

**Natural Gas Advisory Committee
January 25, 2011**

Attendees:

Peter Flanagan, Chairman James Bays, Supervisor T. Smyrna Ross Iannello, Supervisor T. New Berlin Steve Harris, Director RPT Richard Schlag, Supervisor T. German Stephen Palmatier, Consultant Bradd Vickers, Chenango Farm Bureau Drew Piaschyk, T. Plymouth	Jennifer Tavares, Commerce Chenango Donna Jones, Planning Director Shane Butler, Planner Rena Doing, Planner	Matt Beckwith Dr. K. Dawson Heriberto Rodriguez Kenneth Fogarty Earl Callahan Melissa deCordova Gary Simpson Dick Downey	Dr. A. Pfannenstiel Chris Brunner Terri Lanciault Kim Michels Rema Loeb Scott Ives Rob DeClue
---	---	---	---

The monthly meeting was called to order by Chairman Flanagan at 8:10 a.m.

Chairman Flanagan asked if there are additions or corrections to the November 30, 2010 minutes. Mr. Piaschyk stated the calculation for Consumptive Use under Water Issues was inaccurately calculated and should be 13 gallons of water released from burning of natural gas.

Supervisor Bays made the motion to accept the minutes with the correction, Mr. Piaschyk second; vote all ayes, minutes were approved.

Agenda Items for Discussion:

Discuss and Voted on Proposed Rules of Conduct and Decorum:

The vote on proposed Rules of Decorum presented by Mr. Vickers and tabled at the November 30, 2010 meeting, were moved from the table for further discussion.

- Supervisor Iannello commented this committee currently follows the Chenango County Rules for meetings and he does not feel it is necessary to introduce separate guidelines.
- Supervisor Schlag questioned if "Roberts Rules of Order" addressed interruptions by guests.
- Mr. Vickers stated the proposed guidelines are specific and available.
- Mr. Fogarty requested a copy of the County meeting rules. Chairman Flanagan advised Mr. Fogarty to contact RC Woodford, Chenango County Clerk of the Board for a copy.
- Supervisor Bays stated he is not in favor of adopting the proposed rules and feels in doing so sends the wrong message.
- Chairman Flanagan stated he was initially opposed but he feels the availability of written rules will be helpful in following the meeting agenda. It is important to understand delineation between comments and questions.
- Mr. Fogarty stated it is often helpful to have comments.
- Dr. Dawson recommended a five (5) minute comment period be made available at the beginning of the meeting to discuss the previous minutes.

Mr. Vickers made the motion to accept the Rules of Conduct and Decorum for the Natural Gas Advisory Committee, second by Supervisor Schlag; accepted.

Topics:

NYSDEC:

- The NYSDEC Commissioner comments on Natural Gas exploration of the shale formations indicate he is in favor of waiting for the EPA report relating to hydrofracking.
- The Strategic Plan for leasing NYS Forests appears to be in place for post EPA regulations. Some NYS forest leases are in place in western NYS, however, all NYS land is subject to Compulsory Integration.

Bradford Co. PA:

Mr. Butler reported on a trip to Bradford Co. Pa. with Mr. Kenneth Smith, Cornell Co-operative Extension on December 7, 2010. Mr. Butler pointed out several interesting facts resulting from the exploration of natural gas in the Marcellus shale:

- Increase in Emergency calls to 20-30,000 calls in 2010 due to increase traffic, etc. Develop best practice guidelines to address various issues, as work in progress.
- PA State Act 14 addresses marking of pipeline crossing. Bradford Co. maps the pipeline crossings for their files.
- Development of a resource book to be available to natural gas companies unfamiliar with the area to be utilized as a tool for better local communication on local regulations, wetlands locations, businesses, etc.
- Road Agreements with the natural gas companies have proven to be very effective.
- Driveway permit regulations and Zoning regulations should be reviewed regularly for possible changes.
- Chesapeake Co. recently built a 276 temporary housing facility in Athens Township. An increase in Recreational

Vehicle parks has resulted in water and sewage disposal problems.

- A new hotel has been built in the area.
- Land/house/rent prices have increased dramatically
- Chesapeake utilizes a flowback system for re-use of water during hydrofracking.
- PA Department of Environmental Protection (DEP) has developed an aquifer protocol, and increased permit fees. Unfortunately the DEP has increased employee cuts.
- A Green Program for taxing exists in PA, similar to NYS 480A forestry program
- There is no sales tax on natural gas, no bed tax and no tax on out-of-state workers.
- There has been a loss of specialized County jobs to the natural gas industry.
- Increase in social service programs and school population due to new or displaced families in the area
- Vacant buildings are being renovated and leased
- Companies converting business fleets to natural gas. A new facility gas station/quick stop has been built with access to natural gas pumps for fueling.
- Banks are hesitant to lend money as mortgages are paid sooner reducing income to banks from interest payments

Review of Tompkins County Reports/Cornell Study and Ms. Christophersen's Economic Report:

Mr. Smith was not available to provide a report. Chairman Flanagan pointed out Ms. Christophersen's statement that gas drilling has not been economically beneficial in the top gas producing counties because they are amongst the poorest counties in the state does not take into consideration either the scale of the gas drilling or the fact that they were the poorest counties in the state prior to gas drilling. Ms. Christophersen also is apparently ignorant of the current ad valorem on natural gas production in New York State.

Consultant Report:

Mr. Palmatier reported on the following:

- On December 6 & 7 he attended a workshop in PA sponsored by Penn State relating to development of workforce and job assessment programs as part of a federal grant. NYS has the right to access the PA programs and NYS will be eligible for grant funds when drilling for Marcellus shale begins in the state. One program was developed with PA Dept. of Paroles. DCMO BOCES and SUNY Morrisville have been made aware of the grant programs and recommendation to apply for funds to begin development of local programs.
- One of Penn State's goals in educating the workforce is to reverse the current employment statistics from 20% local vs. 80% out of state.
- Certificate programs vs. Degree programs have been successful. However, Degree programs have better worldwide recognition.
- Mr. Palmatier, Commerce Chenango and Mr. Ives, Norse Energy are preparing a presentation at SUNY Morrisville to generate interest in natural gas education programs.
- Mr. Palmatier recently had a meeting with DCMO BOCES to review the existing Welding Program specifications in relation to natural gas certifications. The current course structure has validity for the industry.
- Discussion with BOCES on developing an OSHA training program to benefit private contractors, as well as address the Stormwater regulations.
- Recommendation to expand the current CDL training program. Mohawk Valley Community College has an extensive CDL program.
- There have been several businesses visiting the area. Design and engineering of well pads; clean up of Brownfield sites for natural gas development; and access to gravel for road construction.
- Green World Geophysical has spun off a new company that will provide well site monitoring services. They are partnering with S4 Technology and Boeing. The units can monitor air quality, noise, tank levels, gas pressures and provide a video feed by renting band width and tower space. They are currently in discussion with companies in PA for this service. One of the units for this service has been built for demonstration at a workshop. Ms. Michels asked if this would require the building of additional towers. Mr. Palmatier stated generally no, they are looking to rent space on existing towers. Are cell towers necessary for 911 addressing? Mr. Beckwith stated there is no need for additional towers, space is available for renting.

Chairman Flanagan suggested contacting Chenango County Parole Department to discuss establishing a program similar to the PA training program. Questioned if the Well Tender position would be eliminated as a result of Green World's remote system? The well site will still require daily inspections and maintenance. Supervisor Bays questioned if this could be a savings on the regulatory side. Mr. Ives stated Norse Energy has been investigating if this could provide more efficiency.

Taxation Comparison:

If natural gas production was taxed as a 5% Severance tax in lieu of the current real property tax system, based on available figures the 5% severance tax would result in \$ 244,458 less funds available. This committee initially favored a Severance tax, after additional

research the current taxation system best serves local government and school districts.

Mr. Piaschyk asked if "Henry's Hub" is used for the 5-year average. Mr. Palmatier stated the production value isn't just based on the cost of the natural gas. Last year, the price of the natural gas was around \$11.03. This was the highest year and is included in the 5-year average. Mr. Bays stated it adds risk to budgeting. Mr. Iannello commented it is still additional revenue and there is a question on whether or not they should be setting some of it aside.

Mr. Ives added they are currently drilling in Smyrna. They are trying to keep Smyrna appraised. This year the price of natural gas was around \$4-5 which is extremely low.

Ms. Tavares noticed an error in the tax numbers provided by Mr. Harris. The school, county and local tax was not adding up to 100%. Mr. Harris stated he would check the figures and fix it. Mr. Flanagan stated he would be interested in a similar comparison from Madison County because of the different taxes, valuations and equalization rates.

Pipelines:

Chairman Flanagan stated the next regional meeting will be on February 24th. Russell Urban Meade from "The Chazen Companies" will be presenting.

The January 20th Regional Meeting was informative but the presenter did not address our major concern on the gathering lines. It was disappointing to hear that regulations for gathering lines have to come from the towns. Towns don't have the expertise to enforce these regulations. Mr. Palmatier will be contacting the Public Service Commission, Safety Division, to request a speaker for a regional meeting.

Mr. Vickers stated the Farm Bureau has previously met with the PSC. The PSC is directed by legislation. A change in legislation is necessary for the PSC to regulate smaller natural gas lines. Legislation is currently being drafted in the Assembly. A Senate sponsor is still needed.

Supervisor Iannello stated his main concern is the depth and the location of the gathering lines. You can get into depth problems because of the bedrock depth. Chairman Flanagan stated John Lacey had a laundry list of concerns including agricultural land buffers and proper installation. Ag land is supposed to be enforced by Ag and Markets although they are hardly mentioned in the SGEIS.

Supervisor Bays stated the sub-surface buckling of the line should be a concern as well. Mr. Vickers stated water on top of a hill could follow a pipeline down. Subsurface soils shouldn't be mixed with topsoil either. Mr. DeClue attended a presentation by Ag and Markets and they stated their concerns on agricultural lands and soils are only recommendations unless enforced by the PSC. The recommendations need to be in a lease. Mr. Palmatier suggested waiting for Farm Bureau to draft the policy, have the committee review it, and then support it through the legislature.

Ms. Michels asked about the engineered capacity of the lines in Smyrna and what happens if Norse Energy, Inc. wants to increase the pressure. Mr. Ives stated the lines are engineered at a pressure exceeding 125 psi but he is not familiar with the exact number. Mr. Fogarty asked if they would have to dig up the lines if they wanted to increase the pressure. Mr. Palmatier stated this is why a PSC Safety representative needs to address the Regional meeting, to answer these questions.

Supervisor Bays stated during executive session the Smyrna Town Board viewed the pipeline map provided by Norse Energy. Supervisor Bays stated he was shocked because the lines didn't look as busy as he thought they would be. The lines are actually minimal. Mr. Bays has signed a confidentiality agreement with Norse Energy as a requirement to keep a copy of the maps. Ms. Michels asked if the maps will be available to the public. Supervisor Bays stated the maps will be held close unless there is a major purpose for seeing them. Ms. Michels stated people should know where they are and asked if a public hearing would be held. Mr. Palmatier stated the only public hearing would be on the Bradley Brook line. No public hearings are needed for the smaller lines. Dr. Dawson stated it doesn't seem logical to not have a public hearing because the pressure is less than 125psi.

Ms. Michels asked if eminent domain was used. Mr. Palmatier stated no eminent domain has been used here. Mr. Vickers stated the gathering lines are much like septic lines; they are a matter of private property. Mr. Fogarty asked what would happen if it went down the road right-of-ways. Mr. Flanagan stated it is still private property unless the town owns the road. Generally the towns only have the right-of-way based on usage. Mr. Fogarty stated they are proposed to go under Hill Top Dr. Mr. Flanagan stated if they cross the road they have to get the permission of the town or county. It is the limit of our authority.

Chairman Flanagan asked if the County Emergency Management had the maps. Mr. Beckwith stated no, they have a very old set. Mr. Ives stated they will have an updated set by the end of the week. Mr. Vickers asked why it is so confidential and why the Planning Department doesn't have a copy. Mr. Ives stated it's because of safety reasons. Mr. Beckwith stated he met with Mr. Ives and they have provided all GPS coordinates for road crossings. The information has been passed onto A. Jones, 911 co-ordinator, to provide 911 addresses to the well sites and access roads. Mr. Beckwith would like the maps available to the hazard response unit. Supervisor Bays asked if responses to fires have been communicated to local agencies. Mr. Beckwith stated it had and local fire departments are there to keep the area around the pad safe.

Dr. Pfannenstiel asked what are the rights of people living adjacent to a pipeline. If the line should break people living near it are

already affected by the time the fire department arrives. People should have a right to know where the pipelines are located. Supervisor Iannello stated there is an easement so people should know where it is. Mr. Fogarty stated people who are trained engineers should have the map even if it had a 50 ft bandwidth buffer to show the general area.

Chairman Flanagan stated the road crossings are marked. Mr. Ives stated when Norse Energy secures a right-of-way it is surveyed, with a copy provided to the owner. There are welding specifications on the pipe and there is a safety line on top, a tracer wire under the safety line, and then the actual pipe below the safety line. Mr. Piaschyk asked how they are marked on the road. Mr. Ives stated there are yellow markers. Mr. Vickers stated there have been gas lines in Norwich for years and may be accidents on occasions.

Chairman Flanagan stated the Norse Energy report on the recent sale of a pipeline was not in Chenango County. **Supervisor Iannello motioned to refer pipeline ordinances to the County Safety and Rules Committee for their review, seconded by Supervisor Bays. Members voted all ayes, motion carried.**

Discussion NYS Legislation and Bossier, LA Noise Ordinance:

Chairman Flanagan stated the Bossier City, LA noise ordinance is an improvement over the Fort Worth, Tx. ordinance.

Chairman Flanagan continued with some updates on the agenda.

- Article called "Digging for Gold". Sheldon Silver is employed by a law firm who is suing a gas company. This may be a conflict of interest. Supervisor Bays stated Governor Cuomo is proposing ethics reform and it should be supported.
- Norse Energy has sent out Force Majeure letters binding their leases.
- Inflection Energy has signed a lease with some members of the Windsor coalition. This indicates companies are still leasing in NY.

Chairman Flanagan stated Norse Energy paid \$2000 to test the drill cuttings from the Davis well. The County landfill did not take the cuttings and they were buried on site. The drill cuttings are the rocks removed from the hole during drilling. The County has a detailed lab study from Upstate Labs. Chairman Flanagan stated it should be sent to Tracy Banks.

Ms. Michels stated Upstate Labs was rated by the EPA. Great Bend, PA no longer is using them based on the rating. Chairman Flanagan asked if the information could be forwarded to him. Mr. Palmatier stated a firm in Otsego County did an analysis as well.

Road Use Agreements:

Chairman Flanagan asked for a motion to refer some road agreements to Chenango County Attorney Richard Breslin and the Public Works Committee. A motion was made by Supervisor Bays and seconded by Mr. Piaschyk. Members voted all ayes, motion carried.

Chairman Flanagan stated he hasn't had a chance to review Afton's road use law. **Chairman Flanagan asked for a motion to refer the road use law from the Town of Afton to Chenango County Attorney Richard Breslin. A motion was made by Supervisor Bays and seconded by Supervisor Schlag. Members voted all ayes, motion carried.**

Mr. Fogarty stated there is a meeting at the UCC Church. They will be discussing the Town of Afton road law. They would also like to use the Town of Preston Seismic regulations. Supervisor Flanagan stated the seismic regulations are under existing law. Mr. Fogarty read Item 14 stating all people on the town road must be notified. Supervisor Flanagan explained Town Law Article 64 Subpart 7 allows towns the right to adopt regulations for work in the highway. Terms and conditions are put into the permit and can be different depending on each situation. The Town of Preston used existing law to modify and grant a permit. It has basically stopped all seismic testing on the roadways. Any town attorney should look at it and the town board can put in any terms or conditions they want. Mr. Callahan asked if New Berlin had the same regulation. Supervisor Iannello stated it is basically the same.

