

## COSTS TO PROPERTY OWNERS

Speculation disproportionately raises property values followed by divestment which decreases property values.

Mineral rights trump surface rights in split estates. Any building erected on the surface after a lease has been signed may be demolished by the gas company without compensation.

Banks are denying mortgages on properties that are leased, or for those parcels that are in close approximation to leased parcels; leaving sellers looking for buyers able to pay cash.

Insurance companies are not writing policies on properties with gas leases, or are significantly increasing premiums as they have concluded that potential risk and liabilities are too high to chance.

Property values have declined in areas where significant drilling activities occurred, after all, who wants to live in an industrial zone? In cases where homes suffer water contamination or are exposed to air or excessive noise pollution, the market considers these properties worthless or unmarketable.

The NYS Office of Real Property Services (ORPS) has only provided guidelines to tax assessors suggesting how to tax gas, minerals and surface rights. Local assessors are free to assess the gas and minerals as the town board directs and tax property owners accordingly.

Potable water replacement, filters or venting are all costs property owners may face. Gas companies are denying any causal allegations forcing individuals to buy their own water treatment and exhaust systems.

Medical care costs may include treatment for any number of conditions related to ingesting or bathing in contaminated water, or inhaling polluted air. Many pollutants cause a variety of health ailments including reproductive disorders.

## COSTS TO LOCAL COMMUNITY

The additional heavy traffic (The DEC estimates a minimum of 895 trucks per well) causes structural damages to roads and bridges. Truck drivers find negotiating country roads difficult, resulting in more accidents and emergency calls. Traffic congestion and road dust is inevitable for all residents.

Emergency Responders need special equipment, and many volunteers need training in dealing with gas fires, spills and explosions.

In some communities police are overwhelmed with increases in drug use, bar brawls, thefts and rapes. Court systems may become overwhelmed by the increase in cases.

Increased demands are also placed on the social services system of many rural communities. Some report an increase in medical care costs from uninsured workers. Others are dealing with increasing rates of teen pregnancy.

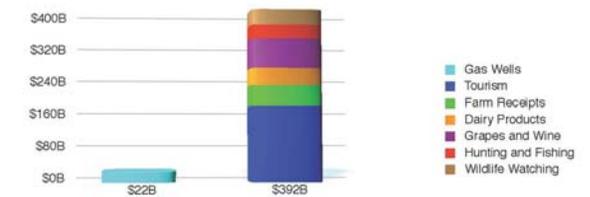
Those on fixed incomes are finding themselves priced out of **rental units**, as gas company employees are willing to pay higher rents than these locals can afford. **Tourists and visitors** are finding local hotels have no rooms available.

***Pollution: Who pays the clean up bill, especially in the case where a gas company declares bankruptcy? You will!***

***Toxic Disposal : What's the cost to your community landfill or water treatment plants where these toxic wastes are dumped?***

## COSTS TO OTHER INDUSTRIES

While gas production may provide revenues of \$22 billion, other industries threatened by the gas industry generate over \$400 billion in gross revenues.



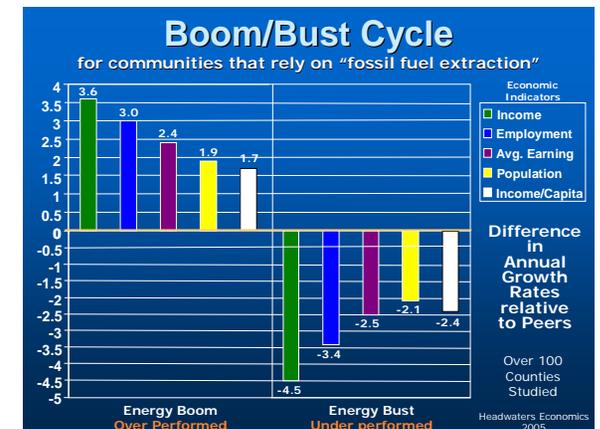
Source: John Schwartz

### THE TRADE OFF

*Government is forcing farmers into a choice many don't want to make. What is needed is an agricultural policy that helps farmers receive a fair price for their product, not an energy policy that provides them quick cash at the expense of the environment, our food supply, our water, air and soil, and the health of future generations.*

### THE BOOM BUST CYCLE

Long-term analysis on communities that rely on fossil fuel extraction for economic development report overall negative consequences and diminished future competitiveness.



