Look Before You Lease
(and After, too)

EARTHWORKS Oil & Gas Accountability Project
Landowner workshops, October 2010
Agenda

• Welcome and introductions

• What’s happening in your backyard: local organizations

• Overview of the issue: Nadia Steinzor and Gwen Lachelt, OGAP

• Leases and surface use: Bob Miller

• Get paid what you deserve: Mary Ellen Denomy

• Your questions and discussion
Who we are

- OGAP established in 1999 to address the impacts of oil & gas development on communities and the environment.

- Work to ensure fair treatment of landowners, health & safety, environmental quality, sound federal & state regulations and policies.

- Active in more than 20 states—most recently in the Marcellus Shale region.
Marcellus Shale Basics

- One of world’s many shale formations; considered a super giant
- 54,000 square miles (size of Florida +) across parts of OH, WV, PA, NY
- Variable thickness, up to ca. 250 feet
- Shallow to nearly 2 miles deep; most areas about 1 mile below surface
Marcellus Shale Basics, cont.

- Estimates of gas, recovery and productivity rates vary depending on study source: ca. 2-20 years of supply at current U.S. consumption levels.
- “Sweet spot” for production & expansion: most of PA and Southern Tier of NY; also WV & OH.
- “Gateway” formation: Marcellus infrastructure could help facilitate drilling in even deeper shale formations (e.g., Utica and Trenton Black River).
Why now?

- Extraction from deep, tight shale formations long not considered economically or technologically viable.
- Hydraulic fracturing + horizontal drilling = recovery of more shale gas sources now possible.
- Changing world markets, more focus on natural gas.
- Growing political push in U.S. for “energy independence” and “clean burning” fuels.
- Oil & gas industry exemptions under 7 major U.S. laws and lax & outdated state regulations make development more profitable and easy.
You’re not alone: shale plays across the U.S.
How to frack...

• Mix 2-4 million gallons of fresh water with thousands of gallons of chemicals (many toxic) and sand.

• Inject deep into ground (ca. 5,000 feet in Marcellus; 8,000 in Utica) at high pressures to fracture rock.

• Extract gas from fractures.
Gas development today

- *Many stages, big impacts.* Land clearing; seismic testing; roads, pits, pipelines; compressor stations; drilling; waste production & disposal; site clean up.

- *Not your grandparents’ drilling.* Industrial activity; large amounts of water & chemicals; “fracking goes miles deep and wide; multinational companies/interests involved.

- *New places, new times.* Increasing concern over air & water quality, agriculture, public health; operations expanding to more populated & developed regions.
Your rights

◆ Fair leasing, payment, and production terms.

◆ To be told about the real process and heavy impacts of gas development (e.g., use of toxic chemicals, surface disturbance, road building, noise).

◆ Protection of your health, land, and traditional livelihood even if you lease or live next to gas operations.

◆ To not be liable for damage to your property or your neighbors’; to not suffer from pollution, decreased property values, etc.
Some words of advice

- Don’t rush! Take your time to make decisions. The landmen will come back.
- Educate yourself. Study, discuss, ask questions, demand answers.
- Know what you own. Mineral or surface rights? Previous leases? Property lines? Water resources?
- Test your water, document your land. Good information needed to support later claims.
- No such thing as a “standard” lease. Everything but your name and property description is negotiable.
- Don’t sign anything you don’t understand and agree to!