General Discussion:

- Mr. Downey from the Unatego Area Landowners Association thanked the committee for "being the light". Chenango County is way ahead of Otsego County. He has prepared a report refuting Jannette Barth's report, "Unanswered Question About The Economic Impact of Gas Drilling In the Marcellus Shale: Don't Jump to Conclusions" and will leave a copy for the committee.
- Chairman Flanagan informed everyone of a meeting in Madison County on Saturday from 10-11:30am at the STUAC building at SUNY Morrisville.
- Ms. Loeb stated the Medical Association has said there are grave health effects. She quoted a section of an article relating to a report stating most pipelines in Canada are leaking. Air is a serious matter and doesn't want to find out 10 years down the road about an accident that happened. The committee should consider the effects of the majority of everyone, not just landowners.
- Supervisor Schlag asked how exact the deeds are. Mr. Ives stated he was not familiar. Supervisor Bays stated easements can be found in the deed but there needs to be bigger notification flags if the property is sold. Chairman Flanagan stated competing pipeline laws come into effect. Everything regarding the property should be disclosed. Mr. Ives stated he was

contacted by realtors looking for the Teppco easements. Chairman Flanagan spoke to Teppco agents and they had no problem giving out their pipeline map.

- Dr. Pfannensteil asked if it would be beneficial to bring in information on energy sources other than fossil fuels. The committee doesn't do anything to mention solar. Chenango County could be the first county to operate solar panels in the park. Instead of a natural gas consultant there should be one for renewable energy. The gas consultant should receive half of the money and a renewable energy consultant should receive the other half. She handed out a proposal. Chairman Flanagan stated he is in favor of renewable energy sources. Unfortunately the economics aren't there. He used the example of a grant which the Cornell Cooperative Extension was looking into. The grant was for \$175,000 but they found out the roof wasn't big enough for the system. Ms. Loeb stated the excuse for solar is always the expense. Mass production could lessen the cost. The government needs to stop subsidizing big energy.
- Ms. Loeb pointed out the picture of Alleghany National Park on her sweatshirt. She asked if people wanted all of the National Parks to look like this. Chairman Flanagan stated the oil wells preceded the national forest. The amount of forest land since the turn of the century has increased. The state is giving out grants to cut down more trees so there is open space.
- Chairman Flanagan asked if the next meeting should be on the same day as Health and Human Services Committee or on February 22nd. Mr. Vickers stated he and Mr. Piaschyk wouldn't be available on the day Health and Human Services meets. Chairman Flanagan stated he would confer with Rena on the next date.

Mr. Vickers motioned to adjourn the meeting at 10:28, seconded by Chairman Flanagan.

Next Meeting at 8:00 a.m. Tuesday, February 22, 2011

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
February 22, 2011**

Attendees:

Peter Flanagan, Chairman Richard Schlag, Supervisor T. German Ross Iannello, Supervisor T. New Berlin Ken Smith, Cornell Co-Op Drew Piaschyk, T. Plymouth Stephen Palmatier, Consultant Jennifer Tavares, Commerce Chenango Rob DeClue, Chenango Soil/Water	Shane Butler, Planner Rena Doing, Planner Donna Jones, Director Planning	Dr. Katherine Dawson Kenneth Fogarty Pete Marshall Scott Ives Gary Simpson	Heriberto Rodriguez Kim Michels Paul Harvey
--	--	--	---

The monthly meeting was called to order by Chairman Flanagan at 8:05 a.m. Chairman Flanagan asked if there are additions or corrections to the January 25, 2011, with no comments the meeting moved on to the agenda items.

Agenda Items for Discussion:

Standards of Decorum:

Chairman Flanagan reviewed the “Standards of Decorum” established for conducting the Natural Gas Advisory Committee meetings. Chairman Flanagan reiterated public comment will be at the end of the meeting. Individuals wishing to speak are asked to please raise their hand to be recognized by the Chairman before speaking.

Chairman Flanagan commented it has come to his attention the January 25, 2011 Natural Gas Advisory Committee meeting was secretly recorded by Ms. Michels and posted on the internet on the “William Huston’s blog”. Discussion focused on the privilege of the public in regard to the “Open Meeting Law”. Chairman Flanagan commented on a legal opinion the Natural Gas Advisory Committee is not subject to the Open Meeting Law, as the committee is **not** an official County Committee with official powers. Chairman Flanagan asked the committee members for their opinion regarding recording of the meetings by the public. Supervisor Iannello has no concerns about being recorded but feels those present should be made aware the meeting is being recorded. Mr. Piaschyk has no problem with recording, just acknowledge it. Mr. Palmatier stated he feels individuals should have the option to request the recorder be turned off. Ms. Michels stated she prefers recording a meeting as she can not always depend on her memory. Mr. Fogarty commented it was his understanding if the meeting is held in a public building recording is allowed.

EPA Grant on Water Well testing:

Supervisor Bays was not available to report on this topic.

Pipeline Discussion:

- At the Regional Natural Gas Meeting the Public Service Commission (PSC) presentation confirmed there is minimal oversight by PSC on the smaller diameter, low pressure (<125 psi) “gathering lines” other than the safety requirements outlined by the PSC Safety Division or from local ordinances. Mr. Palmatier will contact PSC to schedule a date for a presentation by a representative from the PSC Safety Division to discuss the requirements for installation of the gathering lines by the natural gas companies.
- Mr. Fogarty asked for more clarification on the definition of a gathering line. Mr. Piaschyk commented the Farm Bureau has been actively working for clarification and better oversight.
- Chairman Flanagan commented he had contacted Carol Coyne, Asst. Counsel @ PSC with “gathering line” concerns. She commented Assemblyman Gary Pretlow sponsored Legislative Bill AO3210 which in part includes: investigation of regulatory conduct and provides for damages to persons affected by such regulatory failure of pipelines. However it is unclear if lines <125 psi would be included.
- Discussion continued on “best practices” relating to “Dig Safely”. Mr. Piaschyk pointed out liability could come into play when not participating in the “Dig Safely” program should a line be damaged.
- Supervisor Schlag questioned if there are examples of local laws regulating gathering lines <125 psi in NYS or other states. Supervisor Schlag will approach the County Attorney regarding legal rights of County vs. Towns for local regulations. Supervisor Iannello will contact the Association of Towns for information on this subject.
- The 9.8 mile pipeline, proposed construction on private property, has been approved through Windsor to the Millennium line, no Eminent Domain involved.
- Hamilton and Sidney, NY are researching establishment of public natural gas utility. A utility pipeline is subject to Eminent Domain.

Consultants Report:

Mr. Palmatier reported on the following:

- SUNY Morrisville students have expressed interest in gas related education programs. There will be a presentation at the main SUNY Morrisville campus relating to potential programs.
- There was a meeting, sponsored by Vestal Asphalt, in Greene with several legislative representatives present to discuss natural gas exploration in Central and Southern Tier NY areas. There was discussion the draft SGEIS may be released for comments early this summer.
- There will be a meeting with local Realtors to discuss a plan for marketing commercial properties. Too often commercial properties are not listed due to concerns about rumors a business is closing. The goal is to prepare a "wish list" for realtors to contact interested prospects for commercial properties.
- A list of local surveyors has been prepared for circulation to interested parties in NYS and PA.
- A visit to the Montrose, PA area indicated an upswing in construction: a new hotel; housing; and renovation of abandon buildings in addition to considerable signage relating to work connected with natural gas companies along route 29.

Tower Report: Green World Inc./County Emergency Management

Mr. Beckwith, Chenango County Emergency Management, was not available however Mr. Palmatier stated Mr. Beckwith has been in discussion with Green World regarding rental of space on the County Communication towers. Chairman Flanagan commented the County Supervisors had received a letter from a private firm regarding ownership and management of the towers.

West Virginia Fee & Tax Proposal:

Chairman Flanagan comment on a recent article stating the state of West Virginia is considering imposing an additional severance tax for gas leaving the state in addition to raising well fees. Discussion continued regarding the benefits to the NYSDEC if NYS increased well permit fees.

Taxes:

Chairman Flanagan advised the committee the 2011 **tentative value** per unit of production gas is up to \$ 11.32 per mcf of gas, from \$11.19 mcf, slightly over 1% based on the formula. The expectation was it would have dropped due to the lower gas prices.

Delaware River Basin Commission:

The Delaware River Basin Federal regulator is being sued over drilling regulations. The proposed regulations are strict and appear to limit land with a >20% slope.

NYSDEC Commissioner/EPA Study:

A recent statement from NYSDEC Commissioner Martens would indicate a reverse of his previous opinion of waiting on the SGEIS until the EPA study is completed, which may not be until 2014. The SGEIS may be released as early as June 2011.

Discussion continued on the EPA study which at this time includes studying 3 sites. Chairman Flanagan suggested contacting the EPA to offer Chenango County as a control area for the study. The hydraulic fracturing in this area has not been high volume but some low-volume as a comparison of drilling in general. Mr. Piaschyk added this area is also geographically stable.

The EPA water well testing grant could tie in as a comparison. Mr. Piaschyk asked if an official request would be necessary from the County to be considered in the EPA study. Chairman Flanagan stated Supervisor Bays has been in discussion with Congressman Hinchey. Mr. Piaschyk made the motion to send a request to the full Board of Supervisors to consider including Chenango County as a control model in the EPA study, second by Mr. Palmatier.

Ms. Michels asked for clarification on EPA grant. Chairman Flanagan stated there are two parts: Well water testing which Supervisor Bays has additional information about; and hydraulic fracturing which will focus on five (5) locations in the United States, which have not been chosen.

Mr. Fogarty expressed concern about "ghost wells" around NYS. In the recent Cortland presentation by Dr. Ingraffea and Dr. Siegel there was discussion relating to "ghost wells" (abandon vertical oil/gas wells) existing in areas where drilling may occur. There is a large number of abandon vertical wells in Cayuga Co. The concern is the wells could be hit during horizontal drilling.

Mr. Smith commented the majority of the "ghost wells" in western NYS are drilled in different strata than the shales.

Mr. Palmatier commented the 3-D seismic evaluation indicates where gas wells are located. Discussion continued with the suggestion to develop seismic testing regulations specifying 3-D testing to insure the prevention of hitting "ghost wells". It is important to continue seismic monitoring.

Mr. Palmatier commented the first gas wells were drilled in the Norwich area in 1888 near the Lower Ravine Rd. In the 1960's Genegantslet Oil/Gas leased and drilled in the Smithville area.

NYS Ag Protection Board:

USDA Natural Resource in Montrose, PA has developed a program to preserve farmland and character activity that is allowed in gas leases. The Preservation Program has allowed 27 natural gas leased farms with 5,711 acres in the program. This has helped save farmland from subdivision. Subdivision has been a concern as this has been an income for farmers considering retirement. Mr. DeClue commented on the numerous programs offered by NRCS, some of which may be affected by natural gas leasing. Rental of property, no problem with natural gas leasing; Easements for grassland reserves, the emergency watershed program are affected by land tied to a natural gas lease. Mr. DeClue was asked how many acres are in program. Mr. DeClue will follow-up on acres enrolled in protected wetland reserves. Objective is to work with Assessors to reduce assessment when enrolled in programs. Supervisor Iannello commented there is no reduction in assessed value at this time. Discussion continued on the stringent regulations involved with the Managed Forest Protection Program (480A). David Sinclair, NYSDEC oversees approval of plans and changes for the 480A program. Mr. Smith commented PA has revised their law to accommodate farmers in a similar program.

Chenango Co. Public Works Committee:

Chenango County Attorney has prepared a "Road Use Plan" agreement to be presented at the full Board of Supervisors for discussion and agreement. A second approach is to develop and pass a Road Use Law agreement that is enforceable and legal.

Cornell Co-operative Extension:

Mr. Smith commented on the following:

- Brian Rahm, Dept. of Earth and Atmospheric Sciences at Cornell University conducted a risk analysis study: Trucks carrying chemicals will result in one accident in four years based on increased traffic. Analysis of all chemical spills in PA related to drilling operations.
- Prof. Howarth in conjunction with Professors Ingraffea and Santoro has prepared an Assessment of Greenhouse Gas Footprint of Natural Gas from a preliminary study of methane released during drilling for natural gas.
- A program has been developed to educate landowners on gas leasing, allotments, soil protection, etc.
- Radiation discussion in well cuttings. All rock, soil, etc. has natural radioactivity. It is important to understand this concept as the cuttings could benefit the County. Disposal of the cuttings at the County landfill would increase income. Be careful before excluding this option.

Discussion continued about the laboratory test results on the drilling cuttings from the Davis well in Smyrna. Ms. Michels commented on the creditability of Upstate Laboratories relating to a report the EPA raided the facility which was determined to be the result of allegations by a fired employee.

Suggestion was made to ask Norse Energy for permission to have the cutting analysis sent to Tracy Banks for further study.

Water Treatment tour:

Mr. Palmatier will be scheduling a visit to a drilling waste water treatment facility later in March or April.

General Topics for Discussion:

- Arkansas Earthquakes: Earthquakes have been occurring regularly in the northwest section of Arkansas where there has been considerable natural gas drilling activity. It has not been determined if the drilling wastewater pumped into injection wells is contributing to the earthquake activity or if this is a reoccurring "earthquake swarm" that has been previously evident in Arkansas.
- Chairman Flanagan explained the Town of Preston seismic testing permit. It is not an ordinance or law. NYS Town Law gives a town the authority to restrict seismic testing under existing law or allows the town to adopt an ordinance if it deems necessary. The Town of Preston seismic permit requirement is for town roads only.
- There has been a flurry of legislative bills introduced to NYS Assembly and Senate relating to natural gas exploration since the beginning of the year. It is important to review the proposed laws.
- Discussion regarding compulsory integration. Mr. Fogarty commented individuals compulsory integrated could lose potential benefits if their income increased from receiving royalty checks. Discussion if boring can extend under "uncontrolled" property owners compulsory integrated into a spacing unit. NYSDEC regulations allow boring under "uncontrolled" properties as they are compensated through the integration process.
- The Natural Gas Regional meeting will be Thursday, February 24th with a presentation by Russell Urban-Mead, hydrologist with The Chazen Companies knowledgeable in water resources and sustainability programs.
- Discussion relating to the recent decision by Norse Energy to discontinue the service of providing natural gas to individuals with a natural gas well on their property. Approximately 16 property owners will be affected. Norse Energy will be working with the landowners affected to provide a compensation package. Mr. Ives, Norse Energy Public Relations stated he

will provide a written comment on this issue.

- Ms. Tavares expressed concern on the importance of reviewing and respecting the “Standards of Decorum” adopted by the committee. Dr. Dawson is not comfortable with public communication at the end of the meeting, but stated the committee has been lenient with recognizing the public during the meeting.
- Mr. Fogarty announced the CCARE group will be sponsoring an informational forum relating to natural gas Thursday, February 24th at 7:00 p.m. at the United Congregational Church. Some concern has been expressed about negative e-mails circulating that could result in a disruptive environment at the meeting.
- Dr. Dawson expressed concern about the radioactivity issue in the drilling cuttings. Mr. Palmatier referenced Tracy Banks’ study on radioactivity. Mr. Smith commented if background radioactivity increases there should be regulations. Naturally occurring background radioactivity is not a standard just a measurement which has remained stable. This measurement varies by region based on bedrock geology. Supervisor Iannello asked if becomes more concentrated when deposited in a dumpsite. Mr. Smith stated there has been no evidence of any change and suggested establishing specific radioactive levels. Dr. Dawson thanked the committee for their continued research.
- Mr. Harvey commented on a presentation by Prof. Selleck, Colgate University Geologist, at the NYS Federation of Lake Conference regarding total dissolved solids (TDS) in the drilling wastewater to be too much for treatment at wastewater plants. Mr. Palmatier commented that Prof. Selleck is working in conjunction with SUNY Morrisville on a study to spread drilling cuttings on farmland due to the similarity to limestone. However it is important to evaluate the cuttings for potential chemical components.
- A study relating to drilling cuttings from Tioga, PA is posted on the Chenango County website www.co.chenango.ny.us/Planning/NewPlanning.htm

With no further discussion the meeting was adjourned at 10:10 a.m.

