

**Natural Gas Advisory Committee  
January 31, 2012**

**Attendees:**

Peter Flanagan, Chairman  
George Seneck, Supervisor T. Guilford  
Ross Iannello, T. New Berlin  
Kenneth Smith, Cornell Co-Op  
Stephen Palmatier, Consultant  
Rob DeClue, Chenango Co. Soil/Water  
Gary Simpson, T. Plymouth

Bradd Vickers, Chen. Farm Bureau  
Donna M. Jones, Dir. Planning  
Shane Butler, Planner

Melissa deCordova, Evening Sun

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

**Agenda Items for Discussion:**

**“Postponement” of HVHF panel-Health Dept.:**

Chairman Flanagan commented on the postponement of the scheduled Governor’s Panel meeting, January 26, 2012.

- The NYS Association County Health Organization had inadvertently sent out their proposed presentation for the January 26<sup>th</sup> meeting. Their presentation was an opportunity for NYSACHO to voice their concerns. After reviewing the proposed NYSACHO presentation Chairman Flanagan had requested an opportunity to make comments on what appeared to be several misconceptions and limited knowledge/understanding of the proposed dSGEIS. Questionable if this request may have initiated the postponement.
- Mr. Smith stated the official reason for postponing was some of their issues should have been raised during comment period and they want to focus on the 40,000 comments.
- A document by Parks/Trails was part of the NYSACHO presentation. There appeared to be an obvious lack of understanding by Parks/Trails about compulsory integration, disclosure, hydraulic fracturing, and road use agreements.
- Mr. Palmatier commented the original GEIS required disclosure only to DEC, the SGEIS will be public.
- Mr. Smith commented there appears to be a misconception about drilling in the Marcellus formation. It is assumed by some if the Marcellus formation is in an area there will be drilling, lack of understanding on the depth factor, too shallow in some areas, for development due to lack of pressure and required aquifer distance.
- Chairman Flanagan perceives there will be no permitting action this year or possibly in the near future.
- Mr. Smith commented the low price of natural gas doesn’t provide a financial incentive to drill.
- Mr. Palmatier commented the European Union, other than France and Britain, weighed in positively toward drilling. Britain may not be negative but has no infrastructure in place.
- Chairman Flanagan reported Chesapeake has been slowing down on investment in dry gas areas, moving to wet gas areas. Regarding the dSGEIS several items do nothing environmentally, for example the bird count issue, all you gain is statistics. There is still the issue of NYSDEC staffing, permitting and coordination with other state agencies and how to issue permits based on the proposed SGEIS.
- No indication when the next Governor’s Committee will meet again.

**Consultant’s Report:**

Mr. Palmatier reported:

- In conjunction with Chairman Flanagan and Supervisor Bays he had assisted in preparing comments relating to the proposed NYSACHO committee report.
- A recent meeting with representatives from Southern Tier East to discuss a water sampling program and establishing a database for gathering all the information.
- The Camp Pharsalia proposal primarily in discussion stage. Concept to establish a test laboratory for researchers to work with industry to understand high volume hydraulic fracturing and develop industry best practices. Cornell University has no interest at this time in leading a project, some discussion with John Martin and University of Buffalo about the proposal.
- Discussion with Mr. Gordon, County Attorney about Natural Gas issues and provided considerable information relating to various road use proposals. There is a proposed draft County Road Use Agreement which will be presented to the Board of Supervisors, after PWS Committee review.

**Road Use Summit:**

Chairman Flanagan stated the previous County Public Works Committee Chairman had been contacted about a summit meeting with Cortland, Madison Counties and Mr. Northrup but information was not passed on to the PW committee members. The County Attorney is aware of the proposed meeting and it may be beneficial for him to attend to gather information for comparison to the County Road Use draft.

## **Gastem USA:**

Chairman Flanagan received an invitation for the Natural Gas Advisory Committee members to visit the Gastem Well site at the Hanehan Farm in the Town of Guilford to observe phases of the drilling operation. Mr. Tamsett will contact the committee to set a date for a visit when the drilling rig arrives.

Chairman Flanagan commented the availability of drilling rigs is up slightly nationally for oil/gas exploration. The number of natural gas rigs is 770, however NYS is looking less attractive for shale drilling anytime soon. The general assumption is Gastem and possibly Norse Energy will continue exploration as usual to the formations approved for permitting.

## **“Fracking”-Earthquake debate/NYC Watershed:**

Chairman Flanagan commented on the continued earthquake debate articles relating to natural gas exploration. The earthquake issue relates primarily to deep well injection not “hydro-fracking”. The injection wells must be pressurized and the fluid acts like a lubricate that lets it slip which may trigger an earthquake during pressurization. Hydro-fracking is pulsating action which releases pressures. Mr. Vickers commented on a recent article suggesting hydraulic fracturing in earthquake prone areas may release some of the plate pressure reducing potential earthquakes.

Mr. Smith commented there is not a lot of evidence that hydraulic fracturing causes earthquakes, Cornell’s Professor Howarth concurs with this conclusion.

## **Chapters 401 & 198 NYS Water and Public Health Laws (2011):**

Chairman Flanagan provided summaries of Chapter 198 (PHL Article 225) authorizing NYSDOH to share information with local health departments if the need is necessary to protect public health. This appears to allow disclosure of information. Questionable if this would apply to all circumstances. Chapter 401 (ECL, Article 15) relating to permit requirements for water withdrawal and PSC guidelines.

Discussion relating to well water issues:

- Chairman Flanagan commented that many water wells now test positive for coliform.
- Supervisor Iannello commented it is not uncommon for water obtained from a shale formation to naturally contain bacteria which has proven to be a problem.
- Chairman Flanagan stated there is an element of hypocrisy, why not test for coliform? Does anyone have the authority to tell someone not to drink their water?
- Mr. Smith stated 25%-50% of water wells are already not potable by definition. Chairman Flanagan commented on how the standards are continually changing to lower levels. Mr. Smith commented while he was in Vermont the water tested high in iron and arsenic which is toxic at high levels and they were advised not to drink the water.
- Chairman Flanagan stated based on the math, consumptive use of 91 million gallons a day is 1/247,000 of the SRBC projection of the amount of water passing under a bridge. Mr. Smith added the City of Syracuse PWS uses 40 million gallons of water per day.

## **Proposed EPA Oil/Gas rig emissions:**

Chairman Flanagan commented regulations appear to be including trucks, etc.

Mr. Palmatier stated there are two sets of regulations: stationary engines at the site and engines included in travel.

Chairman Flanagan commented on articles suggesting burning natural gas, directly from the gas well, in gas company equipment/vehicles should not continue. Mr. Palmatier commented there may be an issue of increased VOC levels.

## **Camp Pharsalia Proposal:**

Chairman Flanagan stated Supervisor Bays believes Governor Cuomo would want to partner with a research university on a proposal to utilize Camp Pharsalia as an experimental/training facility. At this time Cornell University is not interested in taking the lead. Mr. Smith questioned who would fund this proposal? Supervisor Bays had suggested NYSERDA may consider funding and they would have oversight capability for such a project.

Mr. Palmatier commented that Supervisor Bays had requested that he draft a proposal and felt it could demonstrate best practices to the public. The industry, regulatory agencies and public would all be involved.

Chairman Flanagan reiterated this proposal is just an idea for utilizing the vacant Camp Pharsalia facility.

Mr. Palmatier added as a side note that DCMO BOCES has started their project to convert a car to operate on natural gas.

## **Southern Tier East Water Meeting:**

Ms Jones commented on a meeting with Southern Tier East representatives regarding a grant application for a regional urban water testing program. There appeared to be limited understanding by STE as to what was actually involved in undertaking such a project. After further discussion it was agreed there was a need to communicate with other County representatives and Ms. Achimore to pursue the Social Justice grants that may be available.

### **Gas Well Mortgages:**

Chairman Flanagan commented on the recent well mortgages by Stryker. Mr. Palmatier stated it appears they are borrowing against the future production of the well. There are banks that specialize in this practice.

Mr. Butler added Norse Energy has similarly mortgaged some of their assets.

### **PA. Expanding Pipeline Oversight:**

Chairman Flanagan commented PA is adding pipeline inspectors. It appears the addition of pipeline in the state has initiated more oversight, possibly similar to the gathering line issues this committee has discussed.

### **Review of future meeting schedule and general discussion:**

- Chairman Flanagan spoke to Chairman of the Board of Supervisors Wilcox about continuing the Natural Gas Advisory Committee meetings. The consensus is to continue.
- Mr. Smith commented given the rate of natural gas development a monthly meeting would probably not be necessary.
- Chairman Flanagan proposed various options: meeting every other month, just regional meetings, or alternate between regional and Nat. Gas Committee meetings.
- Mr. Palmatier discussed the idea of providing a County information packet to gas companies when a company files a permit application to NYSDEC. Some items would include bus routes, safe travel times, location of public water wells, etc. The more information provided to Natural Gas companies is very useful for safety and public understanding.
- Mr. Smith commented the permit timeline may be a year or longer with various court cases. Is there any time line under the current scenario? Mr. Palmatier stated to his knowledge there has been no proposed finalization date.
- Chairman Flanagan commented applications that have been submitted to NYSDEC are being held with little/no review.
- Mr. Smith questioned if a lawsuit is filed does drilling stop? Mr. Palmatier suggested it would depend on the injunction.
- Mr. Palmatier stated the price of natural gas is not expected to rise too soon. This will not prevent some companies with leases to drill, even for exploration reasons.
- Mr. Smith stated the rate of development is different from the initial. Bradford, PA was used as comparison but development may never be as fast in this area. However it is a useful model for key indicators.
- Mr. Palmatier commented the Village of Hamilton will be receiving natural gas from a Dominion or Tennessee pipeline tap instead of a Norse Energy pipeline. PSC may have influenced this decision, as it may not be beneficial to be locked into one supplier as initially proposed.
- Norse Energy had inadvertently released a recent “partnering” with “Hartz Mt. Family Realty” involving numerous leases.
- Mr. Vickers questioned if the Natural Gas Advisory Committee has considered developing a Comprehensive Plan relating to Natural Gas practices, training, etc. Mr. Vickers discussed his recent meeting in Delaware County relating to what communities can do, etc. Ms. Jones suggested directing individuals and town representatives to the examples of laws, discussions, maps, etc. posted on the County Planning Department website.
- Mr. Palmatier commented many towns/counties may want to consider “Host Agreements”. A checklist is proposed summarizing various guidelines.

### **Taxation:**

Chairman Flanagan commented that the current tax system could expose taxpayers to major rate swings. Mr. Harris reported the tentative Ad Valorem unit of production tax has decreased nearly 16% from \$11.32 to \$9.54. Implication 50% production cut/decline=55.2% assessment decline. In conclusion the current system is not a good partner with the 2% Real Property Tax Cap for several reasons.

