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# ENERGY & RESOURCES AD HOC COMMITTEE

**February 22, 2010**

**Committee Members Present**
K. LaForge, F. Sinclair, G. Benson

**Others Present**
C. Crandall, M. Alger, D. Fanton, T. Hopkins, J. Foels, S. Grugel

Energy & Resources Ad Hoc Committee Chairman Kevin LaForge called the meeting to order at 11:00 a.m.

## Mission Statement

The Mission Statement was presented as below. Chairman LaForge asked for any comments or modifications to statement.

> **Mission Statement**
>
> **To facilitate development of the energy related natural resources of Allegany County in a manner that maximizes the benefit to our County's residents, while maintaining the integrity of our environment for future generations.**
>
> **Currently the primary focus of this committee will be the Marcellus Play as a generational bridge to renewable energy. We shall also pay due diligence to renewable technologies such as wind and wood bio-mass to encourage further gains in economic viability.**
>
> **This Committee will be continuously vigilant to identify emerging technologies that, the encouragement of, would be beneficial to our county residents.**
>
> **In summary, we will work with stakeholders to identify issues, good and bad. We will attempt solutions to mitigate the bad and maximize the good.**

Legislator Sinclair questioned the word "Play" in reference to the Marcellus project and wondered if the general public would understand the term. S. Grugel commented that most Mission Statements are considered long term and maybe the name of a project, such as Marcellus, should be removed. Chairman LaForge commented that the Marcellus Play is currently the primary goal of this committee and felt it should remain. Legislator Sinclair motioned to accept the Mission Statement with a single change to remove "Play" and insert "Gas Field." Chairman LaForge commented he prefers Marcellus remain in the statement, since other surrounding counties have ongoing efforts specifically targeting the Marcellus exploration. The motion was seconded by G. Benson and carried 3-0.

Chairman LaForge referred to the following points regarding the Marcellus project and opened up discussion and comments to the committee.

## Marcellus Play – Points of Discussion

1. Environmental
    a. Hydrofrac Disposal
    b. Water Supply
    c. Surface Intrusion
2. Landowner – Lease/Seller Education

   a. Split Estate Issues
3. Workforce Education
4. Local Vendor Opportunities
5. Government Revenue Potential
6. Generational (Long Term Concerns)

Environmental (a-c)

Legislator Sinclair gave background information with regards to Hydrofracing and noted history shows hydrofracing does not have a history of polluting. The main concerns seem to be the possibility of broken pipes and fluids leaking onto the soil. If done correctly and contained, there is a history of successful treatment. Some black shale deposits may contain radioactive components that can be drawn to the surface when the water is drawn out of the well. We are not sure if the black shale in Allegany County contains these components and that is one issue. Secondly, is the amount of water required for hydrofracing and third, radium associated with radon dissipates quickly, however, there are other potential isotopes with longer half lives. Chairman LaForge commented that if these problems existed then the DEP would be involved with Pennsylvania, but these problems can vary well to well. It was suggested that some of the committee members do some fact finding trips to PA, check things out and talk to DEP. It was asked what if we explored Marcellus and didn't hydrofrac. You could acquire permit now and it would be a multi-million dollar profit versus hundreds of millions. Legislator Benson commented that explosive fracing does not have as big a dollar return, but the cost ratio is less.

There is concern where the water supply for hydrofracing will come from and surface intrusion is a concern but can be prevented by running a tight operation.

Landowner/Lease-Seller/Split Estate

Some landowners are already forming and setting up as a group. A split estate realizes you are giving up surface rights for them to come on and drill and there needs to be education on the process for the general public. Also, financial responsibility and investment advice for landowners will be part of the process.

It is very important that landowners know their rights and whether or not they even own the mineral rights under their property and many don't. Landowners should be wary of leasing unscrupulously, hold out and evaluate, because companies can put wells and sheds *anywhere* on your property. NYS has established some information, but possibly get local news to help educate the landowners. Potter County has done extensive educating through media. Sherry Grugel commented that the Independent Oil & Gas Association (IOGA) has brochures and their website has information. She has brochures in her office if anyone is interested.