Next Meeting at 8:00 a.m. Tuesday, March 29, 2011

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, Chenango County Planner

**Natural Gas Advisory Committee
March 29, 2011**

Attendees:

James Bays, Acting Chairman Richard Schlag, Supervisor T. German Ross Iannello, Supervisor T. New Berlin Ken Smith, Cornell Co-Op Drew Piaschyk, T. Plymouth Stephen Palmatier, Consultant Jennifer Tavares, Commerce Chenango Bradd Vickers, Chen. Co. Farm Bureau	Shane Butler, Planner Rena Doing, Planner	Dr. Katherine Dawson Kenneth Fogarty Helen Kaufmann Christine Brunner Susan Dorsey Brian Conover Barbara Collins	Heriberto Rodriguez Kim Michels Melissa DeCordova
--	--	--	---

The monthly meeting was called to order by Acting Chairman Bays at 8:05 a.m. with a pledge to flag. Acting Chairman Bays asked if there are additions or corrections to the February 22, 2011. Motion to approve by Supervisor Iannello, second by Mr. Piaschyk minutes approved.

Agenda Items for Discussion:

Standards of Decorum:

Acting Chairman Bays reminded those present to observe the Standards of Decorum to allow for adequate time to discuss the agenda items.

EPA Water Grant/Proposal to include Chenango County as a Control model in the EPA Study: Mr. Bays

Mr. Bays reported on a recent meeting, with Linda Achimore, Onondaga Risk Management, attended by several Supervisors, a Chenango County Health Department representative, Wayne Viera, Opportunities for Chenango, Mr. Palmatier, and Ms. Jones, to discuss the prospect of applying for an EPA grant to fund a residential well water and surface water testing program to establish baseline parameters. Mr. Bays read a summary of the grant proposal, prepared by Ms. Achimore. The grant would require volunteer assistance. Ms. Dorsey expressed concern about volunteers taking the water samples and a “chain of custody”. Mr. Bays commented if a problem with the water sample was noted then a certified laboratory technician would sample for verification.

Consultants Report:

Mr. Palmatier reported on the following meetings:

- A visit to Terra Aqua Resource Management (TARM www.tarmsolutions.com) to observe treatment of the hydraulic fracturing waste fluids. The process does not discharge treated water. The company hauling the wastewater has an agreement with TARM as to what chemicals are acceptable for reuse. A load of wastewater comes to the plant for treatment, the supplier leaves with a load of their treated water reducing transportation and the carbon footprint. The water belongs to the supplier.
- February Natural Gas Collaborative Regional meeting: Mr. Russell Urban-Mead, Hydrologist The Chazen Companies, provided information on “Darcy’s Law” and the relationship to migration of water; concern of housing density in rural development; and importance of seasonal testing. The primary aquifer may not be the best water testing source, the aquifer utilized by the greatest population should be targeted for testing. Mr. Fogarty commented there is still concern and questions as to the potential for aquifer contamination if a well is hydraulically fractured a second time or more, whether any chemicals from the first hydraulic fracturing could be forced upward.
- Marcellus Midstream Conference and Exhibition: Topics of interest Pipeline and Housing issues; gas monitoring equipment at compressor stations. The Pre-fabricated housing displayed near drilling sites was similar to large metal boxes, renting for \$ 150.-155.00 per day.

Mr. Palmatier continues to pursue economic development opportunities for Chenango County. Development of industrial parks; Raymond Corporation’s process of powder coating pipes would benefit businesses and the County if natural gas was readily available.

Road Use Laws:

There is continued controversy surrounding the recently adopted Town of Afton Road Use Law. Mr. Palmatier commented that Afton’s road law as written could create a legal delay that energy companies could use to extend their mineral rights leases through force majeure.

Chenango County Public Works Committee has been discussing a “County Road Use Agreement”. Chairman Flanagan was not available to discuss this proposed agreement.

Norse Energy:

Mr. Ives provided a copy of the proposed compensation to landowners that will no longer be receiving natural gas from wells on their property: Memo from Mr. Ives: ***Norse Energy offer to residents previously receiving natural gas: Here is a brief of the current house gas offer:***

- **Minimum stipend to reimburse for sunk costs of \$7500.00. Addition amount beyond that threshold to be negotiated on an individual basis since each homeowner's situation is unique and they have incurred different costs.**
- **Norse will provide for the conversion of all furnaces and equipment to propane.**
- **Norse will pay for the BTU equivalent volume of propane based upon the natural gas allotment as prescribed by the landowner's lease agreement with Norse. Norse will be buying the fuel in bulk and any volume greater than the allotment will be billed at the bulk rate.**

That's what is currently on the table and I really think that this is a favorable agreement for the landowners.

Discussion continued on Norse's proposal. Mr. Palmatier will be discussing BTU issue with a Norse Energy representative, as Mr. Ives is no longer working for Norse Energy. At this time it is questionable if the position will be filled.

Norse Energy is currently in the process of raising \$50 million dollars. Supervisor Schlag questioned if the funds are for expansion or if they have inadequate funds? Mr. Palmatier commented it is primarily due to the time table of permitting wells preventing Norse Energy from selling off the Marcellus assets.

At this time there are no new applications for natural gas well permits.

Cornell Co-operative Extension Report: Kenneth Smith

- Mr. Smith contacted NYSDEC regarding the radioactivity guidelines for solid waste cuttings from hydraulic fracturing wells. NYSDEC radiation levels are based on EPA guidelines (above 5, below 50 picocuries per liter). Supervisor Bays voiced concern for more assurance natural gas companies will use closed-looped systems. Mr. Palmatier stated Norse Energy has started using closed looped systems at well sites. Supervisor Bays discussed the recent events at the Davis well site in Smyrna. The cuttings were placed in a roll off unit for disposal waiting for permission to dispose of them. NYSDEC approved dispersing the cuttings at the site. Mr. Smith explained the cuttings are viable soil, and sand dust, not toxic fluids. Supervisor Bays suggested a resolution to the Board of Supervisors to support a closed loop system. Mr. Vickers motioned to send a resolution stating: **"We support the utilization of the more efficient and cost effective "closed loop gas drilling technologies"** Supervisor Iannello will present the resolution to the County Planning & Economic Development Committee for review and presentation to the Board of Supervisors.
Mr. Palmatier commented on the drilling cuttings project Professor Bruce Selleck is working on to utilize the cutting mud. Discussion continued about potential presence of heavy metals. Mr. Palmatier advised the committee this will be a component of discussion by Ms. Tracy Banks, University of Buffalo, who will be presenting "Geochemical Reactions during Hydraulic Fracturing", at the American Institute of Professional Geologist Conference, *"The Marcellus Shale: Energy Development and Enhancement by Hydraulic Fracturing"*, April 13-14 in Pittsburgh, PA.
Supervisor Schlag questioned the progress of utilizing other "fracking" techniques such as the use of propane, nitrogen, carbon dioxide, and food grade hydraulic fracturing fluids, to reduce the volume of water. Mr. Piaschik commented on the use of nitrogen with water. The nitrogen can be compressed with minimum danger utilizing nitrogen generators as the air component to keep the water bubbling, keeping the proppants in place during the hydraulic fracturing process. Supervisor Schlag questioned how cost effective this process would be.
- Mr. Smith discussed brine drilling waste application on roads for dust and ice control. NYSDEC requires testing the brine and obtaining a "beneficial use permit" prior to application on roads. Areas that have utilized brine have found it is not effective for dust control primarily due to the amount of Sodium chloride (NaCl) instead of Calcium chloride (CaCl₂) which is more effective. Mr. Palmatier added NYSDEC does allow for adding CaCl₂ to the brine.
Mr. Smith commented on NYSDOT using considerable salt on the state highways for ice control. At one time there was concern about increased salt concentrations adjacent to the highways but that does not appear to be a concern now. Supervisor Bays suggested "best practices" for brine use on roads. Mr. Palmatier reiterated that NYSDEC currently has the "beneficial use law" and permit.
Dr. Dawson asked if there are any reports available of brine application. A couple of towns have tried brine application but discovered it was not effective and discontinued the process. Ms. Michels questioned if drill cuttings are used as aggregate. Supervisor Bays stated cutting aggregate is not used in the County. Mr. Palmatier commented the road boring aggregate has been used for filling potholes near his property, not drilling cuttings.
- Mr. Smith commented on:
 - *"Understanding and Managing Natural Gas Development on Your Property"* seminar to be sponsored by Cornell University.
 - A recent survey conducted in Pennsylvania and New York investigating the attitude of people regarding natural gas exploration
 - Suggested presentation at Chenango County Regional Collaborative meeting on: investigation of spills from trucks, impacts on agriculture (gravel beds, land planning (zoning) impacts, etc.)
 - Cornell University clarified that Professor Ingraffea does not work with the Cornell Natural Gas Research Group
 - Abandon gas wells in Chenango County number approximately 40. Wells 500ft +, tracked on NYSDEC website.
 - He will follow-up on the potential of "heavy metals" in natural gas brine and cuttings.

General Discussion:

- Supervisor Iannello stated he contacted the Association of Towns regarding Towns having the authority to regulate "gathering lines". The Association of Towns stated if there is no regulation by other agencies a town can regulate.

Supervisor Iannello suggested preparing a “boiler plate” regulation to be available to all towns considering regulation of the natural gas “gathering lines”. Mr. Vickers cautioned against preparing a local law as NYS Legislation will be introduced to change NYS Public Service Commission regulations to incorporate regulation of “gathering lines” which are currently unregulated other than the required safety regulations. Discussion continued on enforcement of local laws. Biggest concern is location of lines, signage, contacting “Dig Safe NY” which is voluntary but should be required. Supervisor Schlag commented if a town adopts a law and NYS Legislation is passed adjustments can be made. Points to be included in a law: specific location, depth, marking line, signage, GPS coordinates, and offsets (10-20ft.) from neighboring properties with flexibility for narrow spaces. Supervisor Iannello, Mr. Vickers and Mr. Smith and Ms. Doing will prepare a draft law for review.

- Mr. Palmatier and Mr. Vickers are contacting NYSPSC Safety Division and Dig Safely NY to schedule speakers for a Regional Natural Gas meeting.
- Mr. Palmatier suggested contacting Supervisor Johnson for information relating to the status of old natural gas wells and pipelines in the Town of Smithville.
- Ms. Tavares stated Commerce Chenango is preparing a second edition of the Chenango County Natural Gas Service Directory for printing. If anyone has updates or additions contact Jennifer.
- Discussion on Ethics issue that has been in the Otsego County news recently, “Potential Gas Conflicts Questioned”, Daily Star. Chenango County has addressed this issue and has an Ethics Committee, disclosure is an important factor.
- The 2010 U.S. Census indicates a population decline of nearly 1000 residents in Chenango County. No data available at this time on leading wage earners by category. The 2000 Census indicated public employees were the leading wage earners in Chenango County.
- There has been numerous Natural Gas related legislation introduced in the NYS Assembly and Senate. Some legislation is illogical, especially “no drilling near a watershed”, all land is in a watershed.
- **Several Articles were circulated:**
 - “Federal Judge Rules against Companies Forcibly Extending Agreements”
 - “Balancing the Opportunities and Risks of Shale Gas Exploration”, Zurich report
 - “Tax Treatment of Natural Gas” prepared by Penn State- Marcellus Education Fact Sheet
 - “Penn State Study: State, Local Tax Revenues Soar in PA’s Marcellus Shale Counties”

With no further discussion the meeting was adjourned at 10:00 a.m.

Next Meeting at 8:00 a.m. Tuesday, April 26, 2011

County Board of Supervisors Chambers

Natural Gas Advisory Committee
May 31, 2011

Attendees:

Peter Flanagan, Chairman Richard Schlag, Supervisor T. German Ken Smith, Cornell Co-Op Drew Piaschyk, T. Plymouth Stephen Palmatier, Consultant Jennifer Tavares, Commerce Chenango Bradd Vickers, Chen. Co. Farm Bureau	Rob DeClue, Soil/Water Shane Butler, Planner Rena Doing, Planner	Melissa DeCordova Barbara Collins
--	--	--------------------------------------

The monthly meeting was called to order by Chairman Flanagan at 8:05 a.m. Chairman Flanagan asked if there are additions or corrections to the March 29, 2011 minutes. Motion to approve by Mr. Vickers, second by Mr. Piaschyk, minutes approved.

Agenda Items for Discussion:

NYSDEC draft SGEIS update:

Chairman Flanagan reported Governor Cuomo has requested NYSDEC to present an updated draft SGEIS for review and a comment period by July 1, 2011. In addition provide a summary report on the April 19, 2011 Chesapeake Oil/Gas well leak/spill in Bradford County, PA.

Regarding EPA's position on hydraulic fracturing, Ms. Lisa Jackson, EPA Chief Administrator is quoted as saying "not aware of any proven case where the "fracking" process has affected water ---" however EPA will continue investigating.

Legal Opinion Natural Gas Advisory Committee Status:

The Chenango County Natural Gas Advisory Committee is **not** subject to OML (Open Meeting Law) requirements. This committee acts as an "Advisory Committee". This is an "Ad hoc" committee with no power unlike a County "Standing Committee".

Natural Gas Regional Meeting:

At the May 26th Regional meeting Kevin Speicher, NYS Public Service Commission Safety Division, gave a presentation on pipeline construction safety requirements. Discussion included:

- Mr. Smith commented on the regularity of the pipeline inspections. Standard inspections every three years with high pressure lines inspected annually. This committee's focus has been on the gathering lines <125psi which has minimal oversight, leaving the question who is checking the pipelines or is it primarily a trust issue? The gas company is required to file a "Notice of Intent" with NYSPSC for any planned construction.
- Discussion continued focusing on distance from structures. The pipeline must be steel with a minimum distance of 150 ft from structures. Agriculture buildings are included in this regulation with the assumption someone may be working in the building as well as a possible containment area for gas build up should there be a leak. Question what would "trigger" a change in the pipeline when a residential change in the area? Possibly Real Estate Disclosure Law would come into play if maps and information is available to alert potential buyers of an existing pipeline.
- Discussion related to legal issues regarding easement filings by Norse Energy. Filing a "memorandum of lease" is acceptable however filing a "memorandum of easement" is not allowed. An easement must include a "description of encumbrance" specifically addressing locations of pipeline, etc.
- Mr. Vickers presented a resolution to committee, prepared by Chenango County Farm Bureau, stating it does not support passing additional regulations at the local level relating to natural gas pipelines. NYS Legislation, Assembly Bill 7589 and a matching Senate Bill has been presented addressing changes in the pipeline regulations. These bills may be passed within the next 20 days. If NYS Legislation does not pass Mr. Vickers stated local laws would be costly and difficult to oversee/enforce.
- There was some discussion relating to a recent statement by the Town of Coventry Supervisor regarding a possible pipeline law, however no one was familiar with the details.