**Spacing Unit Issues:** The current regulations do not address how many wells on a site.

With no further discussion the meeting was adjourned at 9:55 a.m.

**Next Meeting: 8:00 a.m.- Tuesday, March 20, 2012**  
**Supervisors Board Room**

**Natural Gas Advisory Committee  
March 20, 2012**

**Attendees:**

Peter Flanagan, Chairman  
George Seneck, Supervisor T. Guilford  
James Bay, Supervisor T. Smyrna  
Richard Schlag, Supervisor T. German  
Stephen Palmatier, Consultant  
Kenneth Smith, Cornell Co-Op  
Gary Simpson, T. Plymouth  
Drew Piaschyk, T. Plymouth

Donna M. Jones, Dir. Planning  
Rena M. Doing, Planner

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

**Agenda Items for Discussion:**

**Consultant's Report and Norse Energy Update:**

Mr. Palmatier reported Norse Energy has been raising funds through bond agreements. The former CEO of Norse Energy, Øivind Risberg, Operator/owner of EmKey Energy, LLC., has acquired Norse Energy's gathering pipeline and right-of-way properties to complete construction of the pipeline in portions of the towns of Preston, McDonough, and German, where 90% of right of way property is leased. In addition a 37.5% working interest in operating production from active wells and viable well pads for future Utica Shale development from the ~22,000 acres of operated production; and a three year warrant to purchase 81 million shares at a strike price.

With the prospect of extending and completing a pipeline in Chenango County it may be advantageous to reconnect with Raymond Corporation and Mr. Craig, Commerce Chenango, to readdress the NYSERDA grant for a proposed pipeline corridor from Madison County to Raymond Corp. granted several years ago. This grant would be refunded by natural gas production entering the pipeline from wells along the pipeline route. Mr. Palmatier will contact Mr. Craig for clarification on the status of this issue.

If there is a prospect of this moving forward, Norse Energy and Raymond Corp. would have to negotiate usage, pricing, etc. There may be other potential users for natural gas in the Greene area, possibly the school, small manufacturers, or add this utility as a component of the Village Electric Utility.

Mr. Palmatier spoke at a meeting in Schoharie County about various impacts from natural gas exploration. It was suggested consideration be given to the development of energy corridors, for addressing the issue of more than one pipeline in a given area. There is the potential in the near future that two pipelines will be installed from the NYS/PA border along I-88 to the Albany area. Mr. Palmatier has contacted local surveyors and engineers about the potential of contracting with the pipeline company.

Mr. Palmatier attended the monthly Natural Gas discussion at Hinman, Howard, and Katell. There was discussion relating to compulsory integration. A client of the law firm was integrated and opted to be a "participating owner" at the hearing. The landowner assumed this option would entitle him to all well information including seismic data. The judge determined the "participating owner" is not entitled to seismic data only the well logs are attributable to drilling the well. The Attorney determined it would not be cost effective to pursue further action on the judge's decision. The general consensus is administrative law needs fine tuning regarding this issue.

There was a meeting with Delta Engineering and Attorney Clifford Tamsett, Gastem USA, relating to natural gas meter calibrating. In addition several engineering firms that have been actively contacting towns to develop road use laws/agreements. There was concern voiced if a road use agreement/law would adequately address road study funding and all the regulations government must comply with, for example prevailing wage.

Supervisor Bays questioned if Road Use Agreements are implicit in the dSGEIS? It is important to have the Road Use Agreements in place soon as several preliminary permits have already been filed. Mr. Palmatier commented there is no actual guidance in the dSGEIS but there is consideration given to good faith agreements addressing time of travel, routes, etc. We may want to consider a regional meeting with NYSDEC to discuss various concerns, however at this time Ms. Julie Ty, the contact person, does not have a speaker available. Mr. Palmatier will try to set up an appointment at the NYSDEC office.

Mr. Smith questioned if Road Use Agreements can supplement highway budgets by engineering the structure of the agreements to underwrite County/Town overhead, intangible expenses such as repairs plus administrative fees a cost plus agreement for highway departments. It was suggested that a Road Use Agreement should include pipeline construction.

Supervisor Bays asked if the County Attorney receives the natural gas minutes. Ms Doing will check with County Attorney Gordon if he would like to receive the minutes.

### **Re-schedule Supervisor Briefing:**

The County Board of Supervisors natural gas informational meeting scheduled prior to the March 12<sup>th</sup> Board of Supervisors meeting was poorly attended. It was suggested to reschedule and actively promote another informational meeting in the near future requesting an RSVP.

### **Town of Dryden & Middlefield Court Decisions-Hinman, Howard, Katell Opinion:**

The law firm of, Hinman, Howard & Kattell, LLP sponsors a monthly meeting in Binghamton to review various natural gas issues. Mr. Palmatier attended the recent monthly meeting at which time the Middlefield and Dryden cases were discussed. The court cases relating to zoning and natural gas in the towns of Middlefield and Dryden were ruled in favor of the towns. The attorney's felt the natural gas ban may not stand due to language relating to pipeline which is either the authority of NYS PSC or FERC. The judge did require amendment/omission of the wording in the existing zoning law. The general consensus is there will be an appeal by Anschutz to the NYS Court of Appeals.

### **County Planning Board 239 Reviews/Sidney:**

A request for a 239 Review request on a proposed pipeline to be constructed through the Town of Sidney was submitted by the Town of Sidney Planning Board to the Delaware County Planning Board. The Delaware County Planning Board did not support the Town's decision and sent it back to the Sidney Town Board. This action will require a super majority ruling by the Sidney Town Board, based on NYS 239 regulations.

### **Gastem, USA update:**

Gastem, USA has been issued a permit to drill a vertical well to the Oneida formation. However at this time there is no date as to when a drilling rig will be available to start drilling.

### **EPA Dimock PA Report/Lisa Jackson/Texas Report:**

Chairman Flanagan commented on the recent water testing articles. The EPA report on water wells tested to date in Dimock, PA indicated no contaminants present. Ms. Lisa Jackson, EPA Administrator, has stated there are no problems associated with high volume hydraulic fracturing of natural gas wells.

A study performed and completely funded by the University of Texas' Energy Institute at a cost of \$308,000 studied three shale areas: the Barnett Shale in North Texas; the Marcellus Shale in New York and Appalachia, and the Haynesville Shale in western Louisiana/northeast Texas disputed an earlier study by Duke University relating to a Marcellus well site where they found a buildup of dissolved methane gas in well water near "fracking" drills. Historically it was common knowledge methane, the main constituent of natural gas, naturally occurred in areas where Marcellus shale is prevalent before the drilling.

### **Natural Gas Act:**

A proposal of the Natural Gas Act is conversion of truck fleets and fueling stations from diesel fuel to natural gas. There has been some controversy about companies receiving subsidies vs tax incentives for making the switch.

### **Hydro Carbon Deed-buying mineral rights:**

Griffith Land Services, Inc. has been contacting Chenango County landowners offering to purchase oil and gas mineral rights. Griffith is interested in the purchase of all or a portion of the mineral rights whether the rights are currently leased or producing. This purchase would be for rights beneath the surface, no surface rights other than the right for the new owner to produce any oil/gas beneath the surface. The mineral rights would be lost forever, unlike a lease with a specific time period. This leaves the question if this is a true "deeded" sale and how to address the issues relating to deeded sales. Is this a "split estate?" This offer could be appealing to a retiree or individuals with health problems, that own a large tract of land, have no heirs interested in developing/maintaining farms, etc. in need of quick cash.

### **Chairman Flanagan commented on several natural gas articles and related items:**

- **USDA Mortgage Issue:** Department of Agriculture is considering requiring an extensive environmental review before issuing mortgages to individuals with leased mineral rights. This would affect the low-income Rural Housing Service and the Rural Business and Cooperative programs which have been exempt from reviews except for unusual circumstances. This move may reflect a growing concern that lending to owners with leases could be a violation of the National Environmental Policy Act. (NY Times, March 18, 2012, Ian Urbina)

A follow-up on this article, with various Divisions of USDA, indicated different opinions on this proposal within the agency.

- **Fossil Fuel Production on Federal Land:** There was a 9% reduction in production of natural gas/oil/coal on Federal lands in 2011, primarily in the difficult to reach locations.
- **Delaware County \$81B claim on NYC ban:** The Delaware County Board of Supervisors passed a resolution demanding reparations in the amount of \$ 81 Billion from NY City and NY State for the mineral property rights taken from county landowners under the proposed dSCEIS regulations. The proposed regulations would eliminate access to natural gas on at least 80 percent of the county's land base. (Mountain Eagle Staff-Erika Eklund)
- **Sierra Club takes \$26 M. from Chesapeake:** The Sierra Club took \$ 26M from Chesapeake Energy, one of the largest natural gas companies, during 2007-2010. The Sierra Club was increasing their efforts against coal-fired power plants and justified their decision stating "working with the best science at the time...staff determined that natural gas, while far from ideal as a fuel source, might play a necessary role in reaching clean energy and moving the country away from dirty coal." (Time Magazine, Feb.2012)
- **Penn State Review:** A recent Penn State report claiming "dry gas" areas are not as profitable as "wet gas" and will not be in high demand. The components of "wet gas" give an inherent advantage when marketing. This was contradicted by Chesapeake Energy. During a meeting in Damascus, PA a Chesapeake spokesman emphasized that "dry gas" is pure, does not have to be refined and can be pumped directly into a pipeline, which is a huge advantage from an environmental perspective.
- **Governor's Panel:** No meetings scheduled in the near future.
- **New Pipelines:** Williams Partners announced a interstate gas pipeline joint venture with Cabot Oil & Gas Corporation. A new 120-mile Constitution Pipeline will connect Williams Partners' gathering system in Susquehanna County, Pa., to the Iroquois Gas Transmission and Tennessee Gas Pipeline systems in Schoharie County, NY. Williams Partners also has completed the acquisition of the Laser Northeast Gathering System and other midstream businesses from Delphi Midstream Partners, LLC. The lines are planned to provide natural gas to large business and provide natural gas to a natural gas power plant in the lower Hudson Valley. A section of the "Constitution" pipeline will pass through a portion of Chenango County in the Town of Afton.
- **Road Use Law:** The Town of Columbus recently passed a Town Road Use Law. The County is reviewing for adoption a Road Use Agreement in lieu of adopting a law.
- **Cornell Well Testing:** Mr. Smith reported Cornell is nearly ready to start collecting well water samples for a water quality baseline study in Chenango County. The water will be tested for: methane, bromide, chloride, and suspended sediment, the indicators influenced by drilling.
- **Ithaca and White Paper on "Taxation":** Mr. Smith provided a review of the "**White Paper on Taxation Issues Related to Gas Drilling**" prepared by Tompkins County Council of Governments Gas Drilling Task Force Assessment and Land Valuation Subcommittee. This paper's primary focus is to suggest potential revenue streams from gas extraction to pay for local/state government costs. The research for the paper uncovered four conditions as necessary prerequisites to issuing drilling permits: **Severance Tax shared with local governments; New, accurate, verifiable methods of measuring shale gas production to insure fair taxation; Update the Unit of Production formula; and a minimum delay in collection of tax revenue.**

Mr. Smith submitted the following comments to the Tompkins County committee based on Chenango County's experience with Natural Gas:

- Natural gas drilling can result in dramatic annual fluctuations in tax revenues/tax rates as production and value varies;
- 2% tax levy cap may prevent towns from receiving additional tax income from production, unless they override the cap;
- NYS restrictions on towns holding large monetary reserves may be challenging for municipalities to save high tax income to offset the leaner production tax income;
- Ad valorem tax based on well head location would not produce income for an adjacent town when the gas may be coming from the adjacent town if a horizontal drill under that town. Impacts from drilling are by no means limited to the town where the well pad is located;
- Towns with lower tax rates will benefit less from natural gas productions than towns with higher tax rates;
- Road Use Agreements would be more effective then an ad valorem tax to cover road upgrades;
- It is critical to understand state tax policies when considering a severance tax.