Workforce Education

No one in Allegany County is being educated for future jobs here with the Marcellus project (i.e. gas skilled workers). These are high paying jobs and we want to offer to our locals, as it will be at least 10 years worth of work. Williamsport Community College, now known as Penn Tech, is currently offering a curriculum.

Local Vendor Opportunities

Chairman LaForge informed the committee there will be a "Natural Gas Expo" seminar in Potter County on March 17th-18th at the Gospel Tabernacle Church, Coudersport, PA. This is a chance to meet with local stakeholders and service providers. If we can use as many locals as

possible, the sales tax revenue will come back to the county. It is a great opportunity for our local schools if we can get an education program at the higher education centers. S. Grugel commented she attended a similar seminar two years ago in Chautauqua County and maybe they are still offering it and it would be beneficial to look into. Legislator Benson commented that if we can get the DEC to open it up, there will be no problem getting people on board.

Government Revenue Potential

The local town and county get a separate tax. Legislator Benson commented they will tax by whatever is most, barrel or well. They will tax so much per well and if product is higher, it will be taxed higher. It was asked if the towns already have laws in place. Legislator Benson recalled that some of the towns owned their wells than passed onto the county. Legislator Sinclair noted that he read where we can't impose fees or regulate wells over what New York State does.

Generational – Long Term Concerns

Legislator Hopkins suggested the committee should get in front of concerns with towns regarding bridges, roads and post roads for tonnage, as there is concern truck traffic will be too much wear and tear on roads and bridges. Legislator Fanton remarked that most towns have already posted roads and bridges with permits. There needs to be some sort of law in place before any project is proposed that will affect our roadways. S. Grugel commented that during her tenure with Noble Energy, on wind projects in Bliss and Centerville, she dealt with landowners and any conflicts regarding property damage. If anything, the projects were beneficial to the towns, because if there was any damage to roadways or landowners property, they were repaired by the project with no cost to towns. Chairman LaForge stated there needs to be a point of contact for the Marcellus Project. There are no resources now, but make it easier for the project to come here once the environmental concerns are addressed at the state level. S. Grugel suggested putting together a reference page with U.S., State and local information. It would be an easy fix and maybe a good project for an intern in environmental studies to do an informational packet. There is a governmental site you can access via Internet for more information on gas drilling:
http://www.ein.doe.gov/oil_gas/natural_gas/info_glance/natural_gas.html.

**Next Meeting**

The next meeting will be Monday, March 22nd at 11:00. Chairman LaForge asked all members to try and attend the Natural Gas Expo in Coudersport to bring back information, as it will be the focus of our next meeting.

**Adjournment**

There being no further business to come before the committee, a motion was made by Legislator Sinclair, seconded by Legislator Benson and carried to adjourn the meeting at 12:05 p.m.

Respectfully submitted,

Cathleen L. Whitfield, Recording Secretary
Confidential Secretary to the Director of Development

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# ENERGY & RESOURCES AD HOC COMMITTEE

## March 22, 2010

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By

**Committee Members Present**
K. LaForge, F. Sinclair, G. Benson

**Others Present**
C. Crandall, J. Margeson, M. Alger, D. Fanton, T. Hopkins, M. Healy, P. Curren, J. Foels, and S. Grugel

Energy & Resources Ad Hoc Committee Chairman Kevin LaForge called the meeting to order at 11:04 a.m.

**Coudersport Gas Expo**

Chairman LaForge gave on overview of the Expo and stated it was well attended and successful. Legislator Fanton spoke on the Water Seminar which he attended. Penn State will send a resource person to meet with the county, but the county has to pay their mileage. He explained about concerns pre and post drilling when drilling is near a water source, especially springs. The ground banging associated with drilling does affect springs and landowners need to be aware to protect their water source. A third party or independent firm should be involved for water testing pre and post drilling as well. Water is disbursed in three stages:

1. First third of water is pre-usable with no contaminations
2. Second third needs treatment for sediment
3. Last third is processed and can remove contaminants, however not salt.