Meeting with Mr. Tillman, Dish, Texas:

Chairman Flanagan provided an overview of a meeting he and Supervisor Bays had with Mr. Tillman during his recent visit to Norwich. Their discussion focused on the water testing program sponsored by Shaletest.org with the possibility of coupling with a proposed local water testing program. The objective of the water testing programs is to establish baseline information. Questionable if utilizing volunteers to collect samples would be beneficial should there be a lawsuit questioning sampling data. Would "Chain of Custody" be an issue? Ms. Tavares suggested "AmeriCorp" students may be a resource for collecting samples. Chairman Flanagan added SUNY Morrisville also has a program that may be considered. Mr. Smith did not feel collection would be a problem the cost would be the primary issue. Mr. Smith added there is a monitoring system in the Susquehanna River to detect major changes in Total Dissolved Solids (TDS) but this is not sensitive enough to detect minor changes and standardization. Mr. Smith commented on the proposed water testing grant stating Ms. Achimore has acquired some funding for the water testing program. There will be a meeting on June 6th at Cornell to continue developing the proposed water testing project.

Noise Regulations/"Fugitive" Emissions:

Discussion focused on problems surrounding natural gas exploration in Texas. Chairman Flanagan commented it appears Texas regulations are very "lax" in comparison to NYS. Mr. Smith added the problems surrounding compressor and stripper stations relates primarily to the difference in natural gas quality. Southern natural gas is wet, requiring additional treatment in comparison to the natural gas in NYS which is dry. The fugitive emissions from the co-generation units utilizing the methane, has created problems. Noise regulations should be considered locally. In previous discussions this committee has discussed noise regulations and the importance of including designated decibel levels as well as requiring compression units with hospital grade muffler systems.

Compulsory Integration repeal/reform proposals:

Nancy Lorraine Hoffman of Land Stewards, Madison County, recently proposed the repeal of NYSDEC Compulsory Integration. The Madison County Natural Gas Committee did not move forward with this proposal but have suggestions for changing the regulations. Some suggested changes:

- Norse Energy would like changes in the time limits. Additional time would allow the company to contact integrated landowners as well as give the landowner adequate time to respond.
- Issue of pay back to "Participating Owners" relating to well production and various situations that could result in reverting to royalty payment status.
- Definition of a gas well and how to recoup is important.
- A repeal of Compulsory Integration would result in reverting back to "rule of capture" which would be detrimental to adjacent landowners.

Consultant's Report:

Mr. Palmatier reported on topics of discussion at the recent American Institute of Professional Geologists (AIPG) meeting.

- Importance of sight planning and negotiating options such as: Road Use agreements addressing: design, erosion, driveways, etc.
- Schlumberger presented a new hydraulic fracturing technique utilizing pulsation and 2/3 less water. This technique has resulted in 20% increase in gas production, 40% flow back, and the use of lower quality "frack" sand. The water is reused in well development. Schlumberger is in the process of licensing this process and has utilized this technique on 26 wells to date.
- GHG Consulting Engineering, associated with "Sterns and Wheeler", has developed a water treatment project utilizing best practices for secondary containment for surface leaks/spills. Treated water meets discharge standards at a cost of treatment 11-15 cents per gallon. Water used for hydraulic fracturing is processed at a cost 3-5 cents per gallon.
- The "TARM" treatment model, discussed previously, reduces water quantities. A load of waste water in for treatment, treated load out, but no reduction in traffic.

GasFrac Review:

Mr. Vickers reported on the GasFrac process for fracturing shale formations. The process involves the use of propane, calcium carbonate and a phosphate ester with 90% recovery of the propane. No water is used in this process. There are 3-4 tanker trucks of propane reducing traffic and impact. This method has been used extensively in Canada on vertical wells. Smaller operations have reported greater upfront cost but ultimately greater natural gas recovery.

Soil and Water update:

Mr. DeClue commented on the USDA federal funding for a proposed Emergency Watershed Program (EWP) project for the Canasawacta Creek had been cancelled due to the gas company's refusal to subordinate their interest in that portion of the leased properties considered for this project.

Farmers applying for or participating in the Grassland Reserve Program (GRP) and other easement programs have not been affected if there is limited impact resulting in no land use change or no surface development proposed and if a natural gas lease is only executed later. However, to date, when a natural gas lease is currently in-force, farmers have not been able to participate in such USDA easement programs.

Cornell Co-operative Extension Report:

Mr. Smith reported on the following:

- Discontinuance of natural gas to landowner result of liability concerns about private maintenance of gas line from well to residence. It would be beneficial to form a local utility or Co-op to provide the gas to consumers. Discussion continued on developing a system where residences and farmers can access natural gas in rural areas.
- Norse Energy has been working with DCMO BOCES on a tractor project powered by natural gas. Mr. Palmatier commented that a low-volume compressor unit and conversion equipment would cost approximately \$ 3000 to operate gasoline vehicles such as fleet cars, this may be something for BOCES to consider.
- Economic Development reports should not be limited to the Marcellus shale production. Norse Energy has been successful in developing production from other formations, such as Herkimer, Oneida, and the potential of the Utica. The Utica formation has less organic carbon with a greater formation depth under Chenango County. Speculation about gas production from the Utica formation is highly uncertain.

- Leasing is still an issue of concern. Chesapeake representatives have been actively pursuing leases in the area. The Cornell Co-Operative Extension recently offered an informational program on leasing. There is concern that leasing may not be affective for protection of agricultural land. Discussion continued on importance of focusing on Agriculture and Markets regulations to preserve prime agricultural land. The SGEIS may address agriculture productivity. Question if there is a set of policies existing to defend agricultural land that the committee or County can support. No feedback from state to help make this determination.

County Road Use Agreement:

Chenango County has been developing a road use agreement which is under consideration by the County Attorney.

Update on Norse Energy activities:

- No new permits submitted for review. Mr. Palmatier stated 25 wells have been proposed for this year with some well sites marked out. Keystone Engineering is preparing pad designs.
- Norse recently sold a portion of their pipeline in western NYS to Appalachian Transportation & Marketing LLC. They have also received approval to build a pipeline increasing capacity to the Dominion Line from the Bradley Brook area, Madison County.
- Natural gas reserve estimates indicate the Utica formation has 2x the Marcellus formation.
- Discussion regarding 3-D seismic testing and right to receive results. Generally southern states seismic law requires landowner will be provided access to seismic data. It is the understanding of this committee the Town of Coventry will have access to seismic results of town land.
- Mr. Palmatier commented the last wells drilled by Norse Energy were very successful and this has been credited to 3-D seismic, good geological interpretations in conjunction with comparing the seismic readings of a series of existing wells.

Legislation:

Chairman Flanagan commented on the numerous Assembly/Senate bills proposing laws limiting property rights. Some local, as well as state laws are proposing to ban all drilling. Questionable if banning drilling is legal. Discussion continued about various laws proposed and adopted for example by the Town of Otsego.

Seneca Gas Storage proposal:

“Inergy LP” has proposed construction of an underground liquid petroleum storage facility near Seneca Lake. Speculation about utilizing an abandon salt mine. Generally a Utility has oversight of gas storage facilities which allows for eminent domain. Mr. Palmatier stated gas has been stored in abandon gas wells in the Medina formation for many years. A potential issue with gas storage is Carbon Dioxide (CO₂) sequestering. In a 2008 EPA article relating to CO₂ sequestering in an injection well found evidence of the potential of the CO₂ to acidify the well which could result in heavy metals, chemicals and salt to be released from the surrounding geologic formation in the aquifer.

General Discussion:

- Duke University study stated primarily casing issues have resulted in well problems not hydraulic fracturing however this is still primarily speculation.
- Pressures on shutting wells there is a formula relating to length of casing.
- The Cornell Study by Howarth and Ingraffea was re-evaluated by the Department of Energy resulting in a decisive difference. The Department of Energy found dramatically less methane was lost then stated in the Cornell Study.

With no further discussion the meeting was adjourned at 10:20 a.m.

Next Meeting at 8:00 a.m. Tuesday, June 28, 2011

County Board of Supervisors Chambers

**Natural Gas Advisory Committee
June 28, 2011**

Attendees:

Peter Flanagan, Chairman Richard Schlag, Supervisor T. German Ken Smith, Cornell Co-Op Drew Piaschyk, T. Plymouth Stephen Palmatier, Consultant Bradd Vickers, Chen. Co. Farm Bureau Jim Bays, Supervisor T. Smyrna	Rob DeClue, Soil/Water Shane Butler, Planner Rena Doing, Planner	Melissa DeCordova Gary Simpson Scott Ives
---	--	---

The June monthly meeting was called to order by Chairman Flanagan at 8:00 a.m.

Agenda Items for Discussion:

Legal issues: Local Law vs N.Y. Law:

- Review of Supercedure Law drafted in 1981 by NYSDEC. Local government has the authority to develop road use agreements/laws and tax issues. Mr. Palmatier pointed out local input from municipal agencies and residents is outlined in sections 4, 5, 6, and 10 of the initial draft SGEIS. Discussion continued if this will remain the same in the revised draft.
- Attorney Helen Slottje, has been actively encouraging municipalities to adopt or amend local zoning ordinance. Attorney Slottje's justification for this is based on interpretation of the Sand/Gravel Mining law. Mr. Smith stated Atty. Slottje reviewed the language of the laws which are virtually challenged with the interpretation to be determined by a Court of Appeals.
- Mr. Palmatier stated he questioned the Attorney for the Association of Towns as to whether a judge would have to review NYSDEC's original intent of the law. The attorney had no comment, wait until something goes to court.
- Chairman Flanagan stated some Otsego County towns have initiated zoning which may zone out all industry, questioned if this was discussed at the Association of Towns meeting? Argument to justify implementing regulations is based on the general impact to the town and a component of an existing law would stand based on the town's authority to use police law.
- Supervisor Bays asked if a town has a comprehensive plan in place could this be a tool against natural gas exploration: General agreement there will be considerable lawsuits.

Regulations NY vs. PA:

Pennsylvania recently adopted 1980 NYS well casing standards. NYS will continue to move forward on addressing additional Environmental issues. NYS law relating to regulatory process is more stringent when issuing permits.

United Kingdom Parliament Study on Hydraulic Fracking:

A recent study in the United Kingdom "concluded hydraulic fracturing itself does not pose a direct risk to water aquifers, provided that the well casing is intact before this commences." This could serve as a model for the EPA study as the federal panel reviews hydraulic fracturing.

Road Use Agreements:

- At the recent Four County Regional meeting Delta Engineering discussed the importance of towns developing a local road use agreement which may be preferable over a law. A natural gas industry representative expressed concern about execution of a Delta Plan, as Chesapeake Oil/Gas Co. has spent \$ 92million on upgrading and repairs to PA roads. Delta's concern is when a municipality builds paved roads without an agreement how do continue to maintain the roads after the industry has finished in an area. Mr. Piaschyk commented a well designed dirt road may be better then paved if using quality gravels.
- Chairman Flanagan stated the County Road Use Agreement continues to be refined and discussed. He questioned if towns could utilize the County Road Use Agreement. Mr. Smith questioned if multiple companies are using roads how do you sort out damage. Mr. Palmatier commented some companies in PA have worked out shared damage expense and repairs.
- Mr. Bays commented on the Town of Smyrna's experience with Norse Energy addressing road repairs. It has been positive. The Town Highway Department in Smyrna had opted to repair any damage to their roads with Norse Energy reimbursing expenses.

Mortgage Issues relating to Well setbacks:

- Mr. Vickers commented on Tompkins County reference to the "white papers" (summary) issue from mortgage bankers. These are primarily referencing small residential sites. This may be an issue with a secondary mortgage market. Discussions with various local banking companies and the natural gas industry indicate this has not been a concern in Chenango County. The Veterans Administration is generally okay if banks are okay.
- Mr. Palmatier commented the setback, which is established from the formation entry, is generally the concern. This issue should not be a problem if consistent with NYS Title insurance law. National Bank & Trust in Norwich reviews all titles.

- Mr. Ives commented that Norse Energy has subordinated leases for adjacent property sales addressing setbacks from structures, etc.
- Discussion continued if leased property is sold will Norse disclose any proposed well or pipeline locations. This is a Split Estate (Mineral estate vs. land estate) issue with buyers stipulating where a well is placed, etc. while Norse Energy agrees to work with potential buyers. NYSORPS has had little comment on assessing a split estate situation. There is no way to accurately assess mineral rights as there may not be any potential gas available.
- Supervisor Bays questioned if County Finance Committee and the County Treasurer continue to follow the potential of split estate issues. Mr. Harris, Director of Real Property Tax, has been following this issue and no determination on how or where you would find an assessor to make decision on assessment. Supervisor Bays stressed the importance of maintaining current tax system.
- Supervisor Schlag commented the County Tax Sale land prices still appear to be selling at a higher rate per acre. However, properties in bankruptcy must be pulled from tax sales.

Emergency Services:

- The 911 numbering for the well sites has been completed, currently waiting for signage. Mr. Smith commented there seems to be a disconnect involving emergency services in Chenango County. Mr. Palmatier stated Emergency Management Coordinator Matt Beckwith has attended Wyoming Co. PA training.
- Supervisor Schlag commented on the potential strain on volunteer emergency squads compared to paid personnel especially during the daytime. Mr. Palmatier commented in PA they often contract with private emergency squads.

EPA Study Areas Announced:

The Environmental Protection Agency has announced the seven case study locations in various geologic formations across the country. The Agency believes these locations will provide the most useful information about the potential impacts of hydraulic fracturing on drinking water resources. The locations are: “Bakken Shale”-Killdeer and Dunn Counties, North Dakota; “Barnett Shale”: Wise and Denton Counties, Texas; “Marcellus Shale”-Washington County, PA; and “Raton Basin”, Los Animas County, Colorado. Information relating to the study can be found on the EPA website:

http://water.epa.gov/type/grounderwater/uic/class2/hydraulicfracturing/case_studies.cfm

Progress on Water Well Testing Grant:

- Supervisor Bays had no additional information to report at this time. He had contacted Congressman Hinchey’s office for support on this project. It seems his office was not aware natural gas well drilling was ongoing in Chenango County.
- Mr. Smith commented on a recent meeting at Cornell with Ms. Achimore regarding the progress on the residential well water testing grant. At this time there is approximately \$10,000 available which could potentially test approximately 20 residential water wells to establish baseline data. Question if landowners will be agreeable to a study. Cornell has capacity to conduct the study.
- Consideration should be given to addressing stream monitoring for Total Dissolved Solids (TDS). Chenango County Solid Waste monitors Fly Creek near the County landfill for TDS.

Pipelines:

- Discussion regarding the lack of infrastructure has been a concern for Cabot Oil/Gas in PA. Their wells have been producing 30 million cubic feet of natural gas per day. Smyrna wells have been producing an average of approximately 2 million cubic feet. A recent NY Times article disputes natural gas production estimates.
- Questions still remain about gathering lines. If lines are sold are they considered transmission lines?
- The NYS Assembly bill relating to pipeline scrutiny failed to pass in the NYS Assembly before close of the legislative session. This lack of scrutiny may result in towns passing local laws for pipeline oversight. Mr. Vickers stated a bill will be reintroduced for the next NYS legislative session.
- Norse Energy, Inc has been working with the Village of Hamilton on a natural gas supply pipeline to service Colgate University and the Village. The Village of Hamilton has municipal electric, as do the Villages of Sherburne and Greene in Chenango County. As a municipal utility NYS Transportation Law gives them the authority to enact eminent domain if deemed necessary.

Research Updates on Greenhouse Gas Emissions:

Mr. Smith commented on the 62% fugitive methane gas issue which has been accounted for by the Department of Energy report contrary to the Howarth/Ingraffea articles.

Drilling Cuttings: Steuben County Hearing:

- Chairman Flanagan commented on the Steuben County Hearing relating to disposing of drilling cuttings in the landfill. Steuben County has been taking cuttings for sometime and the landfill inspector had no concerns about the cuttings. The solid waste engineer felt this could be excellent cover at a landfill.
- Mr. Smith added NYSDEC has no issue with disposing of cuttings. Chenango County cuttings are primarily from the Herkimer formation which has no radium issue.
- Supervisor Bays questioned if solids left at the drill site are considered a temporary change instead of permanent. Supervisor

Bays asked about heavy metal near the surface. Mr. Palmatier stated the study conducted on outcroppings by Tracy Banks indicated a presence of heavy metals but no concentrations that would be of any concern.