**General Discussion:**

- Mr. Piaschyk suggested the committee meet in a month to address any pending issues.
- Extend an invitation to the County Attorney and Director of the County Highway Dept.

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

**Next Meeting: 8:00 a.m.- Tuesday, May 29, 2012**  
**Supervisors Board Room**

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

**Natural Gas Advisory Committee  
May 29, 2012**

**Attendees:**

Committee Members Present

Peter Flanagan, Chairman  
Steven Palmatier, Consultant  
George Seneck, Supervisor T. Guilford  
James Bays, Supervisor T. Smyrna  
Richard Schlag, Supervisor T. German  
Ross Iannello, Supervisor T. New Berlin  
Drew Piaschyk, T. Plymouth

Kenneth Smith, Cornell Co-Op  
Steve Harris, Dir. Real Property  
Rob DeClue, Soil & Water  
Donna Jones, Dir. Planning  
Shane Butler, Planner  
Rena Doing, Planner

Guest(s) Present

Melissa DeCordova, Evening Sun  
Brian Conover, CNY Coalition  
Erik Miller, So. Tier East

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

**Agenda Items for Discussion:**

**Consultant's Report /Norse Energy Update/ General Discussion:**

- Mr. Palmatier commented on the status of Norse Energy in Chenango County. At this time there are currently two (2) Norse employees in addition to sub-contracted well tenders servicing Chenango County.
- Supervisor Bays commented on issues yet to be addressed in the Town of Smyrna. Some residents are still waiting to be hooked up to natural gas from a well on their property or receive comparable compensation. There is also concern about reclamation of developed well pads that have been deemed inactive. There are issues with erosion at these inactive well pads.
- Mr. Palmatier advised Supervisor Bays that EmKey, LLC has acquired the majority of the wells and pipeline in the area. They are in the process of acquiring NYS licensing for well, compressor and pipeline operations. Mr. Palmatier suggested making a list of concerns and problems for EmKey, LLC.
- Supervisor Bays commented the road bond with Norse Energy was cancelled basically due to lack of activity.
- Chairman Flanagan commented on a recent meeting and presentation at Cornell University he and Mr. Palmatier attended. A point of discussion related to reclamation of a well site. The initial 4-6 acre pad, after reclamation, reverts to approximately one (1) acre to accommodate well production operations. Development of the thousands of natural gas wells in Pennsylvania has resulted in a minimal estimated loss of approximately 52 acres of agriculture land, after reclamation of the well pad.
- Mr. Palmatier, at the request of Supervisor Bays, is preparing a spreadsheet to quantify impacts of natural gas exploration. Supervisor Bays explained as a member of the Governor's panel he had received a request from NYSDEC Commissioner Marten's Assistant to quantify all potential impacts that may be associated with natural gas exploration. It is important to include schools, towns, county, and Ag land reclamation to name a few issues for consideration. Supervisor Schlag questioned inclusion of potential short to long-term health effects. Mr. Palmatier commented on his phone conversation with the Public Health Director in Garfield County, Colorado regarding any increased health issues that may have resulted from long term natural gas exploration in that county. At this time there has been no apparent increase in health problems. There has been an increase in preventive health care as a result of increased family income.
- The County Planning Department has been designated as a pass through to centralize natural gas information/data. Ms. Jones estimated 1-1/2 employee's time is designated to natural gas issues. This may be useful for the quantitative report.

**Taxation Report:**

Mr. Harris, provided a spreadsheet summarizing natural gas production income, based on the 2011 final assessment roll. The county received \$191,199.51; five (5) school districts in the county received a total of \$342,785.23. Sherburne-Earlville district received the highest at \$249,772.15; four (4) towns/fire districts received a total of \$106,121.18. The Town of Smyrna received the highest at \$77,664.78 and the fire district received \$11,007.28. The total tax to all entities in the county for 2011/12 School and 2012 Town & County was \$ 657,141.86. The school districts received the highest percentage (52.16%) of the total income. Chairman Flanagan questioned if there had been any delay in receiving the production figures from Norse Energy or the NYSDEC? Mr. Harris commented there was a lag in receiving the data but he finally tracked the information down. The lack of natural gas production did result in decreased assessment values for the towns of Plymouth, Smyrna and Preston.



### **Town Meetings:**

Several towns have hosted public town meetings featuring presentations on natural gas exploration: Plymouth, German, McDonough, Guilford and Smithville. Supervisor Schlag commented on the Town of German meeting. Mr. Les Roberts, Columbia University Professor of Public Health and town property owner voiced concern about potential health affects and requested the German Town Board consider adoption of a resolution requiring only non-chemical fracking fluids as a consideration by NYSDEC prior to issuing a permit for exploration of the Utica or Marcellus shale, involving high volume hydraulic fracturing. Supervisor Schlag stated he is in the process of preparing a resolution for discussion at their Town Board meeting and determine if they should move forward with a public hearing to pass a resolution.

### **NYS Town Law 264 & 265 relating to notification:**

Chairman Flanagan provided an overview on the procedure for passing a law in towns, based on NYS Town Law requirements. Ms. Jones commented on the recent resolution passed in the Town of Butternuts, Otsego County. Ms. Jones notified Otsego County Planning Department about the lack of notification of the public hearing for the resolution to Chenango County and the towns of Guilford, Norwich and New Berlin. Ms Jones received a call from NYS Department of State asking if Chenango County or any adjacent municipalities had received notification of the public hearing prior to passage of the Town of Butternuts resolution. NYSDOS had received a call from an individual in Otsego County questioning if the proper procedure outlined in NYS Town Law 264 & 265 had been followed. The NYSDOS representative had stated based on a 1990 court case between B&L Development Corp. vs. Town of Greenfield it was determined a moratorium or ban is a change in zoning or a type of zoning requiring towns to follow NYS Town Laws 264 & 265. Handouts of NYS Town Law 264 & 265 were given out to committee members.

Discussion continued relating to the process of the laws and 239 Review:

- Adoption of a zoning ordinance or local law is a requirement of 239 Review.
- Notification of public hearings is required to give adjacent towns, counties and landowners the opportunity to voice an opinion.
- Landowners have the right to petition for a recall vote if a law/resolution has potential to affect 20% of adjacent lands.
- There was a question on the timeline for notification and submission of a signed petition from landowners or adjacent municipalities to initiate a recall vote.

Chairman Flanagan stated the towns of Virgil and Harford were not notified prior to passage of the Dryden resolution. Ms. Jones stated she had contacted Tompkins County Planning and they were not aware of NYS Town Law 264 & 265 requirements. Mr. Piaschyk commented it appears due process was not followed.

### **Coalition Resolution:**

Chairman Flanagan introduced Brian Conover, President of Central NY Coalition. Mr. Conover spoke on behalf of their member landowners regarding natural gas exploration and the importance of encouraging NYSDEC to consider Chenango County in shale development. The CNY Coalition members have strived to maintain balance between protecting the environment and economic development. Their organization is comprised of landowners representing ownership of 204,000 acres, of which 130,000 acres is in Chenango County. A map indicating leased, CNY membership and NYS lands was presented as visual confirmation that Chenango County is more supportive than against natural gas development.

Mr. Conover is seeking the support of the Natural Gas Advisory Committee to advise the Chenango County Board of Supervisors to consider adopting a resolution in support of landowner's rights. The Governor's office had encouraged Coalitions to seek support for shale exploration from their respective towns and counties.

Chairman Flanagan commented this committee's role is to advise the Board which would be pertinent after the SGEIS is passed. He suggested distributing a copy of CNY's cover letter, proposed resolution and map to each County Supervisor so they can discuss the CNY proposal with their respective town board members before proceeding with any proposal to the full board.

### **General Information and Discussion:**

- Chesapeake has been actively leasing properties in western Chenango County primarily in the towns of German, Pitcher and Lincklaen. Mr. Conover commented Chesapeake had previously stated the leasing rate was approximately \$ 250.00 per acre
- The Government Accounting Office (GAO) has estimated the Green River formation, primarily on US government owned land in Colorado, Utah and Wyoming, has the equivalent of three (3) trillion barrels of oil shale, 50-60% recoverable. In testimony before US Congress this triples oil availability in the world. Mr. Piaschyk commented that Argentina is making similar claims about availability of oil/gas. Mr. Palmatier stated the USA has some advantage with proximity to the major markets.
- The "Park Foundation" funded a study relating to migration of hydraulic fracturing fluids. Mr. Piaschyk commented on the

NRDC study. The emphasis is not on restriction but regulatory incorporating “best practices”, with the primary focus on water treatment and usage. The agency has reviewed this as the bridge between fossil fuels to renewables.