Saline affects the water downstream and there are issues with getting contaminated water processed. He stated although the seminar was not "anti-drilling" they stressed the importance of landowners being informed that their water source could be affected and there needs to be a system to process contaminants so it's not harmful to tributaries creating an environmental concern.

**Environmental Concerns**

There was discussion regarding radiation, which is short-lived. Our area has a higher level of radiation than Pennsylvania. Legislator Sinclair reported radiation has different levels of radio-nuclei with four days for radon. There is a large demand for water supply and the construction of ponds is favorable in a drilling area to avoid extracting from local streams. DEC permits are required for ponds over a million and a half gallons, and some ponds may be restricted based on acreage. A three million gallon pond against a berm would need a permit. The question was asked if Soil & Water Conservation can provide services in this area and they no longer do.

**Landowner Education**

McKean County is starting to lease property and attorneys are finding unscrupulous activity. It is imperative that landowner education is provided and they are finding that there is strength in numbers with landowners banding together as a group. Legislative Chairman Crandall reported on a program he saw on WNN News, out of Binghamton, where they have a very pro-active group of landowners and possibly we could reach out and touch base with this group. Sherry

Grugel also mentioned that IOGA is a great source for information as well. Chairman Crandall stressed the need to provide our citizens with accurate information and they get good legal advice and have contracts checked before signing. Legislator Benson reported that there are large amounts of acreage leased and sold, unbeknownst to some landowners. An owner of the mineral rights is not always disclosed on your deed and landowners need to be aware. Citizens can inquire at the County Clerk's office to get a copy of their deed for a minimal fee. Chairman LaForge mentioned land agents will first research land to be sure landowner does actually own the mineral rights. In New York State, mineral rights can be separated from property rights and deeds should but don't always reflect this. If you own your minerals rights, that doesn't necessarily mean you own the "leasing" rights. Mineral rights differ with depth and determining depth can involve the DEC. Committee agrees public education is a priority and possibly look into sponsoring an education forum. Chairman LaForge suggested guest speakers for future meetings. Legislator Healy also suggested a representative from New York State and get information from entities not locally involved.

**Workforce Development**

Chairman LaForge reported on an article in the paper where the high school in Bradford, PA is starting a program in education for gas drilling jobs. He suggested the possibility of BOCES starting one here. Legislator Sinclair also has some "plug-in" programs he can provide as well. He suggested we combine our information and give to the Employment & Training Office to be compiled together as an information packet. Sherry Grugel said that this should fall under the "In Demand Occupation" program E&T offers and they should be able to provide training. Legislator Sinclair will schedule a meeting with Gerry Garmong, Director of Employment & Training.

**Local Vendor Opportunities**

This category was covered at the Expo and a great deal of information was provided. (Brochure attached.)

**County and Local Government Roles**

There was discussion about the protection of transportation infrastructure and the roles towns and villages play. Legislator Fanton stated that many local towns have already incorporated local laws and posted roads and bridges. Most towns are very pro-active and the Town of Willing is already discussing. If roadways are not posted "by permit" then it can be protested and equipment over 8 tons, especially logging trucks, need a permit. Milk trucks do not require permits. The conditions of a permit cover damage repair. There may need to be additional resolutions for bonding of roadways.

**Support Resolution**

Chairman LaForge presented a draft resolution for review to petition the Governor to expedite through his Executive Branch Agency, the NYSDEC, the final promulgation of regulations for natural gas drilling and most specifically hydro fracturing related to the same. After discussion it was addressed that former Legislator, William Dibble, had previously drafted a resolution last year regarding the same concern. A copy of Resolution 06-09 was disbursed to members for review. There was discussion regarding the Environmental Review process which has not been completed. Benson commented that if we can get the DEC to open it up, there will be no problem getting people on board.