- Supervisor Bays questioned if higher levels of lead, heavy metals, etc. could cause increase in concentrations in food chain. Mr. Smith stated Cornell University has a study relating to this subject, he will try to get a copy.
- Mr. Ives stated the current practice is to place cuttings in a lined pit at the drill site and cover with approximately 3ft. of topsoil. Norse Energy is working toward a closed loop system for liquids. There would be no surface spreading.
- Mr. Vickers commented Texas spreads cuttings known as “mud farming” but regulations are much different in Texas than NYS.

Aeromagnetic Seismic Testing:

In a recent Gastem, Inc. report an aeromagnetic seismic study encompassed 85% of Chenango County, 20% Broome County and 30% Delaware County. A “magnetometer” scans the subsurface mapping the natural base faults and fractures. Chairman Flanagan questioned if the seismic laws in Texas would allow aeromagnetic surveys.

Franklin 1H spacing unit:

Discussion and speculation regarding the irregular shape of the proposed Franklin 1H Herkimer well spacing unit as it appears to be drawn to avoid un-leased properties. Explanation from Norse Energy, Inc. this shape is to allow adequate space for a proposed adjacent well.

Compressor noise regulations:

Discussion relating to establishing noise ordinance regulations as suggested in correspondence from Bradford Co., PA Planning Department. Important to address decibels and hertz of compressor units, especially for larger units controlling several gas transmission lines, this will be readdressed at the next meeting.

Massachusetts Institute of Technology report:

The study reported: “The Environmental impacts of shale development are challenging but manageable. Research and regulation both State and Federal are needed to minimize the environmental consequences.”

A North Carolina hydraulic fracturing study results is due May 1, 2012.

With no further discussion the meeting was adjourned at 10:00 a.m.

Next Meeting at 8:00 a.m. Tuesday, July 26, 2011

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, Chenango County Planner

**Natural Gas Advisory Committee
July 26, 2011**

Attendees:

Peter Flanagan, Chairman Richard Schlag, Supervisor T. German Ken Smith, Cornell Co-Op Drew Piaschyk, T. Plymouth Stephen Palmatier, Consultant Bradd Vickers, Chen. Co. Farm Bureau Jim Bays, Supervisor T. Smyrna	Jennifer Tavares, Commerce Chen. Steve Harris, Dir. Real Property Donna Jones, Dir. Planning Shane Butler, Planner Rena Doing, Planner	Gary Simpson Scott Ives
---	--	----------------------------

The July monthly meeting was called to order by Chairman Flanagan at 8:05 a.m.

Agenda Items for Discussion:

Consultant's Report:

Mr. Palmatier provided an overview of various sections of the revised draft SGEIS released earlier this month:

- Section 8.1.1.5 addresses Local Authority & Planning Documents which states NYSDEC supersedes local government authority of development of well sites: *“However, in order to consider potential significant adverse impacts on land use and zoning as required by SEQRA, the EAF Addendum will require the applicant to identify whether the proposed location of the well pad, or any other activity under the jurisdiction of the Department, conflicts with local land use laws or regulations, plans or policies. The applicant will also be required to identify whether the well pad is located in an area where the affected community has adopted a comprehensive plan or other local land use plan and whether the proposed action is inconsistent with such plan(s). For actions where the applicant indicates to the Department that the location of the well pad, or any other activity under the jurisdiction of the Department, is either consistent with local land use laws, regulations, plans or policies, or is not covered by such local land use laws, regulations, plans or policies, the Department will proceed to permit issuance unless it receives notice of an asserted conflict by the potentially impacted local government. Applicants for permits to drill are already required to identify whether any additional state, local or federal permits or approvals are required for their projects. Therefore, in cases where an applicant indicates that all or part of their proposed project is inconsistent with local land use laws, regulations, plans or policies, or where the potentially impacted local government advises the Department that it believes the application is inconsistent with such laws, regulations, plans or policies, the Department will, at the time of permit application, request additional information so that it can consider whether significant adverse environmental impacts will result from the proposed project that have not been addressed in the SGEIS and whether additional mitigation or other action should be taken in light of such significant adverse impacts.”*
- NYSDEC will be preparing a database for contacting municipalities to address adverse impacts.
- Question if a municipality has banned gas drilling within a specified distance of a building or a cluster of buildings, how will NYSDEC address this? It is surmised that the NYSDEC will question why a policy was adopted and explanation must defend legitimacy of this action. For example if reason is to address light and noise during drilling operations the company may be required to place netting over lights and adjust angle, and install sound barriers for noise mitigation. NYSDEC will give options to the gas company. Appears to be similar to NYSPPSC Article VII
- Question if times may be set for drilling? NYSDEC will not allow this request, as stopping a drilling operation at a specific time could result in stuck drill bits and various problems.
- It appears NYSDEC will address issues based on town by town. Mr. Piaschyk commented a town may have a policy in lieu of a law/ordinance. At some point there may be an increase in court cases on this issue. There is a court case on record which establishes precedence. (*Matter of Envirogas, Inc. v Town of Kiantone, Erie County*)
- Supervisor Schlag commented it may be beneficial to develop a list of policies relating to noise, placement, seismic, lights, etc. to develop a policy document that towns could adopt. It appears NYSDEC would listen to policies prior to issuing the permit.
- Supervisor Flanagan commented on the distancing from private wells and springs which gives the property owner the opportunity to waive distancing. If a municipality has a policy in place could this be contradictory?
- Supervisor Schlag commented on the recent 4-County Regional presentation and the negotiations between the Windsor landowners group and the pipeline company to determine the pipeline placement to be beneficial to all parties.
- Mr. Palmatier commented the SGEIS has tables relating to other state agencies regulations.
- Drilling Procedures: Shale/sandstone horizontal drilling. Mr. Palmatier stated the SGEIS addresses horizontal drilling and high volume “hydrofracking”. The water volumes have changed from 80,000 to 299,999 gallons. The horizontal drilling will extend longer distances. How will this affect spacing units? Mr. Palmatier questioned if different segments of the horizontal bore will require separate formations.
- Discussion continued on spacing units. The recent Norse Housing 1H Utica well application by Norse Energy, Inc. is 416. acres, with approximately 27 property owners in the unit, of which approximately 30 acres is uncontrolled or not leased. NYSDEC was questioned about the size of the spacing unit size, if the unit size should be 640 acres +/- 10%. NYSDEC

responded: "ECL Article 23, Title 5, Section 23-0501 details spacing requirements for shale wells. A spacing unit may be a maximum of 640 acres in size with a written commitment to drill infill wells within 3 years". The 10% +/- does not apply.

- Question if other formations will continue to be developed. Norse Energy, Inc. released a stockholders report on July 23rd indicating the proposed drilling operations: 2011 focus on the Herkimer formation; 2012 possibly start development of Utica and Marcellus shale with proposal to decrease Herkimer exploration by 2016. It is still questionable if the Utica formation will be productive. Mr. Palmatier commented on the report by Tory Smith discussing the erosion of the Utica Shale in ancient times resulting in considerable depth variations in sections of the Utica shale.
- Supervisor Bays questioned the Norse Housing 1H spacing unit, the proposed bore line and setbacks. Gas migration is generally not an issue in a tight formation like the shales. It is assumed this unit is based on a fault line.
- The shale spacing units will probably be more uniform in shape than the Herkimer sandstone. Mr. Palmatier commented on how the NYSDEC website indicates no consistency in the formation tops. Question what is the general thickness of Marcellus in Chenango County? Mr. Palmatier stated it ranges from 2700 ft. Chairman Flanagan commented this depth would most likely not trigger a full SEQR requirement.
- Mr. Palmatier continued the SGEIS summary:
 - Disclosure of "fracking" additives. This requirement is the same as the proposed Federal "Frac Act" with the condition less toxic chemicals be considered and address why they may not work if it is the case. Question if NYSDEC has the expertise to question and the knowledge to understand the chemicals, etc. Mr. Palmatier stated NYSDEC representative, Brad Fields, regularly attends trainings given by the industry. They are doing their homework, as well as working with PA DEP. This knowledge will provide the NYSDEC with the ability to compare company operations and question chemicals.
 - Require triple string (concrete) casing. This is the minimum, with the option to obtain a waiver. PA companies have changed best practice to 4-strings recently.
 - Disposal of Marcellus shale cuttings. Burial will still be allowed on site, the primary concern is pyrite in the Marcellus which causes condition similar to acid mine run-off. Mitigation of this will be required, basically with lime.
 - Additional permit requirements relating to safety issues, pressure checks of equipment for leaks prior to introducing "frack" water.
 - Testing of water wells within 1000ft. of the wellhead. If no water wells expand testing to all wells within 2000 ft. There does not appear to be any information about a private property owner being mandated to allow testing of their well. There is a requirement for the NYSDOH to follow up on complaints, but no requirement to maintain records. The appendix lists the NYSDOH well water testing guidelines. The SGEIS states that local health depts. Are the logical entities to be contacted about water well issues?
 - Water withdrawals will be a blended regulation of SRBC/DRBC and the NYSDEC enhanced stream flow requirements. This will encourage more recycling of water or the use of private water sources. In this area of NYS this would be an SRBC permit issue for withdrawal from ponds and aquifers. Springs may come under the by-pass regulations.
 - Requirement of a blow-out preventor unit and Emergency Management Plan.
 - Secondary containment will be required around all fueling equipment and chemical mixing areas.
 - Flowback fracking fluid, this is not brine, can still use local sewage plants. Some local sewage plants can not handle and still questionable. Flowback must be in steel tanks and disposal site identified.
 - Radioactivity levels vary throughout the shale but no major concern relating to radioactivity. Steuben County takes cuttings and uses as cover only. They do not place in bottom of landfill, this allows for natural gas off. The concern is the heavy metal aspect. The radioactivity could become concentrated and enhanced during storage, in elbows of equipment, etc.
 - Cuttings can be buried on site if using "air water" bury on site. If using a polymer or oil based drilling fluid dispose only at an approved MSW landfill. Question if required to bury in lieu of spreading. No mention of spreading cuttings.
 - Where will Brine from wells go? Mr. Palmatier commented possibly to injection wells; J. Smith Company Salt Water Solutions dehydrates brine which generally ends up with saleable salt. Supervisor Bays questioned if anyone is applying brine to roads based on Mr. Hang's recent article. Mr. Smith suggested Hang's article is including salt mine brine. Brine application is not effective can add calcium to brine but not cost effective.
 - Mr. Vickers commented on a conversation with SRBC Director Paul Swartz relating to water withdrawal regulations. Typically SRBC gets involved with water withdrawal at 100,000 gallons/day. However any use of water whether private or public by the oil/gas companies requires an application and approval permit from SRBC. They also monitor consumption and approval by rule of water usage at the well site. This confirms there can be no withdrawal from private ponds etc. without a permit. Check SRBC for fee schedule
 - Air quality: requires use of modern diesel engines, low sulfur fuels, tank stack height, greenhouse gas emissions, flaring, etc. Mr. Ives commented the natural gas wells are flared to clean out the well, release pressure, as well as to determine casing pressure. This process helps to determine if it will be cost effective to install a pipeline to the well. Mr. Palmatier stated the SGEIS is primarily focusing on multiple wells on a pad so ultimately flaring may be an issue for the first boring of a well. Additional well bores on the same pad allows the gas to flow into the pipeline.
 - Habitat regulations relate to 150 acre woodlots. Thirty (30) acre grassland will require special conditions including a bird count one (1) year before and one (1) year after drilling. The definition of a "grassland" is not well defined.

- A prohibition of the public water supply watersheds for NYC and Syracuse subject to review after 3 years; within a primary aquifer subject to review after 2 years; principal aquifer with 500ft buffer subject to review after 2 years. Within a 100 year floodplain. 500ft of a spring without owner's permission. Reviews give an opportunity to develop best practices.
- There does not appear to be anything in the regulations relating to pipelines in state land. Mr. Palmatier commented this could prevent north-south pipeline development which is necessary to connect with the existing east-west pipelines. Consideration may want to be given to address this section. Chairman Flanagan commented that the Charter of the State Forest allows drilling. Mr. Palmatier stated the SGEIS states it is not consistent with the intended use of those properties.
- Peak activity could be 1700-2500 permits in a given year.
- Define high volume hydraulic fracturing over 300,000 gallons from 80,000 gallons
- Royalty estimates calculated at: \$ ¾ to 1million over first 5 years, for an 80 acre spacing unit @ 12.5% royalty payment @ \$ 6.00/mcf gas price. Chairman Flanagan commented there is a theory the energy prices will equalize as they move forward.
- The Brookfield mitigation description is addressed in the SGEIS.
- Section addressing the Duke report where the least amount of methane found in water wells in the vicinity of drilled wells in Otsego County.

Mr. Palmatier will continue reviewing the draft SGEIS and prepare an inventory.

Discussion continued. Supervisor Schlag questioned if any mention of alternative fracking. Is there any authority for municipalities to stipulate what technology is used in the fracking process? Mr. Palmatier stated Article 23 requires NYSDEC to protect the mineral reservoir.

Mr. Smith questioned if there is protection for Agriculture? Are there any plans from Farm Bureau to advocate for Ag & Markets? Mr. Palmatier stated the SGEIS suggests locating well pads in the corners of a property in lieu of the middle of a field. Mr. Vickers stated NYS Farm Bureau is still reviewing and pushing for Ag District guidelines. Lease agreements can require Ag & Markets be involved. They can be contacted for assistance generally location in an Ag District is the trigger for their involvement. Mr. Palmatier commented that the 1992 GEIS (page 119, section 3.2.5) addresses a disturbance of more than 2-½ acres in a designated Ag District. Mr. Ives commented that Norse Energy, Inc. addresses Ag Districts with supplemental conditions for example soil compaction, etc. which are outlined in 1992 GEIS that were developed by initially by Ag & Markets and require site specific SEQR. This is part of the reclamation process with required oversight by NYSDEC.

Discussion continued about the GEIS wording relating to Agriculture. Mr. Vickers made the motion that the section of the GEIS relating to Agriculture and well pad placement be reviewed by the County Ag & Farmland Protection committee for comments and adequate protection, second by Mr. Piaschyk. Mr. Butler will present this to the County Ag & Farmland Protection Committee at the August meeting.

Supervisor Schlag asked for confirmation on the proposed setbacks in the SGEIS, he understands the basic setback changed from 300ft. to 500ft, subject to a variance from the property owner, with an absolute minimum distance of 150ft.

Chairman Flanagan commented on concerns not addressed in the SGEIS. Seismic regulated by towns; pipeline regulations, hopeful NYS Legislation addresses a change in regulations with NYSPSC in lieu of each individual town passing a regulations; Compressor regulations relating to Noise/Air Quality. Mr. Palmatier commented that compressor air quality is addressed in the SGEIS.

Supervisor Bays commented on the need for certification of Land Agents. Madison County towns have adopted a soliciting regulation, primarily for accountability and verification. Discussion continued comparing Real Estate agent requirements compared to the Landman. The American Landman Association website provides requirements in various states.

Water Well Testing:

Supervisor Bays commented this is a work in progress. Mr. Vickers stated if this project is continuing he would like to contact Duke University about their offer for possible co-funding of a well water testing project.

Energy Information:

The Federal Energy Information Agency has questioned the accuracy of the recent NY Times article on shale gas projections.

Norse Energy, Inc Report:

Stated the estimated reserves in the Utica, twice what is in the Marcellus, based on the geographic area.