- Mr. Palmatier provided information relating to treatment of drilling wastewater at the well site. This process described in a recent SPE International paper (SPE-145454-PP) “Hydrozonix” utilizes an advanced oxidation and precipitation process to treat flowback water directly at the wellhead. The process eliminates the use of biocides necessary to treat sulfate-reducing bacteria that create problems in the well. This process is mentioned in the SGEIS.
- GasFrac will play an active role in Ohio shale exploration. There continues to be discussion in the industry on how effective this process will be in respect to safety issues involving remote operation and if the propane gel will effectively dissolve the salts. Some geologists express doubt about the effectiveness of “GasFrac” as fresh water is the most affective agent for dissolving salts in the formations. NYSDEC guidelines mandate “develop/extract” all minerals. It remains questionable if GasFrac will adequately meet this mandate. Company claims the propane gel does not swell the clay. Mr. Smith commented GasFrac uses a phosphate ester but the literature does not indicate which phosphate ester. NYSDEC would require full disclosure in the permit application.
- PA has calculated \$ 3.5 billion from production plus minimum of \$400 million in royalty payments. This supports the argument to keep any taxing, including a severance tax, local.
- Broome Community College hosted a “Drilling Expo” which was well represented and attended. There has been a decline in well drilling rigs and operations however job opportunities will still be available for instillation of pipelines and compressor stations requiring: surveyors, truckers, engineers, welders, etc.
- The final EPA water test results have been released for the Dimock, PA residential water wells. Findings were basically negative with no samples exceeding maximum contaminate levels (mcl) for all parameters tested.
- Pipeline work appears to be eminent. A short section of the proposed “Constitution Pipeline” will run through the towns of Afton and Bainbridge. There are early indications the project is moving forward with activity in: property owner and environmental surveys; archeological studies, etc. The Windsor-Colesville Coalition is proposing to form a Pipeline Coalition. EmKey, LLC recently acquired Norse Energy pipeline and is proposing to extend the existing pipeline when Norse commits to supplying a given volume of gas to sustain operations. Pipelines will be necessary to ultimately move large volumes of natural gas to New England and NYC.
- Mr. Smith reported on the Cornell baseline well water testing program for Chenango County. Approximately ½ of the designated sampling locations have been collected, with approximately five (5) random samples per town. They are testing for: dissolved solids, arsenic, and methane isotopes. Mr. DeClue commented some sample results are available with additional results expected in 2-3 weeks. The final sampling results will be posted with no property owner or specific locations indicated.
- Supervisor Seneck requested the Natural Gas Committee provide some direction for the towns. Mr. Palmatier stated some guidance will come from the quantitative guidelines. The committee continues to encourage agreements in lieu of laws, as there is always concern about enforcement of a law. Encouraging towns to consider using the County Road Agreement when it is finalized to maintain consistency. Supervisor Iannello commented if there is a Road Use law in place you could also have an agreement, it is important to be fair and not too restrictive.

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

**Next Meeting: 8:00 a.m.- Tuesday June 26, 2012**  
**Supervisors Board Room**

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

**Natural Gas Advisory Committee  
June 26, 2012**

**Attendees:**

Committee Members Present

Peter Flanagan, Chairman  
Steven Palmatier, Consultant  
George Seneck, Supervisor T. Guilford  
James Bays, Supervisor T. Smyrna  
Richard Schlag, Supervisor T. German  
Kenneth Smith, Cornell Co-Op  
Bradd Vickers, Chen. Co. Farm Bureau

Marcas Flindt, Public Health Dir.  
Shane Butler, Planner  
Rena Doing, Planner

Guest(s) Present

Melissa DeCordova, Evening Sun  
Brian Conover, CNY Coalition

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

**Agenda Items for Discussion:**

**Proposed Resolutions:**

Chairman Flanagan handed out an informational packet addressing concerns outlined in Section 7.4 of the Revised Draft SGEIS, relating to the Forest/Grassland Focus section. The NYS Farm Bureau submitted their concerns to the NYSDEC during the dSGEIS comment period refuting the statement: "the two main reasons for declining grassland bird population in New York State's grassland focus areas is modern agricultural harvesting methods and the encroachment of housing and support infrastructure". The Ruffed Grouse Society did not submit any comments but are supportive of the NYS Farm Bureau's statement.

Chairman Flanagan is requesting the Natural Gas Advisory Committee prepare a resolution for consideration by the County Board of Supervisors to weigh in on their concerns stating how this would affect Chenango County. Discussion continued:

- Chairman Flanagan pointed out the dSGEIS should apply the same grassland and forest focus area regulations to natural gas exploration as they do to other construction projects. There is no shortage of state forest in Chenango County, ~ 30-40,000 acres of Red Pine or soft wood forest. It would be beneficial to open up some of the forest areas allowing more diversity.
- Mr. Smith suggested the goal should be to create a high standard and not a double standard by requiring natural gas companies to meet a different set of standards.
- Chairman Flanagan and Mr. Smith suggested there should be inclusion of a science based approach and not contradiction of the NYSDEC management practices telling landowners how to manage land and forest creating a burden for landowners.
- Mr. Smith commented it may be beneficial in areas of NYS to recognize the need but may not be needed in Chenango County, important to have a balanced approach.
- Chairman Flanagan questioned the definition of grassland and forestland as it is not adequately defined in the dSGEIS.
- Mr. Smith commented NYSDEC currently controls 15% of Chenango County. Request NYSDEC focus on fact that Chenango County is now ~70% forested compared to 40% in the 1950's.
- Mr. Vickers made the motion to prepare a draft resolution outlining the effects of Section 7.4 in the dSGEIS, relating to Grassland/Forestland, would have on Chenango County landowners. The prepared draft will be reviewed by the Natural Gas Advisory Committee prior to submission to the County Board of Supervisors at the July 9, 2012 Board meeting, second by Supervisor Bays, all ayes in favor of preparing the draft resolution.

Chairman Flanagan proposed a second resolution, from the Natural Gas Advisory Committee, encouraging the County Board of Supervisors to move forward with adoption of the County Road Use Agreement, prepared by the County Attorney and reviewed by the Board of Supervisors. In addition to the proposed Road Use Agreement the resolution will give authorization for the County Attorney to negotiate with all natural gas exploration companies in the area once the SGEIS is approved. Supervisor Schlag motioned in favor of preparing a resolution, to be reviewed by the Natural Gas Advisory Committee members, prior to submission to the County Board of Supervisors at the July 9, 2012 Board Meeting, second by Supervisor Seneck, all ayes in favor of preparing a draft resolution to move the County Road Use Agreement forward.

Chairman Flanagan opened the floor to discuss a potential third resolution relating to the CNY Landowners Coalition request, at the May meeting, for support of a County Resolution Protecting Landowners Rights.

Discussion continued on support for a resolution:

- Supervisor Schlag questioned if Gov. Cuomo's statement is implying a town must give final approval prior to NYSDEC issuing a drilling permit. It was unclear in the recent statement released by Gov. Cuomo.

- Mr. Smith sees this as the Governor straddling the decision. There have been several issues that NYSDEC has to take into consideration for example any zoning and town or Planning documents.
- Chairman Flanagan commented on the statement made previously by the Governor that “Home Rule” cuts both ways.
- Chairman Flanagan suggested each town must weigh in, this is not a county decision. Several towns have existing and proposed natural gas wells.
- Mr. Smith questioned why would a town take action, unless a town has a desire to move forward with some type of zoning or planning action a town may choose to remain silent? Many towns may not be in areas ideal for development, especially for Marcellus.
- Supervisor Bays commented his concern is not based on Marcellus but the Utica formation. He feels it is a towns’ responsibility to take action. No comment or action also sends a message. He is not in favor of making a statement for or against natural gas exploration.
- Mr. Vickers commented the “jury” is still out on what towns can or can not do. Mr. Vickers feels the push has been on towns banning natural gas. A decision by a town board could result in legal action costing the town taxpayers considerable expense in legal fees.
- Supervisor Bays stated there is nothing wrong with a town board expressing sentiment in lieu of an action.
- Supervisor Schlag stated the Governor appears to be saying if a town expresses a “sentiment”, via some mechanism, stating they do not want natural gas exploration, through some legal means or document the state will look in another direction. It would be inappropriate for the County to express an opinion as the statement implies this is a town issue.
- Chairman Flanagan stated “Home Rule” does not apply to the County, it applies to the town. This is a town matter. Each town will have to make the call. Every town is represented on the County Board and many are new Supervisors struggling with this issue to some extent. If the County had the power to do this, he would not advise the Board to not do this. The Natural Gas Advisory Committee is here to advise the County Board of Supervisors.
- Mr. Vickers commented he is concerned that towns will pass resolutions based on pressure from non property owners and individuals attending meetings from outside the area perhaps overriding landowners’ opinions and sentiment.
- Mr. Conover commented on the statement that a “plan floated” by the Governor’s Office last week, but this is nothing new it has been in discussion for at least two months. We are not hearing the plan to do nothing.
- Supervisor Bays commented he had a discussion with a Commissioner’s representative regarding this discussion but he is not at liberty to comment at this time.
- Mr. Conover commented on the County Comprehensive Plan and there appears to be positive perspective for natural gas development.
- Mr. Palmatier commented the draft outline of the natural gas section in the County Comprehensive Plan is supportative of development of the natural gas industry in Chenango County, it is already here. However this section is incomplete without finalization of the SGEIS. We have tried to encourage energy corridors and local use of natural gas for commercial and residential use. Commerce Chenango addressed support of natural gas in the 2006 County Strategic Plan.
- The question was asked how would a town board, fairly adopt a resolution addressing natural gas exploration in their town.
- Supervisor Schlag stated he would encourage a referendum for a public vote. Chairman Flanagan stated he would refine that by allowing property owners to vote.
- Chairman Flanagan commented the way our government works if a board votes on it and their constituents disapprove, they can be voted out. The CNY map is instructive. Based on the map landowners and the State comprise a major portion of the County with the potential to benefit.
- Supervisor Schlag commented he would question the accuracy of the CNY map. There are property owners that leased early and now regret it. Many have joined Coalitions with hopes of moving forward but now may have second thoughts or change of mind. In terms of the CNY resolution Supervisor Schlag feels this committee needs to stay neutral in some sense and not recommending any policy, pro or con. He is concerned about the capability of NYSDECs’ oversight of this program. This is his primary concern.
- Chairman Flanagan agreed and disagreed with Supervisor Schlag. NYSDEC is perfectly capable of handling the program if they are allowed to do it without political interference. He added he is not in favor of taking the resolution as written. It basically comes back to the towns. Chairman Flanagan polled the committee members for their opinion on a general resolution in support of natural gas development in Chenango County. It does not have to be married to the CNY resolution.
- Chairman Flanagan asked Mr. Conover if any Counties have passed a resolution. Mr. Conover stated Delaware and Broome Counties are working through a resolution. The uniqueness of Chenango County is the structure of the Board of Supervisors with representatives from each town. CNY feels the concept of the resolution is not too premature. The resolution can be at any level of sentiment. If there was any concern about environmental harm CNY would not encourage a resolution. Whether by towns or the county
- Supervisor Bays stated he feels a resolution should be on the town agenda. No town should have any sentiment sent to them from the County it is strictly a town’s decision, “to me that is Home Rule”. Secondly relating to the Governor’s floated plan. It is important to recognize our concept of a public/private partnership by conducting a pilot study within a sparsely populated area of the five county region mentioned by Governor Cuomo. This would provide an opportunity for academia to weigh in by obtaining creditable data to answer the questions and concerns of the public.

