, like Freetown resident Charles Cross, came to the workshop because they had received letters from gas companies extending their gas leases. The letters cite a "force majeure" effect that the moratorium has placed on drilling. As a result, the companies argue, the leases are extended indefinitely.

Force majeure is legal term that allows a contract to be adjusted based typically on a large unforeseen event, such as a natural disaster or war.

Cross' reaction to the letter was, "Hell, no!" he said.

"I signed a lease for five years and it expires in five years," Cross said, adding he came to the workshop to learn what his recourse is.

Heath told landowners they must reply to these letters, clearly stating they do not agree with the company's decision and emphasizing the lease ends on the date originally agreed to.

Heath said he and other attorneys he has spoken with, agree the letters

from the gas companies would not be upheld in a court of law because the force majeure does not apply. Gas companies may still drill vertical wells or frack with low volumes of water so their argument that drilling operations are prevented does not hold water, he said.

"They are not prevented from drilling on your land because the moratorium is in effect... They don't specify what they can't do," Heath said, faulting the letters.

Cross said this morning he checked his lease and found it contains a force majeure provision and also allows for the lease to be automatically extended another five years.

Cross said he will object to the force majeure extension by sending a letter as Heath directed and he will wait to see if his lease automatically renews.

Cross added if he ever gets out of his lease he would not be in a hurry to sign another.

Dan and Jill Robinson, Freetown residents who came to the workshop because they have been approached by a gas company representative interested in drilling on their land, said they would be consulting a lawyer before deciding whether to lease.

The Robinsons said they think the company can be forced to act responsibly, but it is a matter of crafting the lease properly to ensure this happens.

LaFayette resident Tom Turner said he had responded last week to a force majeure letter from the gas company he was leased with and he is left wondering if a court battle is imminent.

"I wish the attorney general would step in," Turner said, adding his lease ends in December but he does not want to have to wait until then for a decision to be reached about whether his lease is extended.

Heath urged residents to visit the website for the group Gas Drilling Awareness of Cortland County, gdacc.wordpress.com, which has posted a sample response letter that people can use.