Property Tax:

Mr. Harris commented that the unit of assessment value is up. Smyrna gas value decreased in 2010, due to equalization rate not production rate. Towns of Plymouth & Preston increased. Assessed taxable value increased for Town of Plymouth \$ 1.5 million, assessed taxable value in Town of Preston \$254,000. Chairman Flanagan commented 2010 production well shut downs will affect the 2012 formula tax revenues.

The value of the gas for tax purpose is determined by establishing the net value and then dividing it by the 5 year average of the

Federal Discount Rate. Unit of Production Value remains up primarily due to the 5 year average of the federal discount rate which is used after subtracting royalties, expenses, etc. keeping the federal 5 year average discount rate at ¾ to 1%. The expectation for gas prices will remain steady based on the 5-year average. Mr. Harris commented more of a factor is the town equalization rates, if the rates decrease the value of the production decreases significantly. Numerous factors influence income.

Discussion continued suggestion that NYS legislation allows the towns/school districts to hold a larger reserve to offset the imbalance in equalization rates across the towns. The inequitable treatment across town lines will affect royalties relating to well placement and larger spacing units across town lines.

Mr. Harris commented that a gentleman called his office regarding renewal of his gas lease, company unknown, which included a statement he would be responsible for a portion of the property tax generated from a gas well, question why would this be in the lease, has anyone heard of this? No one was aware of this inclusion.

With no further discussion Mr. Vickers motioned to adjourn, second by Mr. Piaschyk. The meeting was adjourned at 10:00 a.m.

Next Meeting at 8:00 a.m. Tuesday, August 30, 2011

County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, Chenango County Planner

**Natural Gas Advisory Committee
August 30, 2011**

Attendees:

Peter Flanagan, Chairman
Richard Schlag, Supervisor T. German
Jim Bays, Supervisor T. Smyrna
Drew Piaschyk, T. Plymouth
Stephen Palmatier, Consultant
Bradd Vickers, Chen. Co. Farm Bureau
Rob DeClue, Chenango Co. Soil/Water

George Seneck, Supervisor T. Guilford
Kenneth Smith, Cornell Co-Op
Donna Jones, Director of Planning
Shane Butler, Planner
Rena Doing, Planner

Scott Ives, Norse Energy
Gary Simpson, T. Plymouth

The August monthly meeting was called to order by Chairman Flanagan at 8:00 a.m.

Agenda Items for Discussion:

New draft SGEIS:

Socio/Economic section of the draft SGEIS is scheduled to be released August 31, 2011 with a proposed 60 day review period.

Chairman Flanagan commented his primary expectation is how road use aspects are addressed as well as various local issues.

Mr. Piaschyk commented on how many issues are being passed on to the local level similar to unfunded mandates.

Mr. Palmatier commented health departments will address water complaints; local government will address road use; and hopefully agriculture issues will be expanded on.

Mr. Piaschyk commented on existing municipality ordinances or planning issues that may be in contradiction with NYS regulations.

Mr. Palmatier interpreted this as NYSDEC reviewing local ordinances to make an assessment as to how the drilling companies will mitigate. An example of a local ordinance prohibiting drilling within a 1000 ft. of building occupied by 30+ people. The NYSDEC will question why did this pass? What are the issues? If the response is reasonable the NYSDEC will require the drilling company to address and mitigate the concerns on a case by case basis. A data base will be created as well as litigation will become an issue.

Mr. Palmatier commented on some of the primary changes to this draft of SGEIS: forms; mudding; pre-drilling process & post drilling; forestland, wildlife; Air monitoring to name a few.

Consultant's Report:

Mr. Palmatier reported Board of Supervisors Chairman Decker appointed him to represent Chenango County on the Southern Tier Region Economic Development Council, Energy Subcommittee. The 22 member committee is comprised primarily of academic members with only 2 representing industry. There have been two meetings to date with discuss focusing primarily on alternative energy, with minimal discussion relating to natural gas issues.

The committees are built around academic/industry models. Mr. Palmatier questioned if the SUNY Morrisville Norwich branch is considered as part of the Southern Tier Region, as the main SUNY Morrisville campus is in the Central region.

There is the perception that the Southern Tier Region has great infrastructure with interstate highways, natural gas and broadband available. The rural county members, primarily Chenango and Delaware, are continually reminding the committee this technology is not available in their counties. There has been very little discussion about potential agriculture energy resources. There is a Google note section to post studies to the committee members.

Chairman Flanagan commented on a recent article about cellulosic ethanol. This is a heavily subsidized biomass with an initial production projection of 500 million gallons for 2012. However this projection was slashed to 3.7- 15 million gallons. This would be a totally inadequate quantity for the nation.

Mr. Palmatier commented on recent articles in Wall Street Journal relating to the use of wood chips/wood pellets. Similarly this has not been successful in meeting university or industrial needs.

Mr. Vickers commented some universities have been using vegetable oil/bio-diesel fuel. EPA regulations include vegetable oil as a product requiring containment.

Supervisor Bays commented on a recent news article stating the Southern Tier Region has the greatest need for funds.

The Regional Economic Council is charged with accessing NYS funds through development of a plan predicated on what is unique about the area relating to industry, universities and Research & Development. The Counties in our region are unique as all the counties are primarily in the Marcellus/Utica shale corridor.

Mr. Piaschyk commented Economic Development funds must include Agriculture Development as an example agriculture infrastructure for Ag-business.

Mr. Vickers commented this is a narrow window for developing a plan by the November deadline. Mr. Palmatier is proposing an emphasize on: natural gas education training programs, specifically a SUNY Morrisville program, similar to Shale Net programs in PA; the limitation on the number of natural gas taps creates concern no public utility will consider accommodating underserved communities; and funding IDA projects in regions with natural gas development.

Chairman Flanagan commented it is important for this committee to provide any additional information or ideas to support Mr. Palmatier.

Supervisor Bays commented on educating panel members with correspondence through the “Goggle Post” system. Mr. Palmatier stated he has posted information relating to taxes and royalty checks. Mr. Harris has spread sheets with municipal tax numbers for making comparisons.

Supervisor Bays stated it may be beneficial for Mr. Palmatier with the committee if Chairman Decker or someone in the County signed on to what Mr. Palmatier is proposing as a sign of support. The general consensus is Mr. Harris, Director of Real Property Tax, could provide the best support.

Mr. Palmatier commented on the goals he has had as the natural gas consultant and the how consideration should be given to adding this to the regional plan encouraging NYS to provide funding for local natural gas consultants in the various regions.

Mr. Vickers suggested emphasizing to the Energy Committee that Agriculture is still the largest industry in NYS and requested Mr. Palmatier provides a copy of 2025 Farm Plan to the Energy Committee. Mr. Palmatier asked Mr. Vickers to send him a copy of the 2025 Farm Plan and he will post it on the “Goggle Post” system.

Supervisor Iannello commented on a positive aspect of natural gas exploration and agriculture. Amish families have purchased Norse Energy property for agriculture purposes while Norse Energy maintains the rights to drill for natural gas.

Chairman Flanagan is encouraging Mr. Palmatier to provide the Energy Committee with an overview of his experiences with the natural gas industry in Chenango County, as well as stress the importance of NYSDEC increasing the royalty percentage from 12.5%.

Otsego County Representative Meeting:

Mr. Palmatier commented on a recent meeting with approximately 30 individuals. The general consensus it was difficult to be effective with a large group.

Goals List:

No additional comments on where the Natural Gas Advisory Committee is or should be.

Gas Reserve Estimates:

Chairman Flanagan commented there has been considerable speculation in the press about the amount of available natural gas. Mr. Piaschyk commented the estimates appear to have excluded all formations.

The implication of wet gas to the west (Ohio area) has higher sale value due to the sale of the by-products, while the gas in central NYS is dry gas.

Ingraffea/Howarth Study Contested:

This study relating to release of methane from natural gas vs coal was recently countered by the Carnegie/Mellon report.

Norse Hiatus:

What are the implications: Mr. Ives commented the Herkimer formation drilling has ceased as an effort to reserve cash for shale development. There will be infrastructure improvements while moving forward with submitting permit application. At this time Norse Energy is doing their own contracting with the expectation of the potential to start drilling in the third quarter of 2012, while maintaining their leases. Mr. Vickers commented Chesapeake Energy has picked up on leasing properties in the western portion of Chenango County.

Mr. Smith questioned if Norse’s plan is to start development of the Marcellus or the Utica shale formations? At this time there is a permit application pending for the Utica formation.

Supervisor Bays questioned if the undeveloped well pads in the county will be utilized for Utica development, for example the Blanchard pad in Smyrna? Mr. Ives stated at this time that may not be practical or beneficial as Norse is required to proceed with NYSDEC reclamation requirements. The existing sites may not be positioned for development of the shale or adequate to accommodate multiple wells, in addition the spacing units will be much larger.

The current plan is to move forward when SGEIS is adopted. Mr. Palmatier stated there will be on-going NYSDEC training, review of submitted permit applications, first in-first out, in addition to applications from a mix of companies. Delaware County, outside the watershed area, has the majority of the permit applications waiting for review at the NYSDEC.

Mr. Ives added Texas A&M will be in the area to demonstrate technology for onsite brine/flowback wastewater treatment. The committee members are invited to attend the demonstration at the Diehl compressor site, in the T. Plymouth.

Discussion continued on the proposed additions/changes in the new draft SGEIS. It appears there is a heightened scrutiny in the pre and post drilling components of the SGEIS.

US Shale Gas Committee:

The Federal Energy Commission headed by Professor Chu, Secretary of Energy, recently submitted the report “Immense Benefits Outweigh the Low Risk”. The report indicated a low risk from natural gas exploration with considerable benefits.

Ad-Valorem Tax Results:

The Town of Smyrna assessed value increased approximately \$ ½ million. The T. Plymouth assessed value increase was primarily due to production. At this time it appears this increase is subject to the new 2% property tax cap which is based on levy, not the tax rate. Questionable if this may become an exempted.

Supervisor Iannello commented the Towns must pass a local law to allow a town the option to override the 2% tax cap law. The July/August 2011 "Towns & Topics" magazine had an article describing the 2% tax cap law. A copy was provided to each of the members.

The general consensus is a change in the Ad-Valorem system will be necessary to accommodate the new property tax cap law to provide stabilization for budgeting when addressing natural gas production or any potential large commercial development.

It is important for town government to address the increased gas assessment funds as a separate savings reserve line item, unlike School District reserves that must be dedicated funds.

Chairman Flanagan suggested Mr. Harris, Real Property Tax Director provide an overview of a typical Town of Smyrna residential tax bill depicting how much goes to the town, fire district, school district and the county. Supervisor Bays stated the Town of Smyrna resident's tax bill increased for those in the Sherburne School district.

Discussion turned to the affects of a NYS Severance tax. Supervisor Bays added there has been a suggestion by Commissioner Martens to raise funds for staffing, etc. through increased permit and drilling depth fees which would be a direct benefit to the NYSDEC versus the NYS general fund. Supervisor Bays commented on the importance of referencing the tax issues to the state committee or possibly reconsider addressing this issue as a Enhancement tax.

Chairman Flanagan commented if we are going to have the strictest regulations then maybe the state should consider the most reasonable taxes!

Supervisor Bays, a member of DEC Commissioner Marten's Advisory Panel on high volume hydraulic fracturing, asked the members for a list of concerns to prepare an issue paper to present to the panel. The tax issue is a major concern and the potential impact on local governments. There will be five (5) meetings of this committee. The first three (3) focusing on NYS resource needs. The remaining meetings will focus on local issues, such as pipeline; land use; and Ag/Markets oversight. Supervisor Bays is considering a power point presentation with several members of the committee attending the fifth panel meeting to express experiences and concerns relating to natural gas.

Chairman Flanagan asked the committee members to provide suggestions for Supervisor Bays to present to Commissioner Marten's panel. The following is a list of issues prepared by Mr. Palmatier and the committee members for consideration by the panel:

- The offset from a Domestic Private Water Source should be increased to 300 feet in order to synchronize the SGEIS requirements with those found in the secondary mortgage markets and NYS title insurance regulations.
- State owned land should be opened for NG extraction on a selective basis. To remove all State Land from consideration denies the State itself a significant source of revenue. It also denies a number of taxing entities in rural counties in Upstate NY the revenue they would receive under the current ad-valorem taxation system.
- Pipeline corridors are needed through some sections of State owned land. An example would be the contiguous piece of property running from Inman Road in the town of Plymouth to Camp Pharsalia, town of Pharsalia. There could also be large tracts of private land surrounded by State Land that could not be developed if there is no way to move the gas from the wellsite.
- The cost of DEC activities related to NG development should be paid for by fees assessed to the drilling companies.
- The ad-valorem tax system should be modified to mitigate the discrepancies caused by variations in the levy assessed by different towns.
- The inability of Non –Charter Counties, park land and school districts to enter into a lease should be addressed.
- Local health departments should be reimbursed for costs associated with NG drilling.
- The issue of the ad-valorem tax being paid based on the wellheads location rather than on the spacing unit should be corrected.
- PSC oversight of the gathering line system should be enhanced, funding for oversight is a component. (Discussion on funding possibly adopt FERC model for Interstate Pipe line inspections)
- Small rural communities that will not be served by a public utility should be allowed to access NG from the gathering lines without having those taps count toward the 19 taps an E&P company is allowed to have before it becomes a public utility.
- Drilling cuttings should be sent to landfills after verification the cuttings have been tested and deemed safe. This is addressed by NYSDEC in the SGEIS however this should include standardized testing for landfill cuttings as this continues to remain a local issue. Mr. Smith suggested this would provide third party support.. NYS should emulate drilling cutting regulations followed in PA. or currently in Chemung County.
- Provide funding for education a component for work force development. This could mitigate local impacts housing, etc.

- Mr. Vickers suggested adding NYS A&M provide oversight on agriculture property, for example: pad lay-out; erosion; consult on well site; etc. List and power point may be on the A&M website.

With no further discussion the meeting was adjourned at 10:45 a.m.

Next Meeting: 8:00 a.m.- Tuesday, September 27, 2011

“New” County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, Chenango County Planner

**Natural Gas Advisory Committee
September 27, 2011**

Attendees:

Peter Flanagan, Chairman
Richard Schlag, Supervisor T. German
Jim Bays, Supervisor T. Smyrna
Drew Piaschyk, T. Plymouth
Stephen Palmatier, Consultant
Bradd Vickers, Chen. Co. Farm Bureau
Rob DeClue, Chenango Co. Soil/Water

George Seneck, Supervisor T. Guilford
Kenneth Smith, Cornell Co-Op
Jennifer Tavares
Shane Butler, Planner
Rena Doing, Planner
Donna Jones, Director of Planning

Scott Ives, Norse Energy
Gary Simpson, T. Plymouth

The September monthly meeting was called to order by Chairman Flanagan at 8:00 a.m. Chairman Flanagan asked the members if there were any corrections or additions to the August minutes.

Agenda Items for Discussion:

Consultant's Report:

Mr. Palmatier commented on the NYS Economic Development committee meetings he has been attending. The primary discussion has focused on enhancing production and use of wood chips as an energy source. Natural gas has not entered into the discussion even as natural gas related businesses are developed along the I-86 corridor. Ms. Tavares voiced concern that this lack of discussion will not address natural gas exploration in the proposed NYS 5-year plan. As local natural gas is more readily available, from the sandstones, there may be the possibility for development in the Bainbridge area where infrastructure such as an active railroad and I-88 are accessible.

At a Albany Business Council meeting attended by Mr. Palmatier, Mr. Sovas commented on the proposed banning of various activities and buffers outlined in the dSGEIS. He questioned what prevents banning of other activities and could local government input include stopping drilling?

Discussion continued on State land in relation to spacing units and the recent passage of Assembly bills A408 & A393. The bills signed by Governor Cuomo relate to the unknown private ownership of mineral rights in Allegany State Park. If the mineral rights are not claimed by the unknown owners, or eligible relatives, within 2 years the mineral rights will be relinquished to NYS.