- Supervisor Schlag stated the Town of German has concerns relating to potential water problems in the future. He feels a resolution or decision should be at the town level. He feels it is inappropriate for the County to say they are open for natural gas drilling. It should be left to the towns to work out the sentiment.
- Mr. Palmatier stated that any resolution at a town level conflicts with NYSDEC law. He does not think a resolution should dictate it should state the preference of the town. He feels this committee needs to be available and prepared to answer questions for the Supervisors.
- Mr. Smith stated he does not advocate for anything. The choices are to do nothing, the other is how do you support a resolution on something you have not seen. Should the County consider a resolution it should be based on science, and treating natural gas development on an equal footing with other industrial development in the County. The County is a landowner with the potential to participate based on ownership, and potential of integration. The logical pieces for a potential resolution would be: we strongly support a science based approach that puts safety and environmental protection first, which treats natural gas with an equal basis with other industrial development. This would be the basis.
- Supervisor Seneck stated the Town of Guilford at this time has agreed to not take a position on the resolution. The Town Board is not supportative of discussing topics or proceeding. Towns need to discuss the pros and cons, gather information. He agrees this is a town issue and is not in favor of a County resolution.
- Mr. Conover stated these discussions enforce the concept that the towns are not the place to leave the decision. The expertise is not available. Chenango County has had the greatest lead time, does there need to be pro-activity from the Natural Gas Committee? Is there a way to advise towns and encourage them to move forward? Doing nothing the landowners suffer, not those against drilling.
- Chairman Flanagan stated NYS has stifled natural gas drilling, not the County, not the town. The state does not have the political courage to make the call. Now the state is throwing to the local level. Personally he feels we can proceed with a high degree of safety. He stated it might behoove this committee to make a recommendation. It appears we do not have a majority of this committee to make a resolution, but he is not against a resolution. The sentiment of the committee is this should be at the town level and not sent on to the full board as written, but he would advise the towns they better make the call. Chairman Flanagan stated he would support a generic resolution focusing on science this might be more palatable for example: "We are in favor of a plan for development of natural gas resources within "town" that safeguards all aspects of local environment while recognizing the established rights of property owners." What is being ignored in this discussion is the property owners. They are not a special class but there is term called the "tyranny of the majority". Natural gas development is here, you can only go so far and so long with the "what ifs". Every town should make the call, if they have questions ask.
- Mr. Palmatier commented the towns are inundated with inaccurate, unbalanced presentations. It is a big issue and how do you discuss the inaccuracies when you are prevented from refuting the inaccuracies. The ongoing discussions and disputes relating to contaminating water is a major concern. NYSDEC Commissioner Martens has repeatedly stated these concerns were addressed in the previous revision of the GEIS.
- Mr. Conover commented it would seem feasible for towns to defer concerns to the state. The State has the expertise and has done the research and work. A third party would assist towns in providing information to aid in decisions.
- Supervisor Flanagan asked for a final comment of the CNY Resolution. Discussion indicated crafting a new resolution for consideration by the Natural Gas Committee, fact based, not speculation. Mr. Smith, Mr. Palmatier and Chairman Flanagan will prepare a draft for the July meeting.
- Mr. Conover questioned when a draft resolution would be ready for the full Board of Supervisors. Chairman Flanagan stated it will probably go into the next month.
- Ms. deCordova questioned if the resolutions would require review and approval of the County Planning & Economic Development Committee prior to presentation to the Board of Supervisors. Chairman Flanagan stated the general procedure is through Committee to the Board however a committee Supervisor can present a resolution at the Board meeting.
- Mr. Smith commented it appears the Governor is pushing Towns to rush things through and unfortunately the governmental system does not work that way. Supervisor Flanagan suggested taking the Road Use and Forest Focus Resolutions to the respective Committee Chairmen, Public Works and Planning/Development, for discussion and approval by the respective committee. The third proposed resolution, relating to support of natural gas exploration, will be reviewed for comments by the Natural Gas Advisory Committee. It is important to move the resolutions forward in a timely manner.

### **Consultant's Report:**

- Mr. Palmatier met with the Williams Pipeline consultants, relating to the proposed Constitution Pipeline construction in the towns of Afton and Bainbridge. A copy of the Chenango Directory, listing local contractors/suppliers was provided for their use.
- Mr. Palmatier and Chairman Flanagan had a meeting with Empire State Development, LLC and Hartz Energy Holdings, LLC representatives. Chairman Flanagan provided a summary of the meeting: Empire State Development is a private equity purchased 22,500 acres of Norse Energy undeveloped leased property. Hartz Energy Holdings, LLC is primarily an investment company. Empire State Development, LLC has partnered with Williams in addition to other large corporations on drilling related projects. They have offered drilling experience in PA, Texas and West Virginia. Griffith Land Services is

acting on behalf of Hartz Energy Holdings purchasing mineral rights in the County. Chairman Flanagan voiced concern about the Griffith Land Services purchasing mineral rights. Landowners maybe taking the deal due to loss of income from the delay in moving natural gas exploration forward. Hartz Energy Holdings, LLC is looking at a timeline up to 2045, 30+ years, a multi-generational investment. Mr. Palmatier commented that companies are making these investments not for an immediate return on their investment but as a future investment.

#### **Cornell Well Testing / Otsego Report:**

Mr. Smith commented the Otsego County testing is primarily baseline tests with no outstanding problems. The Cornell water testing project is over 50% complete. Some interesting results about the baseline methane in the County where one section of the County has naturally occurring baseline “thermogenic” methane, however it is not uniform throughout the county. The “thermogenic” methane is a trend across the county. They are conducting methane analysis to determine where the methane is coming from and how it was produced. At this time there is no data on formation methane. When drilling begins the isotropic signature will be apparent when a corresponding natural gas well is drilled.

#### **Pipeline Updates:**

- Chairman Flanagan commented the Hartz Group has rights to utilize the existing pipelines.
- Mr. Smith questioned if there is any noticeable opposition to pipelines throughout the County. He has received requests for educational programs on pipelines.
- Mr. Vickers commented the Farm Bureau and this committee have sponsored pipeline educational programs and there are some additional programs scheduled. Some of the opposition may be related to an extensive movement focusing on pipeline leasing some attorneys are concerned property owners are signing leases without adequate legal consultation.

#### **General Discussion:**

- Mr. Vickers attended a meeting in Ithaca, NY relating to potential leasing affects on homeowners insurance. Senator Seward, Insurance Representatives and knowledgeable Attorneys were in attendance raising concerns about potential affects on homeowner coverage on a gas leased property. Would your typical homeowners insurance cover any problems? The reality is when any commercial operation takes place on a property the property owner should ensure that the contractor provides proof of insurance. It appears many insurance companies currently have no major issues offering homeowners insurance to individuals with leases. Some Coalitions address this issue in their leases.
- Mr. Vickers commented on the video “Truthland” and recommended all members view it.

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

**Next Meeting: 8:00 a.m.- Tuesday July 31, 2012**  
**Supervisors Board Room**

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

**Natural Gas Advisory Committee  
July 31, 2012**

**Attendees:**

Committee Members Present

Peter Flanagan, Chairman  
Steven Palmatier, Consultant  
George Seneck, Supervisor T.Guilford  
Richard Schlag, Supervisor T. German  
Gary Simpson, T. Plymouth

Shane Butler, Planner  
Rena Doing, Planner

Guest(s) Present

Brian Conover, CNY Coalition  
Erik Miller, So. Tier East  
Melissa DeCordova, Evening Sun

The July monthly meeting was called to order by Chairman Flanagan at 8:00 a.m. Chairman Flanagan noted an error in the June 26, 2012 minutes relating to Griffith Land Services "leasing option." This should have stated "purchasing mineral rights". The minutes were approved as corrected.

**Agenda Items for Discussion:**

**Griffiths Land Services:**

Discussion continued on Griffith Land Services continuing to purchase mineral rights in the County at a rumored price of \$1500 per acre. The mineral rights purchase may not necessarily include all the mineral formations. Concern has been expressed that according to NYS Law it is not required that all parties with joint property ownership agree on the sale of the mineral rights, one owner can complete a mineral rights sale transaction.

Mr. Miller questioned if loss of mineral rights devalues the property? NYS Office of Real Property Tax Services and the Assessor make determination which is reflected in the equalization rates. Are we moving toward a "split estate" situation which could involve numerous splits on a property, if so lending institutions have limited knowledge on how to appraise.

**Town resolutions re: Natural Gas:**

To date seven Chenango County towns have adopted some type of Resolution relating to Natural Gas development. The towns of Afton, Bainbridge, and Guilford adopted the CNY Coalition suggested resolution. The towns of German, Preston, Coventry, and Greene adopted a general resolution recognizing NYSDEC expertise, owner's rights and natural gas exploration. Town of German Supervisor Schlag commented their resolution is basically not opposed to natural gas exploration they are merely requesting NYSDEC give consideration to their request for "food grade" hydraulic fracturing fluids, to reduce residents' fear of potential ground water contamination. There has been some discussion in the remaining towns whether to consider adopting some type of resolution or to remain neutral allowing NYSDEC to complete their review of the draft sGEIS.

**Pipeline Updates:**

On July 19, 2012 Williams, Cabot and FERC hosted an informational meeting in Afton relating to the proposed routes for the interstate Constitution natural gas pipeline. The meeting was an opportunity for local residents, businesses and landowners to discuss concerns and questions with company representatives. Assemblyman Lopez is advocating for the pipeline to follow the I-88 corridor. There are some areas along I-88 where this may not be feasible due to narrow strips of right-of-way near the river or deep rock formation areas.

EmKey, LLC owns the existing natural gas wells and pipeline in Chenango/Madison County. NYS may view the pipeline as a gathering system until it reaches a compressor station where the natural gas enters the primary line, transferring custody of gas. There is joint cooperation between Norse Energy, Inc.; EmKey Resources, LLC and investors to utilize existing pipeline and proposed future lines. There is a proposal for a pipeline loop in the Town of McDonough. It is important to consider energy corridors and maintain cooperation between companies where "choke" points could have the potential to inhibit development. The NYSDEC draft sGEIS does not address pipelines.

Natural Gas metering, under the jurisdiction of NYSA&M, has been an ongoing topic of discussion. The primary question is a natural gas company utilizing the services of a certified meter calibration company and where is the meter calibration documentation maintained. The County Weights & Measures staff should act as an oversight agent documenting calibration to NYSA&M. Too often natural gas quantities are under reported due to orifice adjustments on the meter. Not all gas is metered as the company will consume some gas from the wellhead to dry the gas before it enters a pipeline.