Chairman LaForge questioned if this resolution could be re-visited off the floor at today's Legislative Board Meeting. Upon consultation with County Administrator John Margeson and the County Attorney it was determined that Resolution 06-09 could be re-visited off the floor today and memorialized. **Referred to Ways & Means Committee**

## Wind Energy

Chairman Crandall reported that at such time New York State indicates freeing up funds for wind energy, Allegany County will move forward. There should be a window of time, approximately six months, to do the necessary public relations and hold multiple monthly meetings if necessary. If and when it comes will be the time to present facts and educate the county residents. There is not as much involvement with the land process for wind versus drilling. With wind energy, the concern is only who owns the "surface" land. Respected agencies and information specialists should provide on-going education to residents.

## Adjournment

The next meeting will be Monday, April 26th at 11:00 a.m. There being no further business to come before the committee, a motion was made by Legislator Sinclair, seconded by Legislator Benson and carried to adjourn the meeting at 12:03 p.m.

Respectfully submitted,

Cathleen L. Whitfield, Recording Secretary
Confidential Secretary to the Director of Development

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# ENERGY & RESOURCES AD HOC COMMITTEE
**April 26, 2010**

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By

**Committee Members Present**
K. LaForge and F. Sinclair

**Committee Members Excused**
G. Benson

**Guest Speaker**
Robin Inwood, Sr., Long Consulting

**Others Present**
C. Crandall, J. Margeson, M. Alger, D. Fanton, T. Hopkins, M. Healy, P. Curren, J. Foels, K. Dirlam, S. Grugel, M. Burke, B. Rigby-Riehle, T. Warner, J. Lucey, T. Barber and S. Collins.

The Energy & Resources Ad Hoc Committee was chaired by Planning & Economic Development Chairman Fred Sinclair who called the meeting to order at 11:03 a.m. K. LaForge recused himself from chairing the committee and from any discussion of Marcellus waste disposal.

## Approval of Minutes

Acting Chairman Sinclair entertained a motion to approve the meeting minutes for February 22, 2010 and March 22, 2010. Motioned by K. LaForge and seconded by F. Sinclair. Motion carried 2-0; 1 absent.

## Guest Speaker

Mr. Robin Inwood, Consultant for Long Consulting, was introduced to speak on behalf of the oil and gas industry. Mr. Inwood thanked the committee for the input to date regarding the Marcellus issue. He remarked that "not knowing the time scale for the Marcellus project in Allegany County, his concern and issue is his disappointment in the NYSDEC and the time it is taking for them to put forth rules and procedures. These issues must be addressed in a timely fashion and time is running out for these rules and procedures to be put in place. Marcellus is an economic windfall for counties and states involved. NYSDEC states it will be mid-2011 for drilling to begin in NYS and we are facing a situation where industry is getting frustrated and will take a position based on that frustration." Mr. Inwood hopes for continued support for the DEC, general public and any companies who might come to the area to be involved with the project. The Independent Gas Association is very active in supporting the agenda that allows industry to come here and benefit from the opportunities that are presented, included Marcellus. Mr. Inwood ended saying he was here today to answer any technical questions and/or comment on the political process underway and thanked the committee for allowing him the opportunity to present their viewpoint.

Legislator Sinclair addressed the guests in attendance that this committee has been meeting for four months and looking at the issues and concerns with the oil and gas industry. The main priority at this time is the Marcellus Shale and growing issues surrounding that. He gave an overview of the packet disbursed regarding the following items and referred to it as the outline for our Local Agenda.