A NYSDEC representative had stated the new regulations could add \$ 1million to the cost of drilling in NYS.

Discussion continued about local law input in the well drilling permit process, as outlined in the SGEIS.

Supervisor Bays State Panel report:

Supervisor Bays reported on discussions at the NYSDEC Advisory Panel meeting on high volume hydraulic fracturing. Some agencies see this as an opportunity to build staff. Robert Kennedy commented Governor Cuomo wants drilling. Supervisor Bays expressed concern this committee has a "front loaded" environmental design with aspirations of eliminating drilling in certain areas, and there is little opportunity to review documents prior to teleconference discussions. The bigger issue is the current permit revenues will not cover the regulatory costs.

Supervisor Bays has suggested to the committee consideration be given to Ag & Markets oversight of natural gas meters as well as partnering with Soil/Water agencies.

Draft SGEIS Comments:

Supervisor Schlag commented there appears to be a perception wealthy areas in the state will get exemptions which may be initiating the "blizzard" of lawsuits around the state. Mr. Palmatier commented the DEC addresses Otsego Co. in the SGEIS however there are no special exclusions.

Texas A&M Demonstration:

The general consensus of those attending the Norse Energy sponsored wastewater treatment demonstration at the Diehl Compressor Station, T. Plymouth was very informative. This process on a larger scale could provide treatment of the "flowback" water from the approximate 3-4 million gallons of water used in high volume hydraulic fracturing at a multi-well site would reduce amount of fresh water needed for drilling, by recycling the treated water. This would also reduce traffic, as well as transportation costs. This system could also process landfill leachate.

State land (Federal Land issues):

New York State owns the greatest amount of acreage of any state in the USA. Approximately 14% of the land in Chenango County is controlled by NYS. The assessed value of NYS land has decreased resulting in less tax income for towns where a large percentage of land is owned by the state, for example 38% of the Town of German is NYS forest; the Town of Pharsalia is ~51% NYS forest. These towns and several others in the County could lose revenue and value if NYS adopts the proposed natural gas exploration regulations. NYS will not allow leasing of state land. Additionally, this could affect the value of privately owned property adjacent to state land. It would be difficult for a gas company to control 60% of the property for a spacing unit. This regulation would result in a loss of production tax; royalties and property tax for the town, county and state.

Discussion about a "Conversion" lawsuit as it relates to the US Land/Water Conservation Act. This Act dictates how Federal money is used by states. Question if terms are similar to wetland guidelines where a wetland is removed and an equal area replaces it in adjacent areas. At this time there has been no case of gas drilling relating to "conversion". Discussion continued if Chenango County owns any properties that may be affected by the US Conservation Act, relating to federally funded projects. Possibly Gaius Cook Park in Greene, the Planning Department will follow up on this issue.

In NYS various group's interpretation of the "Mining vs. Drilling" laws has created legal issues.

Water:

In a recent Wall Street Journal Article it was suggested consideration should be given to improving water well designs. This would be beneficial for addressing naturally occurring or potential drilling related methane migration. Additionally water well drillers should consider additional water tests upon completion of drilling a well.

Norse Energy's policy is to test water wells within 1000 ft. to 2000 ft. prior to any gas drilling operations.

Drilling Cuttings:

Discussion on the Colgate University study by Professor Selleck relating to the drilling cuttings indicated cutting samples of various formations are okay for use however additional research will be conducted on the Marcellus shale cuttings. Possibly consideration will be given to separating the drilling mud and cuttings to reuse the drilling mud.

The question was asked if an appropriate use for the cuttings could be for road construction. Mr. Smith stated PA tests cutting prior to use. This could be a critical issue for Chenango County, as well a potential revenue stream.

Referral from Ag & Farm Protection:

The Chenango County Agriculture and Farmland Protection Board submitted a list of suggestions and recommendations for review by the Natural Gas Advisory Committee to be submitted to NYSDEC during the comment period on the revised draft SGEIS. After some discussion by the committee Mr. Vickers commented the suggestions are basically from Ag & Markets. A&M should be included in the site planning process. Mr. Palmatier commented that some of the suggestions do not apply to natural gas drilling in NYS. Mr. Brower, Ag & Markets, had previously provided information to NYS Farm Bureau specifying the importance of consulting with A&M in the siting process.

After continued discussion this issue was tabled suggesting Ag & Markets/ NYSDEC work out the siting process. The general consensus of the committee by sending a list of specifics it could prove to be detrimental. The primary goal is protection of farmland especially land in a designated Agricultural District.

Houston Company has been offering to buy 50% of Mineral rights:

Griffith Land Services, representing a Houston Company, has been contacting individuals to purchase ½ of the mineral rights in the Apalachin area, 15 acres or greater at \$1500/acre, this is known as a "Hydrocarbon" deed. The assumption is the formation will then be leased by a company. This action could affect future royalties and development of other formations. This may be speculation by the company? Could this action split Coalitions? NYS law allows any owner with joint ownership of property to lease land without the full agreement of all owners.

Chesapeake strike oil & gas in Ohio Utica Shale:

The Utica Shale in Ohio has proven to be very successful. The western portion of the shale formations are wet, rich in oil & gas components, compared to the dry shale in the east. The average depth of Utica shale in NYS is 6000ft. The economic concern is competition with the surrounding states as well as the world. Mineral reserves in NYS are still basically speculation.

General Comments:

Supervisor Schlag, a member of the County Finance Committee, commented on a recent discussion relating to the County continuing funding of the Natural Gas Consultant position. The matter will be referred to Planning/Economic Development Committee for discussion with a response back to Finance committee before considering a recommendation to the Board of Supervisors. Ms. Jones commented Mr. Palmatier has expressed interest in continuing as the Natural Gas Consultant for another year and it is important for the various committees and Supervisors to fully understand what has been achieved to date by utilizing his services. Supervisor Iannello expressed the importance of receiving information directly from a knowledgeable individual. Supervisor Bays recommended continuing the consultant position, while incorporating best practices.

Mr. Ives commented on the recent downsizing at Norse Energy, Inc. The economic impact due to the delay in adopting the SGEIS resulted in layoff of six employees in the Norwich office.

Chairman Flanagan commented on a NYSDEC statement relating to issuing and cost of a horizontal drilling permit, once the SGEIS is passed. Ms. Collart, NYSDEC, stated "I can't even begin to guess how long it might take to issue a permit for wells with proposed high volume hydrofracking operations."

With no further discussion the meeting was adjourned at 10:45 a.m.

Next Meeting: 8:00 a.m.- Tuesday, October 25, 2011

"New" County Board of Supervisors Chambers

Minutes recorded and prepared by: Rena M. Doing, Chenango County Planner

**Natural Gas Advisory Committee
October 25, 2011**

Attendees:

Peter Flanagan, Chairman	George Seneck, Supervisor T. Guilford	Scott Ives, Norse Energy
Richard Schlag, Supervisor T. German	Steve Harris, Dir. Real Property Tax	Gary Simpson, T. Plymouth
Jim Bays, Supervisor T. Smyrna	Jerry Kreiner, Supervisor T. Plymouth	
Ross Iannello, Supervisor T. New Berlin	Kenneth Smith, Cornell Co-Op	
Stephen Palmatier, Consultant	Jennifer Tavares	
Bradd Vickers, Chen. Co. Farm Bureau	Rena Doing, Planner	
Rob DeClue, Chenango Co. Soil/Water	Shane Butler, Planner	

The October monthly meeting was called to order by Chairman Flanagan at 8:00 a.m.

Agenda Items for Discussion:

General Discussion:

Mr. Palmatier commented the October 24, 2011 Road Use meeting sponsored by West Law Firm was very informative. Chairman Flanagan stated the interim County Highway Superintendent Shawn Fry will review and comment on the proposed County Road Use Agreement, in addition to comments from the County Planning Committee relating to leasing NYS land in the draft SGEIS.

Chairman Flanagan commented on recent correspondence concerning Compulsory Integration allegations relating to the Klis well in Madison County, when an inaccurate map was submitted indicating 59% in lieu of the actual 62% of controlled properties. The map was actually accurate as a leased 3.5 acre leased property was not included in the original map. NYSDEC requires another integration hearing but hearing has not been scheduled. This error was not recognized prior to drilling. Payment to integrated individuals is not started until after compulsory hearing, funds are in escrow until this issue has been addressed.

Comment on status of County having the right to lease, Senator Libous preparing a bill that may be acceptable to downstate legislators.

Status of Norse Energy:

Norse Energy has engaged in marketing central NY holdings. The overall strategy is to divest a portion of assets, still speculative if a percentage is Utica, Marcellus rights, some mineral rights, etc. County philosophy has been to make policy for gas in general, not specific to Norse as they may not be involved in the County in the future.

In a recent Norse Energy report relating to formation thickness and depth, are the numbers geological assumptions or actual. Mr. Ives stated some data has been confirmed relating to depth. Seismic readings have provided information.

Mr. Palmatier commented on the Marcellus boundaries delineated on the Southern Tier East map did not appear accurate, where as the Norse packet map agreed with the depths posted on NYSDEC core data on the DEC website.

The draft SGEIS states, 2000 ft. is the minimum depth to Marcellus without requiring a separate SEQRA. Generally 2000ft. or greater is feasible for development. Central Plymouth area is where the Marcellus formation is at approximately 2000ft, based on well bores. The Utica formation is basically under the entire County. Amount of gas is assumptive.

Supervisor Bays questioned Mr. Ives if Norse is still considering exploring Utica formation in Smyrna. Permit is in place uncertain on when or if they will be moving forward. The pipeline is in the Smyrna area and at some point drilling would be feasible. Norse will continue preparing and submitting applications for drilling in the Utica and Marcellus formations.

Mr. Palmatier commented there are natural fissures/fractures in shales when drilled at an oblique angle releasing more gas.

Supervisor Kreiner asked about potential changes in Norse Energy management. It has been suggested Oivand Risberg would be back on board at Norse Energy after the ERM conference.

Mr. Ives stated Norse Energy has 133,000 acres for sale and the recent lay-off has resulted in 30% staff reduction currently leaving 12 employees in the Norwich office.

Madison County Energy Committee request:

Madison County Natural Gas committee has asked if Chenango County is considering joining Otsego/Schoharie Counties in offering a separate unofficial local hearing on the draft SGEIS or would Chenango County consider joining Madison County in offering a local public hearing? General consensus of the committee members is this would not be beneficial only an exercise in futility.

Land & Water Conservation Funds:

The issue relating of using Federal Land & Water Conservation funds to purchase or develop land prevents conversion. Mr. Smith questioned if this also includes sub-surface leasing. The Conversion Act is questionable. Question comes back if land is alienated by compulsory integration with no disturbance to the surface, would state or federal law require any funds, resulting from integration to be returned for use at park?

Hunts Pond is a prime example of lost local funds. It was returned to State Forest status, in addition to NYSDEC regulations not granting right to lease resulting in no tax revenue, no local jurisdiction, and no income to maintain roads in the immediate area, etc. Discussion continued on how compulsory integration of state land will typically result in a lease agreement with NYSDEC. The lease then implies the state gives the right to transport across state land, however legislative approval is required. Questionable if this applied when NYS land was leased in the 2006 Broome/Tioga County State land leases.

Supervisor Schlag commented on the problem of contiguous NYS land in the Town of German and how this could be a problem for potential gas development and pipeline access.

The suggestion was made to invite Attorney Joseph Sluzar to a Regional Meeting to discuss some of these issues to better understand the law. Mr. Palmatier will contact Attorney Sluzar possibly for answers or possibility of scheduling a Regional meeting after SGEIS comment period.

Supervisor Bays State Panel Report:

Chemung County Executive, Thomas Santulli, is presenting today, October 25, 2011, with a focus on revisiting potential funding streams.

Supervisor Bays' presentation, November 9, 2011, at the panel meeting will be devoted to local needs and issues. He will be primarily presenting topics discussed and researched by our Natural Gas Committee. Chemung County presentation has some gaps. The panel committee requests a chronology of activities in Chenango County their impacts/opportunities. Discussion continued on how to proceed with the presentation to the panel. Suggestions and comments included:

- We should state things as we see them, strange or cloudy issues. The presentation group will be comprised of: Supervisor Bays, Supervisor Flanagan, Mr. Smith, and Mr. Palmatier. A power point presentation will present experiences and natural gas exploration issues in the Smyrna/Lebanon area. Supervisor Flanagan will finalize with governmental issues. It is important to stress the diversity of the Natural Gas Committee.
- Supervisor Iannello suggested that Supervisor Bays start his presentation where the Chemung presentation left off, do not be repetitive, important to add to or embrace Santulli's presentation.
- The primary message: This is opportunity we do not want to miss but insure concerns are addressed and balanced. Initially Smyrna's relationship with the gas company was poor, however it has improved overtime.
- Funding, taxing, staffing are primary issues. Brad Gil, IOGA, commented recently the additional fees proposed by NYS could be the tipping point to discourage development in NYS. Mr. Bays commented to Committee maybe the General Fund will have to ramp up to meet additional fees, it may have to be done. Supervisor Iannello suggested if the entire state has the right to comment, without any gas exploration in their respective area, they should also pay for NYSDEC expenses and carry some of the burden. Consider pointing out examples where NYS has given numerous tax breaks with no resulting jobs.
- Tipping point for success or failure could be loading up with excessive fees, Norse Energy is a prime example. They gambled on moving forward but the process has been too long. Loss of \$ 1 million of economic activity due to decrease in Norse activity.
- Mr. Ives commented small and medium operators will have to be creative to survive.
- Supervisor Ives commented ultimately landowners will be hurt in the leases.
- Chairman Flanagan commented the "big picture" must be stressed, this is a global play and important to stress Towns/Counties concerns. Gastem, USA CEO Orville Cole is currently visiting Europe assumed may be for potential exploration opportunities. Question if NYS want to be involved?
- Chairman Flanagan commented on the Committee Panel's arrogance when it stated "We do not want to be like Texas". Maybe we want to be like Texas because they do not give assets away for 12.5% royalty; they have been doing business for many years and states have the opportunity to choose the positive aspects of Texas exploration.
- Mr. Palmatier commented on the lack of cooperation in education, and training to prepare.
- On Economic Development is NY State willing to give Economic Development a try?
- What do locals need? Pipeline assistance, inspections/expanding. Whether AG/Mkts. oversight or another agency, local municipalities can not afford to take on this responsibility. "We Need to Pay Protection Money" in the form of a Severance tax.
- Mr. Palmatier pointed out that the Southern Tier Economic Council would not discuss Natural Gas development, focus has been on cheap delivery from adjacent states. Unfortunately some workers will leave state.
- Chairman Flanagan stated at this time NYS geology or potential may not be as good as PA or Ohio with Utica formation being speculation. Maybe NYS is ranked 3rd or 4th in geology. Why would a gas company pay an extra \$2 Million in NYS when it will cost much less in adjacent states? At this time exporting natural gas may help to balance trade.
- Supervisor Bays stressed common Sense, experiences and calling it as we see it. Recognize this is top down exercise. This committee's charge is to assess local and state resources. Plain talk is what is needed.
- Supervisor Iannello stated two (2) State Senators have commented no legislation will be written. It is in the ECL law leave it

- to the experts. Question is who are the experts? Assume NYSDEC staff, they should be relied on to write regulations.
- Mr. Palmatier requested a summary of the Regional meetings, who, why and what was discussed.
 - Ms. Tavares stated the Economic Development issue relating to local needs to help businesses relating to natural gas. How can NYS support us? Supervisor Iannello commented on importance of state supporting infrastructure.
 - Supervisor Bays stressed this committee panel will have impact and important for presentation to shake things up.
 - Mr. Smith stated important to maintain a minimal focus on high points for example: State land issue: Resource needs; Taxation; Reaction to ECL 23 (County integration issue); Revenue-permit fees, etc.; Economic Development (supply chain, education, etc.); and Pipeline regulations for low pressure.
 - Supervisor Schlag commented this area has a history of decline, the loss of ability to participate in Natural Gas exploration is another blow to the area and the state.
 - Supervisor Bays expressed importance of advising the Committee Panel about the taxation issue and how it has affected Chenango County so far. For example Smyrna and the Sherburne School District. Important to understand ad valorem tax system by keeping tax local, emphasize it is the law, how state land has affected the county by the selective tax system by the state.
 - Supervisor Bays feels it is important for Soil & Water to provide any input that may be important or not addressed.
 - Chairman Flanagan summarized what should be emphasized at the November 9th State Committee meeting: focus on state land, what we need from state, permit fees too low and allow for refunds, and NYS is only leasing for 12.5% which is much lower than other states. Mr. Ives added the permit fees need to go to a dedicated fund for NYSDEC staff funding.
 - Chairman Flanagan suggested reviewing the submissions this committee submitted in 2008. Should licensing Landmen be a recommendation? Discuss a list of issues not addressed by SGEIS: seismic regulations; pipelines and property rights issues; mortgage and setbacks for example. Important to make specific recommendations. Mr. Vickers suggested NYSDEC should not be leasing state land, as it is a conflict of interest and should be handled by the NYS Comptroller.
 - Chairman Flanagan would like to include specific examples not generalizations to emphasize the reality of how natural gas exploration has been affected, for example: Gastem, USA problems in Otsego County, now researching potential opportunities in Europe; or Norse Energy cutbacks, loss of jobs individuals working for much lower pay.
 - Supervisor Bays stated importance to leave something with the State Committee Panel, maybe a Press Release.