Mr. Palmatier recently met with EmKey, LLC representatives to discuss pipeline and well development in Chenango County. The Texas Snyder family and various other wealthy individuals are privately investing in natural gas exploration. This raises the question of company capitalization and ownership.

EmKey, LLC has discussed the possibility of providing local natural gas to local businesses and communities in the county. EmKey's plan proposes infrastructure development for the next twenty (20) years. Mr. Miller questioned if any municipalities could access natural gas as a municipal utility, or possibly formation of Utility Co-ops. Mr. Palmatier commented that according to NYS Public Service Commission guidelines EmKey Resources, LLC would have available nineteen (19) "taps" or change of custody sites along their pipeline that could be made available to municipalities, existing large industries for example Raymond Corporation; .Chobani, or as a tool to entice additional industry for economic development in the county.

The Village of Hamilton has been working with various natural gas suppliers in addition to discussions with EmKey as a potential natural gas supplier to the Village and Colgate University. The EmKey natural gas wells and gathering lines are in close proximity to Hamilton and other villages offering the attraction of less expense for access to local natural gas.

Supervisor Schlag commented on the prospect of a county entity, Co-Op, etc. taking possession of one of EmKey's "taps". This would only involve one (1) tap providing an opportunity for residents and businesses to access natural gas throughout the county along potential planned building corridors. This could be a definite advantage to the county. The suggestion was made to review the original pipeline proposal from Madison County through Chenango County to Greene funded by NYSERDA.

### **Consultant's Report:**

Mr. Palmatier commented on development of a proposed wood products industry on the EmKey property in the Town of Plymouth, natural gas would be readily available for the industry process. Bailey Lumber, Smyrna and Wagner Lumber, Afton could benefit if natural gas was readily available to supply the heat source for the drying kilns similar to Dutchess Lumber in Cortland County.

Mr. Miller commented on the switch grass/pellet business outside Sidney. Bio diesel fuel is produced from switch grass.

Unfortunately this process does not generate enough heat and large industrial users require >100,000 gallons to operate. Many industries have converted to natural gas locating in close proximity to natural gas pipelines.

Mr. Palmatier stated Emkey, LLC has expressed interest in drilling additional natural gas wells in the Herkimer formation in Chenango County to provide an adequate supply of natural gas to their pipeline for potential customers.

### **Cornell and Smyrna Water Well Testing:**

The Cornell University private well water study is near completion. They are waiting for the final test results. Some of the samples are tested at Cornell University for the study project and some are sent to certified laboratories. The methane sampling is conducted at laboratory in California.

Ms. Linda Achimore has been granted funds to conduct a well water study of residents within a designated distance from an existing natural gas well in the Town of Smyrna.

The Sierra Club and Trout Unlimited have proposal to sample various surface water supplies in the Southern Tier counties.

### **General Discussion:**

- NYS Democratic Senator Avella, with the support of the Democratic majority, has promised to ban hydraulic fracturing in NYS when they return to session.
- Senator Magee has presented Senate bills to delay adoption of the sGEIS to allow time for health studies. Additionally he supports "Home Rule".
- Homeowners Insurance issue: Coalitions are requiring the natural gas company's insurance provider to cover any potential natural gas related incidents; this would basically be an inconsequential expense for a large natural gas firm.
- It was suggested the numerous NYS specifications for Timber sales could be relevant as a component for regulating natural gas exploration.
- Natural gas fueled cars will be twice the number of electric cars in 2013. GE is developing a home natural gas fueling station to meet the potential demand. Mr. Palmatier suggested it may be beneficial to have a Regional Meeting to discuss the impact and infrastructure required to accommodate the potential of natural gas vehicles for business, schools and government.
- The United States is the only industrialize nation in the world to reduce carbon dioxide emissions.
- Mr. Miller suggested a meeting with Mr. Bombgart, Broome County to discuss the potential of natural gas distribution through out the County.
- Chairman Flanagan stated the County Road Use Agreement was made available to all the Town Attorneys for review and feedback from attorneys and town boards.
- The general consensus of the Natural Gas Advisory Committee is to not make a recommendation to the County Board of Supervisors relating to adoption of a County Resolution to support Natural Gas Exploration. The County should not influence the towns. NY is a Home Rule State and any decision relating to natural gas should be the responsibility of the town. Chairman Flanagan offered to provide any assistance to any town relating to natural gas issues. Mr. Conover



questioned if there is anyway the Natural Gas Advisory Committee can interface with the towns. Mr. Palmatier has attended several town meetings to discuss and respond to questions relating to natural gas issues.

- A memo will be given to each Town Supervisor offering Chairman Flanagan's and Mr. Palmatier's service to address questions relating to natural gas.

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

**Next Meeting: 8:00 a.m.- Tuesday September 25, 2012**  
**Supervisors Board Room**

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

**Natural Gas Advisory Committee  
September 25, 2012**

**Attendees:**

Committee Members Present

Peter Flanagan, Chairman  
Steven Palmatier, Consultant  
George Seneck, Supervisor T. Guilford  
Richard Schlag, Supervisor T. German  
Ross Iannello, Supervisor T. New Berlin  
Steve Harris, Dir. Real Property Tax  
Marcas Flindt, Dir. Public Health  
Bradd Vickers, Chen. Co. Farm Bureau

Shane Butler, Planner  
Rena Doing, Planner

Guest(s) Present

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

**Agenda Items for Discussion:**

**Smyrna Water Testing Program:**

Mr. Palmatier commented on the Smyrna well water testing program. The program initiated by Ms. Linda Achimore was funded by a grant from the George Bingham Foundation. The Community Science Institute has been contracted to perform the water analysis on the water samples. A press release and letters outlining the project have been sent to the Town of Smyrna Supervisor and Board members. A copy of the letter has been requested for our files. Mr. Palmatier will follow up.

Ms. Achimore contacted the County Planning Department advising them their committee is considering offering well water testing to all the town private well owners in lieu of only the properties within a designated distance of existing natural gas wells as originally proposed.

The water well locations will be sited on GIS mapping.

**County Water Well Testing by Cornell:**

Mr. Vickers provided an update of the Cornell Well Water testing program for Mr. Kenneth Smith. Samples were taken at five (5) residences in each town throughout the County. The water tests results are being sent to the property owner. Mr. Smith will provide a summary of the sample results at a later meeting.

Some early water test results indicated naturally elevated levels of methane in the southwest section of the County.

**Drilling Cuttings Disposal:**

Mr. Palmatier stated Mr. Smith had voiced concerns that drilling cuttings could not be disposed at the County landfill. Chairman Flanagan clarified the initial refusal to accept drilling cuttings at the County Landfill was due to the waste water guidelines at the City of Norwich waste water disposal plant. The County landfill leachate is treated at the City wastewater plant. Mr. Ivarson had voiced concern about the potential for increased radioactivity from the formation cuttings. New studies indicate this has not been an issue if cuttings are spread 35 ft. above the leachate collection tiles to prevent oxidation. Based on a study by Bruce Selleck, cuttings down to the Marcellus formation do not exhibit increased background radioactivity or heavy metals.

Chairman Flanagan stated clay is primarily present to a depth of 200ft. at the landfill. However it is not an efficient cover as it fills the waste cells quickly. Construction debris has worked well for covering the waste cells and drilling cuttings have been found to make excellent cover where it has been permitted. Allowing drilling cuttings for daily cover at the landfill could potentially quadruple the County income up to \$ 800,000 per year. Shipping the debris out of the County would increase the potential for road damage. However, accepting cuttings would require a change in the County law.

Mr. Palmatier stated he will be attending a seminar at Penn State, October 10-12, 2012. One of the items on the agenda at this program relates to cuttings which may be helpful in discussion with Mr. Ivarson.

**Implications of the Health Study:**

County Public Health Director Marcas Flindt stated he was surprised NYSDOH will be conducting a health assessment on the NYSDEC sdGEIS, but it is needed. The NYS Health Commissioner stated it may be 6 months before a report is ready. NYSDOH will be working with consultants to provide an evaluation of sdGEIS. It is unclear if NYSDOH will conduct an actual health study or provide an evaluation of current NYSDEC report?

In January 2012, NYS Association of County Health Officials (NYSACHO) prepared a presentation for NYSDEC Commissioner Martens' Advisory panel. The study referenced inaccurate and incomplete scientific studies. This was pointed out to one of the Commissioner's representatives resulting in cancellation of the meeting. However it appears there have been ongoing discussions and negotiations with various Environmental groups, but not all the original committee members, creating a void in balanced representation.

### **Road Use Agreements vs. Road Use Laws:**

Discussion relating to a Road Use Agreement compared to Road Use Law. A law has more clout for recovering damages. Consideration of a law in lieu of an agreement was initiated by the proposed superfund clean up project at the Solvent Saver site in the Town of Lincklaen. This project will involve removal of 150,000 yds of contaminated soil to be replaced with 150,000 yds of clean soil to mitigate the site. County Rte. 12 will be the primary transportation route for this project.

Supervisor Iannello commented the Town of New Berlin Road Use Law covers off-road construction projects. The law requires: bonding, with the bond amount determined by the type of project; the Highway Superintendent inspects the primary routes before/after project; a final report to the Town Board; then the Town Board determines if sign off on bond based on any damage. There must be a permitting process in place to enforce the law. In the case of natural gas exploration the NYSDEC permit process allows local enforcement of road use agreements and laws.

Chairman Flanagan suggested forwarding the road use concerns relating to non-permitted projects to the Public Works committee and the County attorney. Mr. Palmatier stated he had sent an email to the County Attorney about the Solvent Saver project and any potential for a road use law to address such projects. Chairman Flanagan requested Mr. Palmatier follow-up with the Attorney and Supervisor Brown, Chairman of the Public Works Committee, regarding the prospect of a law.

Supervisor Schlag commented the Town of German law is based on commercial projects, relating to load weight and frequency of travel on designated routes. A law would be more binding where an agreement maybe too flexible. NYS Code on Commercial codes requires special permits. Supervisor Schlag added the Town of German only accepts payment, by check or cash deposited in designated bank account, in lieu of an insurance company security bond. The Town of New Berlin specifies \$3-4 million bond in their road law.

The County Public Works Committee will be discussing the prospect of a Road Use Law/Agreement offering two options. Questioned if a County law should specify the form of payment to insure funds are available if necessary.

### **Constitution Pipeline:**

Mr. Palmatier stated the FERC scoping hearings are scheduled this week on the construction of the proposed Constitution Pipeline project. There has been discussion that FERC may consider extension of the comment period to December 1, 2012 to allow adequate comments from the landowners.

