



**Jim Goldstein** is supervisor of the New York State Town of Lebanon, where conventional drilling has been going on for years. We can all benefit from his experience:

**On leasing:**

Signing bonuses ranging from \$80 to \$200 to as much as \$3,000 per acre have been offered by various natural gas companies in the region. Signing bonuses are crucial. If there are unanticipated impacts, the costs associated with remediating or dealing with a legal dispute of a gas company with an army of attorneys requires significant upfront money.

There are many local farmers hurting in this economy due to rising fuel and farm input prices and lower milk prices, and they are looking for value-added crops and forms of income. Natural gas drilling may help in some cases, but farmers need to be careful to make sure that they get the best deal financially, that their water and farmland are protected and remain viable, and that they keep control of their farms.

A lease could inadvertently do the opposite if not carefully reviewed.

The best way to ensure a higher price is a land coalition... Coalitions in Broome, Chenango and Madison, as well as other counties, have brought farmers and other landowners together in productive alliances to ensure a better outcome.

*From a letter to the editor published in The Madison County Courier published July 19, 2009*

**On gas production:**

In my town, there are some very productive wells, and landowners have made out well, and there are some wells that are not productive or not producing.

*From a letter to the editor published in The Madison County Courier published July 19, 2009*

**On road damage:**

The impact on local roads in communities where drilling occurs is substantial. In my town of 1,340 residents with an annual local road repair budget of about \$60,000 a year in materials, excluding fuel and labor, Nornew, Inc., the principal operator in our town, has created over \$550,000 in road impacts in the last two years. We have used our municipal authority to negotiate an agreement whereby the repair of these roads is addressed by the gas company in consultation with our highway superintendent. All host communities must ensure this is in place, or the impact on property owners in local taxes will be substantial.

*From a letter to the editor published in The Madison County Courier published July 19, 2009*

**On the taxpayer's liability for drilling related expenses:**

There has been far too much taxpayer contribution and subsidy of a highly profitable industry these past few decades, in my humble view, and what I favor and continue to advocate is increased oversight paid for by higher permit fees and licenses that the state should be charging to create a system of independent ombudsmen to oversee all elements of natural gas development, exploration, water quality testing and waste disposal in our state..."

*From a letter to Town Residents, November 19, 2009*

**And natural gas taxes:**

"Under the current state system that utilizes property valuation estimates to tax natural gas production at minimal levels—we receive as a town .3 percent of the actual estimated market value of the gas that equals about 4 percent of current local tax levy — farmers, agribusiness and homeowners along with businesses and utilities cover the other 96 percent..."

"...this revenue, which is unpredictable and varies year to year depending on estimated production values of natural gas, runs two years behind actual production, and is not based on actual sales... Out of an estimated \$5 million in wholesale natural gas sales in 2008, we will have \$16,000 to apply against our tax levy in 2010..."

" If we got just 2 percent of actual natural gas retail sales minus royalties of 12.5 percent paid out, the estimated total to our town would be \$86,000, which would reduce our local tax levy by about 24 percent."

*From a letter to Town Residents, November 19, 2009*

**On Seismic Testing:**

Our town experienced a 3-D seismic testing experience two years ago that was quite significant as a precursor to much of the drilling activity and generated more complaints in two months than my office had received in the prior six years combined.

Lebanon officials were notified Oct. 26 of a request by Norse Gas to seismic test portions of Deep Spring, Vosburgh, and South Lebanon Roads in the town and were advised by their town attorney to request gas development company officials to present their request in an open forum at the Town Board meeting prior to any decision.

Supervisor Jim Goldstein said the Town Board would like to know what types of testing the company intends to do, and whether or not all the potentially impacted landowners currently have signed seismic or natural gas leases permitting seismic testing. Goldstein said that the issue of seismic trespass of testing on private property without consent utilizing town road rights of way has emerged as an issue for local governments, and town officials want to make sure impacted property owners are notified and in favor of any such testing before permission would be granted.

Goldstein notes that seismic data is used by the gas development companies as proprietary information that is then part of a negotiation with a landowner or series of landowners for potential gas wells in which the landowner may not have access to the seismic results.

*November, 2009 Town of Lebanon Press Release*

**On accidents:**

In our area, there have been two gas well rig fires in the last six months...

*From a letter to the editor published in The Madison County Courier published July 19, 2009*

**On open waste pits:**

"I have also heard reports from multiple sources about open waste pits leaking into the ground due to inadequate liners, leaks or deliberate punctures that allow the seepage into the ground."

"I am not the only public official who has heard these reports and I would like to know how the DEC regulates these open waste pits of liquid during the gas development, drilling and extraction process."

*From a letter to Nornew and the NYS DEC , September 2009*

**On disposal issues:**

One gas well drilled in my town produced nearly 500 tons of contaminated soil that had to be trucked to a specialized landfill, as our local landfill could not accommodate it.

*From a letter to the editor published in The Madison County Courier published July 19, 2009*

**"Public Service Commission to accept comments on proposed eight-mile natural gas pipeline"**

"State Public Service Commission (PSC) officials have confirmed that they will convene a Public Statement Hearing at the request of the Town of Lebanon on the proposed 8 mile 16-inch high pressure steel pipeline natural gas delivery pipeline... Lebanon Supervisor Jim Goldstein said that he had confirmed the PSC intention to hold this meeting, which he requested... after a Sept. 14 public information hearing hosted by the town on the proposed pipeline and requested road bores under town roads drew a number of questions, complaints and safety concerns from a crowd of standing room only Lebanon area residents."

"Goldstein said the hearing is one of a continuing efforts by the township to keep the public informed on natural gas development issues and to give local residents an opportunity to have input into local decisions by the Town Board in these areas."

*From the Madison County Courier / Madison County News November 15, 2009*

**On the responsibility for decommissioning natural gas pipelines and wells:**

"This is clearly the responsibility of the natural gas developer that owns the line and wells and the property owner who chooses to have a gas well and gas lines on his or her property. It should never been the responsibility of the [other] property owners of a township to ever subsidize the risk connected to such activity...Property owners in such circumstances should check their leases and with their attorneys to make sure there are provisions to protect them from this burden should the company ever go under or abandon the area.

"It is patently absurd to expect the Town of Lebanon to assume or even consider utilizing what

meager funds we currently receive from natural gas production taxes to create such a trust fund, as was proposed earlier this year during the political seasons...to use these funds for such a purpose would not only be a drop in the bucket of this task, which belongs in the hands of the industry and state regulatory agencies, it would also be foolishly committing our town to assuming liability for something that truly belongs to the natural gas developer and private landowners who choose to have natural gas wells drilled on their properties. It would bankrupt our town of 1,340 residents without question..."

"Now, the idea of requesting that the state set up a trust fund for future decommissioning purposes may have some merit, but I would argue again that the responsibility should fall to these natural gas development companies, many of which are based out of foreign countries — Norse Energy being one out of Norway and Fortuna being another out of Canada — rather than state agencies which inevitably would require taxpayer subsidy."

*From a letter to Town Residents, November 19, 2009*

**And some of the complaints from constituents that have crossed his desk:**

Lebanon resident Murray Ames lives near a compressor station on Lebanon Hill Road. "We can hear it 24 hours a day, seven days a week, 365 days a year," he said. "We can hear it with our windows closed, the television on. It's intolerable."

*Quoted in the Post-Standard November 18, 2009*

"As I mentioned on the telephone, I am an attorney. We are bringing suit in federal court for a trespass made for the purpose of conducting an illegal seismic test which involves a Canadian company called Elexco who was working with Conquest."

*From an attorney representing a Town resident November, 2009*