Mr. Vickers commented on the Ag/Markets recommendations to the SGEIS. Mr. Smith spoke to Matt Brauer, Ag/Markets, and NYSDEC for recommendations and comments relating to Ag & Farmland Protection Committees proposal. Chairman Flanagan made the motion to accept the revised copy, second by Mr. Vickers barring any objection from the committee after reviewing the final draft

Taxation & Property Tax Cap:

Chairman Flanagan commented he has concerns relating to the Property Tax Cap. This will be tabled for discussion at the next meeting relating to Budget & Equalization.

Cornell Water Base Sampling:

Mr. Smith commented that Cornell has funds available for a baseline water testing program. The protocol will be to spread testing around the County, five (5) wells per town, ask each Supervisor for suggested locations. Mr. Vickers questioned if Cornell has locked the guidelines in. Is it possible to consider connecting with Duke University, relating to Duke's water testing project. Cornell will be including methane isotope testing.

Discussion relating to "restrictive covenants" how or if this would relate to natural gas, the problem is who enforces a covenant if the original property owner does not contest a violation?

With no further discussion the meeting was adjourned at 10:40 a.m.

Next Meeting: 8:00 a.m.- Tuesday, December 20, 2011

"New" County Board of Supervisors Chambers

**Natural Gas Advisory Committee
December 20, 2011**

Attendees:

Peter Flanagan, Chairman
George Seneck, Supervisor T. Guilford
Kenneth Smith, Cornell Co-Op
Stephen Palmatier, Consultant
Rob DeClue, Chenango Co. Soil/Water

Drew Piaschky, T. Plymouth
Gary Simpson, T. Plymouth
Jennifer Tavares, Commerce Chenango
Donna M. Jones, Dir. Planning

The December monthly meeting was called to order by Chairman Flanagan at 8:10 a.m.

Agenda Items for Discussion:

Review of Albany Meeting/ Consultant Report:

On November 9, 2011 Chenango County representatives: Supervisor Bays, Supervisor Flanagan, Mr. Smith, and Mr. Palmatier presented before the NYSDEC Panel in Albany on natural gas issues. Comments and discussion relating to the meeting: Chairman Flanagan felt the meeting was discouraging, based on discussion:

- The legislators and panel attendees appeared to be poorly informed. Some issues raised during the presentation were new to the panel. The Chenango County representatives did not feel it was necessary to focus on general concerns, as Chemung County had previously addressed the main issues.
- Some NYSDEC staff does not appear familiar with their own policies. A representative of one NYSDEC Region commented the regions have not been asked to weigh in on dSGEIS. This presents a concern as to why this resource has not been tapped. NYS appears to be primarily concerned with revenue.
- A member of the NYSDEC Panel cited Ingraffea studies as a resource and an article relating to gas companies not funding road repairs. Supervisor Flanagan questioned where this study came from? Mr. Palmatier commented this was discussed at a meeting he attended in PA from an article in the Huffington Post. A bridge had been damaged and the natural gas company suggested a sub-contractor hauler may have damaged it and did not have funds to repair. This left the question as to who was responsible for the repairs, the company or the sub-contractor.
- Mr. Palmatier commented it appears from the Panel meeting discussion that departments in Albany are not talking to one another. An individual from NYS Real Property Tax Department asked if there will be any wet gas in NYS? Mr. Palmatier stated possibly in the Utica Shale formation in western NYS. Mr. Palmatier asked if there was a reason for asking? The individual voiced concern there is nothing in place in NYS Real Property Tax regulations for taxing wet gas products. The current system taxes by mcf for gas and by the barrel for oil, there is no measurement for wet gas by-products.
- Discussion continued on the taxing issue and lack of knowledge; tax cap issues; spacing units crossing town/county lines, etc. Supervisor Flanagan commented they know the taxing formula but have no understanding of the implications. For example Smyrna may be assessed at \$ 40 M now but in a couple of years the assessed value could drop to \$ 30M, how will they deal with that? Hopefully there will be follow-up on the tax discussion but no invitation at this time.
- Mr. Smith commented the pipeline policy should not act as a barrier across NYS land. A western NYS panel member commented there was problem crossing state land in his area and the natural gas company opted to go around.
- Supervisor Flanagan questioned if the Natural Gas Advisory Committee should weigh in on the dSGEIS?
- Supervisor Bays suggested addressing "Landmen" issue. Mr. Palmatier commented "Landmen" would not be addressed as part of the SGEIS however Assemblyman Crouch and Senator Libous should be contacted to consider introducing legislative bills relating to the issues of the "Landmen", in addition to directing natural gas metering and by-pass valve issues under the jurisdiction of Ag/Markets or the Comptroller. These are auditing agencies
- Mr. Palmatier suggested separating SGEIS issues from Legislative.
- Supervisor Flanagan commented on re-cap tax issues and current system based on taxing at wellhead which contradicts royalty distribution method in the law. Examples: town to town spacing units; unequal returns town to town (Mr. Smith commented the equalization rates could play a role in a gas company locating the wellhead, in the town with lowest tax levy); Severe rate swings: gas shut down, unit price, 2% tax cap. Important to meet again and readdress these issues.
- Mr. Smith questioned if the lack of attention of tax issue is due to possible re-construction of tax structure? The current tax structure does not direct enough money to NYS.
- Supervisor Flanagan suggested a local severance tax would balance budget, similar to a sales tax or tax stabilization.
- Supervisor Flanagan commented the one hour time allotment makes it difficult to adequately present to the State panel.
- Mr. Piaschky commented there are so many pieces of information with no coordinating effort, appears to be a total disconnect even with natural gas regulations in NYS for many years.

- Supervisor Flanagan commented on the need to follow-up on: leasing; increasing royalty percentage; increasing permit fees, make non-refundable.
- Mr. Palmatier commented industry would support permit increase if funds stay with NYSDEC.
- Supervisor Flanagan commented on NYS Leasing process and the likelihood of integrating NYS land. If integrated NYS enters into a lease, what is advantage to the state at this point? During a discussion with a DEC representative Supervisor Flanagan questioned the reason for the low 12.5% royalty, leasing and permit fees? The reasoning was to encourage natural gas activity in the state. Should the policy relate to integration and leasing to the strata, different companies, etc.? It is important to maximize NYS benefits. Supervisor Bays is in Albany today with follow-up questions for the panel.
- Mr. Palmatier commented some of the presenters at today's Panel discussion will be focusing on issues that have occurred in PA. A petroleum engineer is scheduled to discuss cementing, gas blocking, casing string endpoint in impervious rock, not in the middle of aquifer. This should be an informative meeting.
- Mr. Palmatier commented on contaminated water wells associated to plastic processing. Plastic water pipes, etc. affected by process. Wall St. Journal article speculated EPA's drilling process may have affected wells.
- Mr. Smith commented that Bruce Selleck, Colgate University, stated natural chemicals formed by elements present. No water baseline testing for comparisons. Studies used by media do not represent our geology.
- Supervisor Flanagan commented on the "ghost well" issue relating to abandon water wells as a potential conduit for introducing contaminants into an aquifer. Texas requires sealing of seismic holes with bentonite, is this for safety?
- Mr. Smith questioned if this committee should make recommendations on the SGEIS during the comment period, relating to the following concerns and recommendations:
 - Licensing Landmen
 - Set backs relating to secondary mortgage market guidelines
 - Lack of agricultural development: no leasing/royalties to farmers
 - Use of non-toxic fracturing fluids.
 - Continued delay contributed to de facto ban creating negative affect on region.
 - Excessive regulations relating to bird/forest create de facto negative affects.
 - Ban on state land and pipeline development could result in stranding large parcels of private property.
 - Water testing regiment lacked adequate funding and data management.
 - Revenue streams to towns with NYS State land, which is nearly non existent now.
 - Compulsory integration issue with timeline and low 12.5% royalty.
 - Lack of regulations relating to farmland-Ag/Markets: funding for oversight of streams: and authority for oversight of developing farmland.
- Mr. Palmatier commented the list prepared by Planning Committee addressed the grasslands and forest issues. Majority of concerns are legislative issues. The issue of using non-toxic "fracking" fluids is addressed in the permit process and requires an explanation by the company if not using non-toxic fluids.
- Supervisor Flanagan suggested water well testing setbacks. Mr. Palmatier commented there is no defined list as to what to test for.
- Mr. Smith stated he will prepare a list for submission and will email the list to the committee members before submitting.

Discussion continued as to the continuation of the Natural Gas Advisory Committee in 2012. Ms. Jones stated the Consultant position is funded for 2012, which would indicate approval to continue the committee.

The committee continued discussion on well water issues/concerns: distance, testing, etc; requiring someone to test well water; use of data by NYSDOH or local Health Department; increase of staff; water test results remain with laboratory and property owner, consider a local data base. Supervisor Flanagan suggested the committee take a position on water well testing issue. Mr. Piaschyk suggested in lieu of private water well testing, to avoid privacy issue, test on available wells on public land.

Mr. Palmatier commented the revised dSGEIS does not require local health departments to maintain water testing data but they are to respond to complaints and notify NYSDEC.

Mr. Smith suggested adopting a policy stating: "Recommend that testing be stored in a manageable data base by an entity, such as Cornell Water Resource Institute Group, that can actually analyze the results as opposed to a County Health Department."

Mr. Palmatier commented if water testing by state operated laboratory it could be feasible to develop electronic system to send results electronically into data base made available to NYSDEC, NYSDOH and Cornell Water Resource Institute.

General consensus the Natural Gas Advisory Committee should weigh in on water testing issue and distance from well bore. Provisions generally are based on vertical well drilling, what if any, relate to horizontal bores for example:

- Data base management
- Funding stream for County DOH/others
- Test parameters-if you don't test you don't know
- Diameter from well bore, in lieu of circumference
- Ag/Markets referral for oversight of: siting, construction, remediation, coordinating with County Soil/Water

Mr. Palmatier commented the “ALL Consulting Group” worked with NYSDEC on the dSGEIS, basing their recommendations on hydrological/geographical studies around the world. Discussion continued on water testing distance in relation to the well bore.

Mr. Palmatier stated Professor Bruce Selleck is providing geological comments for Madison County Gas Committee to be submitted for the dSGEIS review.

Mr. Smith added that Madison County is recommending a change in the Compulsory Integration control of the spacing unit from 60% to 80% of the proposed unit. This is not an SGEIS issue, but legislative.

Chairman Flanagan stated he personally feels the focus on forest, grassland and habitat prohibitions are not a beneficial component of the dSGEIS it lacks adequate definition. Discussion continued as to how this proposed regulation appears to present inconsistent operating standards for various industries. A point of discussion: how does 30 acres of contiguous grassland impact Chenango County compared to the proposed forestland component with a large section of Chenango County classified as forestland.

Mr. Smith proposed a response stating “we strongly value grassland/woodland birds and wildlife species and we recommend Natural Gas Development be consistent with other industries in these areas”, for example if a 5 acre lot is developed for a warehouse project this project should be required to follow same guideline as proposed for Natural Gas exploration. It appears the Natural Gas industry is being singled out to comply with a different set of standards.

Chairman Flanagan suggested adding these restrictions are detrimental to any development. The industry and landowners should not be singled out based on Natural Gas development.

Orientation for new County Board Members:

Chairman Flanagan suggested a meeting to provide the new County Board Members with an update on the Natural Gas Advisory Committee. Suggestion is to meet prior to or after the February 13, 2012 County Board meeting.

Pursue County Road Agreement in 2012:

It is important to continue pursuit of adopting a County Road Agreement.

Mr. Smith questioned if the County Road Agreement should address travel times.

Mr. Palmatier suggested a Memorandum of Understanding (MOU) between the municipality and company, due to the diversity in the municipalities in the County.

Gastem-Guilford Permit:

Gastem, USA has received a permit to drill to the Oneida formation on the Hanehan property in the Town of Guilford. Guilford Supervisor Seneck commented at the Town Board meeting there were requests from town residents for open information and notification. Supervisor Seneck added Clifton Tamsett, Gastem, USA representative stated the property owners near the well site have been notified and they are currently in the process of testing water wells in the area.

Wyoming Report—EPA:

Supervisor Flanagan commented on the EPA Wyoming report. There is basically no comparison in this report relating to wells in the eastern states. The Wyoming wells have no casing in cement, a depth of 1200-1500 ft. and the geology differences.

Laser Pipeline:

Laser Pipeline has registered for a right of way in the Town of Afton.

Lawsuits/ Restrictive Covenants:

A recent decision by the Sullivan County Supreme Court upheld the Restrictive Covenants of the Weiden Lake Property Owners based on “when read in conjunction with the first restriction to single family residential, agricultural, and recreational uses, the general ban in covenant of “any other commercial uses” had to be construed to mean all other commercial uses. Additionally, the court noted, the covenants did not restrict the prohibited uses to lots with lake frontage; rather, the words “on the premises” enlarged the prohibition to encompass more than the lake and lakefront areas commonly used in commercial fishing and boating operations and suggested a ban “on any commercial use of the entire premises.”

It was noted the Middlefield lawsuit, relating to Natural Gas, has changed venue for the hearing from Otsego to Madison County.

General Discussion:

- Mr. Palmatier suggested moving forward with preparation of an informational packet to be sent to the Towns, through the County Planning Department. Penn State suggested inclusion of the Memorandum of Understanding Templates to address traffic flow issues such as routes, time of day, highway contacts, etc.
- Mr. Piaschyk commented he has not seen any disclosure by Norse Energy, Inc. as to new owners of parcels sold.
- Mr. Smith stated he spoke to Mr. Keyes, Norse Energy regarding gas development in the County. Norse is hopeful wells targeting the Marcellus formation will move forward in 2012 in southern areas of Chenango County.
- Mr. Smith questioned if the Natural Gas Advisory Committee should continue meeting based on the status of the dSGEIS, as there appears to be little change or additional information and many people have made up their minds in one direction or another.

With no further discussion the meeting was adjourned at 10:23 a.m.

Next Meeting: 8:00 a.m.- Tuesday, January 31, 2012

County Committee Room (opposite the Board room)

Minutes recorded and prepared by: Donna M. Jones and Rena M. Doing, Chenango County Planning