Mr. Briggs, former Town of Afton Supervisor, and Mr. Carey have been appointed as the contacts for discussion of local benefits for this project. They have requested County support for the Constitution pipeline project as it could potentially provide \$ 1 million in property tax income.

Mr. Harris stated this figure is based initially on only portions of land but the assessed value will gradually depreciate. Supervisor Iannello questioned if the local assessor has input on establishing assessment on public utilities. Mr. Harris stated NYS establishes the value and the local assessor can appeal. Generally properties just stay the same if there is no "Reval". Supervisor Iannello commented the pipeline has value and this should be addressed. Mr. Harris stated the utilities have basically always controlled this issue and can afford to have their attorneys sue small towns. It would not be cost effective to pursue increased assessment action. Discussion continued relating to assessed value of pipeline right of way property. Chairman Flanagan stated once you enter into a right of way agreement you devalue the property by compromising future use.

Supervisor Iannello asked if this committee will request the Board of Supervisors adopt a resolution in support of the Constitution Pipeline. Mr. Palmatier stated Mr. John Faso, of Williams Pipeline Company, is the contact for the Constitution Pipeline project. Mr. Faso will be addressing the Board of Supervisors at the monthly meeting October 9, 2012 and it may be beneficial to present the extension request based on a letter prepared by Attorney Denton. Mr. Vickers made the motion the Natural Gas Advisory Committee submit a letter in support of the Constitution Pipeline for consideration by the Board of Supervisors, second by Supervisor Seneck, motion carried.

### **Gathering Lines (<125 psi):**

Mr. Palmatier questioned who tracks the natural gas from the compressor to the interstate line? This should be part of the gathering system and real property tax. Mr. Harris will question NYS Finance and Taxation as to where the gathering line stops, if it is from the meter? Question where is the change of custody, for example at Bradley Brook compressor station in Eaton is it where they have a valve for turning gas on/off?

Mr. Harris stated in the mid-1980's some standardization was implemented. He will check to find out how this has been addressed in western NY where natural gas production has been in place for many years. There are too many unanswered questions relating to gathering lines and metering insuring local entities receive accurate tax funds.

Supervisor Schlag questioned if companies accessing the pipeline pay a user fee. Mr. Palmatier stated as the natural gas lines in the County are extended, Hartz and Norse Energy has retained the legal rights to access the line from EmKey Resources, LLC as part of the sale agreement.

Discussion continued about taxation, property tax cap on the levy, etc. Supervisor Iannello commented it is important to set up a tax stabilization fund for the natural gas production tax funds to offset/stabilize town budgets. Mr. Palmatier suggested an article relating to property tax cap issues relating to natural gas production for the Association of Towns newsletter.

Discussion continued on access to pipeline systems. Mr. Palmatier commented there is no eminent domain allowed for privately owned gathering lines but could this come into play if the need was for "public good" of a community, for example providing gas to Raymond Corporation in Greene to insure jobs. One customer may not meet definition of "public good" however if the school or community expressed a need would this initiate the possibility? NYS law is specific to public utility rather than a privately owned line. Supervisor Iannello commented Chenango County will not have advantage of natural gas for the entire county without an entity such as a Co-Op for county wide distribution. Supervisor Iannello made a motion to refer to the County Planning & Economic Development Committee the concept of the County to act as a Co-Operative for distribution of natural gas throughout the County, second by Mr. Vickers, motion carried. Supervisor Iannello suggested researching models and entities for the committee to consider. The Jamestown NY project and Marcel Barrow's business, in Greene were suggested.

Discussion continued related to accessing natural gas from accessible pipelines. Mr. Palmatier stated natural gas can be purchased from any entity including the proposed Constitution pipeline, which as a transport company is not held to NYSPSC gathering line tap requirements, where EmKey Resources, LLC has tap limitations. Accessing natural gas from different entities would be beneficial for the County as the NYSPSC prefers diversification of sources servicing the county.

#### **Natural Gas Well Notification Letter:**

Chairman Flanagan questioned if there has been any feedback from the agencies that received the natural gas well notification letters. Mr. Palmatier will be contacting the various entities for their comments on the notification procedure. This information will be sent to the NYSDEC advising them of the County's chain of command procedure. Chairman Flanagan suggested consideration be given to notification of property owners in a spacing unit. This could result in numerous notifications depending on the size of a unit. It was suggested that the Town Supervisor, Town Clerk or Town Board members spread the word on their website/bulletin board or directly address requests.

#### **Middlefield/Dryden Case:**

Mr. Palmatier stated Attorney Scott Kurkowski expects to file briefs in the Appellate Court next week. Attorney Kurkowski feels they have very strong Amicus support. Discussion continued relating to NYS Law 264 & 265 procedural guidelines that have not been followed by various towns.

#### **Milk Production vs. Marcellus Drilling:**

Mr. Vickers discussed concerns relating to the drop in milk production in the NYS Marcellus fairway where there is no connection to drilling. The statistics indicate a decrease of 16% in milk production. The statistical data is from the years 2007-2011 for the Counties of: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Sullivan and Tioga based on the average decrease in farm size, milk marketing and loss of farms.

Discussion continued on encouraging NYS to consider adopting a plan similar to "Grow Wisconsin Dairy 30 x 20 Plan, developed by the Department of Agricultural Trade & Consumer Protection of Wisconsin

#### **Chesapeake Video**

The video circulating claiming methane is escaping from natural gas wells has been debunked. The fumes observed in the video were proved to be exhaust from the equipment operating at the site, which is burned methane, not methane escaping from the well.

#### **Natural Gas Vehicle program**

The prospect of converting/purchasing County vehicles to operate on natural gas has been discussed by Public Works committee. Mr. Palmatier stated Paul Lee and the American Natural Gas Alliance has offered to give a presentation to the Board of Supervisors on natural gas vehicles. Mr. Palmatier will work on coordinating a program with a short presentation at the County Board of Supervisors meeting followed by a Regional meeting in the afternoon.

Mr. Vickers commented he has contacts that have offered to make a presentation on conversion kits vs. new vehicles, and natural gas filling stations. Mr. Palmatier suggested that Mr. Vickers provide him with the contact information.

In summary Mr. Palmatier will be discussing Road Use Law/Agreement with the County Attorney and Supervisor Brown, in addition to Natural Gas Vehicles.

With no further discussion the meeting was adjourned at 10:15 a.m.

Next Meeting is scheduled for:

**November 27, 2012 @ 8:00 a.m.**

Board of Supervisors Chambers

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

**Natural Gas Advisory Committee  
November 27, 2012**

**Attendees:**

Committee Members Present

Peter Flanagan, Chairman  
Steven Palmatier, Consultant  
John Lawrence, Supervisor T. Afton  
Richard Schlag, Supervisor T. German  
George Seneck, Supervisor T. Guilford  
Ross Iannello, Supervisor T. New Berlin  
Steve Harris, Dir. Real Property Tax  
Rob DeClue, Soil/Water

Bradd Vickers, Chen Co. Farm Bureau  
Ken Smith, Cornell Co-Op Ext.  
Drew Piaschyk, T. Plymouth  
Shane Butler, Planner  
Rena Doing, Planner

Guest(s) Present

The November monthly meeting was called to order by Chairman Flanagan at 8:00 a.m. Motion by Mr. Vickers to approve the September 27, 2012 minutes, second by Supervisor Seneck; all ayes; motion carried.

**Agenda Items for Discussion:**

**NYS sGEIS:**

Discussion relating to:

- Recent comments by Governor Cuomo appear to indicate he is not in favor of high volume hydraulic fracturing for natural gas in NYS. However there is some indication the Governor would like to complete the process in a timely manner.
- The NYSDOH choice of individuals selected to review the NYSDEC health assessment in the sGEIS appears to have a bias against high volume hydraulic fracturing. Mr. Palmatier commented there is a health impact data base available from Jim Rota, Garfield County Health Department in Colorado.

**Pipeline tax implications:**

Mr. Harris is still waiting for pipeline taxation information from NYS Tax & Finance. He has received some linear foot values but this information is not sufficient. Chairman Flanagan questioned how pipeline is assessed. Mr. Harris stated it is based on construction costs, bedding, excavation, etc. There is a 2 yr. depreciation schedule. All utilities are based on cost & depreciation. History shows a utility is typically suing some entity in the state every year about their assessment. Supervisor Ross asked if State or local Assessor determines the assessed value. If it is the local assessor there may be an advantage to assess high but this could result in lawsuit.

Mr. Harris added all the natural gas well bills came back for school taxes. There may be a lag in the billing address after the sale of Norse Energy LLC well assets to EmKey Resources LLC. However if taxes are based on production the tax bill should be the responsibility of Norse Energy LLC, not EmKey Resources LLC as the production numbers are for 2011 equalling approximately \$200-250,000 in outstanding school taxes. Discussion continued on how the recent bankruptcy declared by Norse Energy could affect the County if the school taxes remain outstanding for 3+ years.

Mr. Harris commented the wells and gathering line system are valued similar to condominiums with preferential treatment based on approximately 40% of the value, under Property Tax law. Some subdivisions classify themselves as condominiums to take advantage of this Property Tax law.

**V. Oxford Proposed Moratorium:**

Mayor Terry Stark responded to the 239 Committee comments from the County Planning Board. Discussion continued with the committee questioning what would be gained by adopting a Moratorium as the village has zoning and limited control over road usage, as the primary routes are State and County controlled roads.

Chairman Flanagan questioned if there has been any feedback relating to the proposed moratorium. Mr. Palmatier stated he heard an Attorney from the firm of Hinman, Howard & Kattell will be presenting on behalf of landowners. The issue for landowners with large acreage in the Village limits would be the affect on their current lease. A moratorium could initiate force majeure, locking the landowner into their existing lease indefinitely.

The Village has expressed concern the Oxford Fire Department has not been trained to address natural gas incidents. County Emergency Management has a plan in place they have shared with the fire departments. The Natural Gas Advisory committee has always offered their services as a resource on issues relating to natural gas. Mr. Palmatier has presented in several towns, recently in

the town of Guilford.

Discussion continued on the potential of natural gas development in the near future considering the regulatory burden of NYS regulations, low cost of natural gas, and no availability of drilling rigs. At this time it appears any investment in proving up reserves is primarily an attempt to hold leases for future speculative investments.

### **Force Majeure:**

Supervisor Schlag questioned what specific activities suffice to tie up a lease? Supervisor Iannello commented it varies on how the lease is worded. The Chesapeake court decision referenced if a well is in place on a property it may state “capable of” or “in production”. An interesting point in the court case is the statement “if there is ambiguity in the lease the decision should be made in favor of the plaintiff, as any ambiguity is the responsibility of the company because they drafted the lease.” The ambiguity relates to no specific reference to hydraulic fracturing and there is nothing actually preventing a company from drilling a well to other formations, or preparing a SEQRA to continue drilling operations.