## WHAT THE GAS COMPANIES DON'T WANT YOU TO KNOW

Many old leases don't pay landowners for water, gravel, timber loss, crop loss, pipeline easements, storage facilities, or compressor station locations.

Gas rights are traded like a stock. The company made money when it agreed to let you keep 12% of the share, and sold the rest on the open global market.

Gas companies create holding companies that allow for a shell game where the gas can be sold at a price less than market value, stored, and later resold at a higher price. Most leases are based on the first sale.

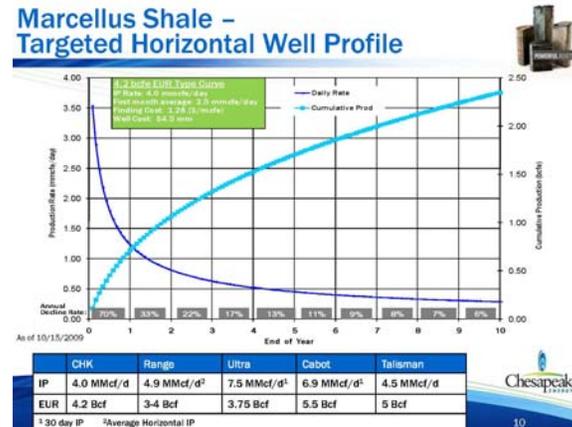
Currently the gas industry receives tax breaks, subsidies, and are exempt from the following:

1. The Safe Drinking Water Act
2. The Clean Water Act
3. The National Environmental Policy Act
4. The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)
5. Resource Conservation and Recovery Act
6. Clean Air Act
7. Toxic Release Inventory under the Emergency Planning and Community Right-to-Know Act (EPCRA)
8. Federal Hazardous Waste Regulations
9. OSHA -- as it relates to the handling of radioactive material

**Where are all those jobs?** "A Penn State study commissioned by the Marcellus Shale Coalition and released in May concluded the industry's growth would lead to more than 88,000 new jobs in 2010 and more than 111,000 in 2011. The most recent numbers from the state Department of Labor and Industry puts the number of people employed in the natural gas or related industries at 11,428 as of the third quarter of 2009. But natural gas companies - at least for now - are importing skilled workers from out of state to do the actual well drilling." Source: <http://thetimes-tribune.com/news/so-far-gas-jobs-mainly-in-related-fields-1.1060490>

## THE WELL PRODUCTION CURVE

Wells decline significantly after their first year of production as this chart from Chesapeake shows.



## HOW MUCH WILL A LANDOWNER REALLY MAKE IN AFTER TAX DOLLARS?

Using this royalty calculator [http://www.pagaslease.com/calculator\\_natural\\_gas\\_royalty\\_form.php](http://www.pagaslease.com/calculator_natural_gas_royalty_form.php) a landowner might expect the following from an average Marcellus well:

5 acres, at \$4 gas, at 20% royalty gives a landowner \$67,977 over ten years (\$6,798/yr)

5 acres, at \$4 gas, at 12% royalty gives a landowner \$33,989 over ten years (\$3,399/yr)

30 acres, at \$4 gas, at 20% royalty gives a landowner \$329,238 over ten years (\$32,924/yr)

30 acres, at \$4 gas, at 12% royalty gives a landowner \$164,619 over ten years (\$16,462/yr)

*For more info...  
LINK TO RESOURCES*

*Get informed, get involved, speak up.  
To find a group near you visit:  
GASMAIN.ORG*

## THE ECONOMICS OF EXTRACTING NATURAL GAS FROM SHALE FORMATIONS

*How much does that gas really cost and who pays the bill?*



**INDIVIDUALS, COMMUNITIES,  
THE ENVIRONMENT,  
AND OTHER INDUSTRIES  
PAY THE PRICE OF  
HORIZONTAL GAS DRILLING  
AND HIGH VOLUME  
HYDRAULIC FRACTURING,  
WHILE ONLY A FEW LANDOWNERS  
STRIKE IT RICH.**