Mr. Smith commented he heard along the western edge of the County a company was purchasing Utica shale rights. Questionable if lucrative as there is no north/south line east of the Finger Lakes. Although EmKey’s pipeline proposal is to market local gas from potential wells along the proposed route to benefit local business, etc. The location of the proposed pipeline right of way, from Madison County to the Millennium pipeline in southern NYS may eventually be beneficial in balancing the distribution of PA natural gas to the Dominion & Tennessee pipeline systems servicing the northeast.

Mr. Smith questioned if there is any sense of profitability to develop the Herkimer formation? Mr. Palmatier suggested if the price for natural gas remained at \$ 3.50-\$3.70 it could be conceivable but questionable.

Discussion continued about the status of Norse Energy, LLC and the prospect of future development. At this time Norse Energy, LLC has barely enough funds to keep operating through the end of the year.

### **EmKey Resources, LLC: Letters to landowners:**

EmKey Resources, LLC has sent notice of “Entry to Pipeline Right of Way Corridor” letters to all landowners directly affected by the proposed pipeline. Mr. Piaschyk commented he had stressed the need for good communication and adequate identification of the numerous contractors involved in construction of the pipeline, especially where infrastructure, for example a natural gas riser, is evident.

Chairman Flanagan commented the pipeline is a positive development for the County providing ancillary benefits. Supervisor Iannello added initially there will be a tax benefit from the construction of the pipeline based on the proposed initial assessed cost of approximately \$135 million.

### **Cornell Water Test Results:**

Mr. Smith provided a brief update on the approx. 100 water well test results from the sites tested throughout the County. He stated there were no wells that exceeded state levels of the measured analytes; some wells had high dissolved solids but no safety issues; no water wells > ½ mile from a natural gas well had high levels of methane; some water wells <1/2 mile from natural gas well had increased level of methane but within safe guidelines. The report on average indicated higher methane levels closer to natural gas wells. There could be a number of reasons for this. Isotope analysis of methane will be included to pinpoint reservoir and determine if methane is primarily biogenic (closer to surface, bacteria breakdown) or thermogenic (pressure/heat pool produced-deeper). Supervisor Iannello questioned if location, elevation or valley, indicated increased levels of bacteria and methane. Mr. Smith stated geographically there is more methane gas in the valleys. Mr. Piaschyk stated statistically there is normally increased biogenic methane in valleys. Mr. Smith stated the key point is there is no elevation in dissolved solids (barium, chloride, etc).

Discussion continued, the question was asked did the report indicate if geographic differences are statistically significant. Mr. Smith commented that his interpretation of the report suggested geographic location is statistically significant but he will follow-up with Cornell to verify.

Chairman Flanagan suggested there may be other factors to be considered. Areas where a shale formation is closer to the surface there may be natural thermogenic methane gas levels.

Mr. Palmatier commented the Cornell study would contradict the Otsego County water well data sited in the sGEIS. Their data indicated lower levels of methane closer to a natural gas well. Mr. Vickers questioned the testing method and felt a sample should be taken directly from the well not at a house faucet. Supervisor Iannello commented that historically methane levels have been high in water wells throughout the County.

Mr. Smith provided a list of Cornell contacts to Linda Achimore to coordinate the Smyrna water well study with the Cornell study. At this time approximately ½ the water wells have been sampled in Smyrna. Mr. Palmatier will follow up on the exact number. Ms. Achimore stated she has acquired more funding and she would like to sample in other towns. Mr. Palmatier suggested testing water wells extending out 1 mile along the proposed EmKey Resources, LLC pipeline right of way.

Mr. Piaschyk commented that he has not seen or heard of any studies relating to anthropogenic methane, another source that is produced spontaneously instead of through the decaying process. The consensus is this may be indicated during the isotropic analysis.

#### **Update on Middlefield Appeal:**

Court briefs were filed approximately 2 weeks ago on the part of the landowner. They expect the Town briefs will be filed in a few weeks with a possible trial date sometime in February 2013.

#### **Road Use Law vs. Agreements:**

Mr. Palmatier stated he had a meeting with County Attorney Gordon and Mr. Gordon feels at this time it is more beneficial for the County to have a Road Use Agreement in lieu of a law. When/if the time comes the County will negotiate with any company on road use guidelines.

Mr. Piaschyk questioned why an agreement as opposed to a law. Chairman Flanagan stated a law would be more far reaching and care must be taken to avoid discrimination.

Supervisor Schlag commented on the Town of German Road Use law. They require a bond in cash to avoid any potential disagreements. The cash is deposited in a designated account for the duration of a project. Supervisor Iannello commented a Road Law can be written to address any off road projects involving town road access without discriminating. Discussion continued on various aspects of a law vs. an agreement. A copy of the Town of German Road Use law was requested by the towns of Preston, Guilford and Plymouth. Ms. Doing will send a copy to each.

A law may be more protective vs. an agreement but at this time the County will require an agreement. Mr. Palmatier stated the County Attorney will be discussing a road use agreement with the company mitigating the "Solvent Saver" site in the town of Lincklaen. It is assumed a road use agreement may be part of EPA clean up regulations.

Chairman Flanagan suggested if the sGEIS requires town/county input as part of the permit process it would be assumed a Road Use Agreement would have to be completed and honored.

#### **Natural Gas Vehicles:**

Mr. Palmatier will work on setting up a program on operating natural gas vehicles in February 2013. A potential speaker versed in operating natural gas vehicles may be a General Motors representative. Mr. Vickers suggested Barry Carr, Coordinator of Clean Communities of Central NY, has expressed interest in giving a presentation on advanced green vehicles.

Mr. Palmatier will follow up and check on reserving the Norwich Morrisville Campus conference room for meetings.

Discussion continued about advantage/disadvantage of natural gas vehicles. Biggest obstacle is infrastructure to access natural gas pumps. Maintenance and repair costs may be higher initially. Can a conventional diesel mechanic repair a natural gas operated vehicle. There may be minimal training required.

Question was asked if there are any incentives available to install compressor units. At this time NYSERDA has had programs for school bus fleets. Chenango County Public Works committee has discussed conversion of highway fleet to a cheaper and cleaner fuel. Chairman Flanagan will bring this topic up for further discussion at the Public Works Committee meeting in January 2013.

#### **SRBC: New Regulations Presentation:**

Susquehanna River Basin Commission has new regulations. Mr. Palmatier suggested having a representative from SRBC speak at a Regional meeting possibly in January 2013. An SRBC representative would speak on natural gas withdrawal guidelines and the new regulations.

#### **Constitution Pipeline- Job skills:**

Mr. Palmatier has been in discussions with a Constitution Pipeline representative. Mr. Palmatier has agreed to send a list of area individuals with expertise in various aspects of pipeline construction.

Discussion continued about accessing natural gas for the County. Possibly the concept of Co-Operatives should be considered in the county.

#### **Sherburne & Other Natural Gas Users:**

Mr. Palmatier has discussed the potential for natural gas use with several businesses in Sherburne: Chenango Valley Dog Food Company, Egg Low Farms, Inc. and Kenyon Press expressed interest and provided current propane/oil use estimates for comparison. EmKey Resources, LLC has been in discussions as a potential natural gas supplier.



Ms. Tavares commented the Economic Strategic Plan includes accessing natural gas for economic development.

Supervisor Iannello suggested working on the concept of developing Co-Ops. Starting in areas where there is the potential to access natural gas. Supervisor Iannello made the motion: *to prepare a visual plan of municipalities in Chenango County with the potential to benefit from the formation of an Energy Co-Operative to access the availability of locally produced natural gas for distribution to their municipal commercial/industrial customers with the potential for future expansion to residential customers.* Second by Mr. Vickers; all ayes; motion carried.

Mr. Smith stated a cost estimate should be included. Mr. Palmatier stated it would be approximately \$ 250-300,000 per mile. This number is devised from various “gas brokers”, engineers working numbers. Based on assumption there is potential to utilize a state/local highway right of way.

Mr. Palmatier commented that Southern Tier East has proposed a project to develop a method of distribution. Work in conjunction with Southern Tier East while finalizing report. At this time Sherburne is the area with the best potential to access/utilize natural gas.

Chairman Flanagan suggested the focus for going forward should be on EmKey Resource, LLC pipeline, how to benefit and potential of forming Co-Op. Important to work with Southern Tier East on a parallel track while focusing on our needs and how STE can assist us in getting what we need.

Chairman Flanagan questioned what Chenango County IDA role will be. Ms. Tavares stated the IDA would focus on commercial/industrial customers.

Mr. Palmatier commented at this time there are potentially three natural gas pipelines that would be accessible in the County: the Constitution, EmKey Resources, LLC Gathering system, and EmKey Resources, LLC distribution pipeline.

He suggested an example for distribution of natural gas could be the Jamestown, NY project where the IDA took possession of natural gas at a metered tap then sold it to a utility or commercial/industrial customer in their industrial park. The primary issues would be the cost of construction, and volume to justify costs.

Mr. Smith posed two questions:

- Would the Natural Gas Advisory Committee consider expanding their focus to encompass alternative energy? The general consensus of the committee members is to continue to focus on natural gas. NYS wind speed studies indicate Chenango County is not ideal for wind power and questionable for solar. Mr. Palmatier commented he is on the “Cleaner Greener” NYSERDA grant committee. “Cleaner Greener” and NYSERDA feel bio-fuel from wood products would be beneficial. Mr. Palmatier felt Chenango County would be the best location for a wood product bio-fuel production plant, based on the large amount of forest accessible in the County.
- EPA will be releasing their preliminary review of “hydraulic fracturing” in 2013. At what point does the EPA supersede the NYSDEC and will this be a political cover for NYS to restart the review process? Mr. Palmatier commented at this time the NYSDEC will probably extend 90 days for another public hearing.

Mr. Smith commented new studies indicate the United States will be Energy Efficient by 2020-2023. Chairman Flanagan added by 2030 the United States could have adequate oil to meet US supply.

Mr. Palmatier questioned if EPA hydraulic fracturing regulations will be regulated by the federal government, or remain with the states. The EPA regulations known as the “Green Completions” or Reduced Emission Completions (REC’s), allows flaring through 2014. In 2015 EPA will require capture of the gases escaping during well completion reducing VOC’s and carbon dioxide in the atmosphere. The NYSDEC sGEIS requires infrastructure to be in place to capture gas prior to any drilling. Industry will argue the “Green Completions” will be extremely expensive for companies. This may add another layer of disadvantage to NYS.

With no further discussion Mr. Vickers made the motion to adjourn; second by Mr. Piaschyk; the meeting was adjourned at 10:25 a.m.

**Next Meeting to be determined:**