3. **Environmental Concerns**

a) Hydro fracturing safety and protecting water resources - There are potential pollutants present in Hydrofracing fluids which can include solvents, VOC's and proprietary blends of additives utilized in the process of fracturing the formations. Additional particulates and salts from the formation also are present in the fluids extracted from the fractured formation. The fluids and tailings from the cutting and drilling process are in some instances contaminated with radionuclides such as various isotopes of Radium. Broken pipes, poor handling and migration of these pollutants can and has occurred in the recent development of the Marcellus Shale formation in Pennsylvania. Human error is the more prevalent cause of pollution as opposed to the technology. (See attachment: Cabot Ordered to Plug Wells in Pa. Pollution Probe).

**Legislator Sinclair noted the bold sections in the agenda are the results of what this committee has addressed in previous meetings and proposing to explore with Marcellus. Allegany County will proceed per DEC involvement. Legislator Sinclair opened the floor to guests for questions and comments regarding the nature of Marcellus Shale in this region and possible radioactivity contamination.**

Mr. James Lucey, spoke regarding the following concerns:

- Who will actually be performing the work
- Radioactivity in the bores and black shale carrying the radon to a higher level
- Questions the current levels of radon in borings
- Slip water hydrofracing involves; 5.5 million gallons per well of fresh water in addition to hydrofracing fluids and will Allegany County require this as well?
- Horizontal drilling versus vertical drilling and percentages of recovery waste water

Mr. Inwood responded that percentages vary 20-80%. Allegany County proposes initial investment which minimizes the amount of water usage.

Thomas Barber, Citizen, had the following question:

- Is Allegany County presently accepting any radioactive wastes from the Marcellus project drilling? He reported that as of 9:00 a.m. today, information was provided stating a landfill in Allegany County is accepting radioactive waste and the leachate is then being transported to the Village of Wellsville Waste Water Treatment Center for treatment.

Legislator Sinclair responded that the "Allegany County Landfill" is not accepting any radioactive waste and he was not 100% sure regarding any other landfill. No testing is in place as of now, and this has not been researched. With regards to radioactivity concerns, he can't specifically say testing is not being done, but stressed it should be going on and this committee will alert our municipalities with this concern.

Sherry Collins, Citizen, questioned Mr. Inwood on how Pennsylvania is disposing of their large quantities of fluid. Chemung County is also accepting waste, along with a landfill in Allegany County. Angelica is also taking "Thunder Bay" waste.

Legislator Sinclair reiterated that this committee was not delving into these issues as this time. We have flagged our concerns, but we are not a regulatory arm of the NYSDEC which is able to investigate. As representatives and individuals, we are, however, concerned.

James Lucey commented that he didn't feel hydrofracing was a viable solution and if the DEC rushes forward without caution, it is shortsighted and dangerous. This process needs to be thought about long and hard.

b) Wastewater Disposal - The technology for treatment and disposal of hydro fracturing wastewater is under development and centralized treatment sites as well as mobile chemical and mechanical units are presently under evaluation. Large Municipal Sewage Treatment Plants are also under evaluation for disposal of the wastewater.

c) Radioactivity Concerns - Various radioactive particulates at varying levels of radioactivity can be present in the Marcellus Shale and brought to the surface in the tailings and hydro fracturing fluids. These have been labeled NORM (Naturally Occurring Radioactive Materials by DEC and Landfills require special permits to dispose of such materials along with Municipal Solid Waste. Recent independent analysis as well as the DEC Draft Environmental Impact Statement has identified the presence of radionuclides, in the wastes generated by the drilling operations, as an important issue which has to be resolved. (Attachment: Radioactive Waste Management Associates) The NORM materials (tailings)can be hazardous and the leachate from land disposal of the tailings in a NORM permitted facility can pose threats to the Municipal Sewage Treatment Plants treating such leachate.

**It is recommended by the Energy Committee that all local sewage treatment plants, receiving leachate from NORM permitted landfills, research and closely monitor the radioactive characteristics of the leachate they are receiving and the treated waters they are discharging.**

4. **Split Estate and Landholder Education**

The need has been identified to provide landowners information regarding finding out the status of their properties, regarding mineral rights, and fully understanding their opportunities during negotiation of the sale or leasing of mineral rights.

**It is the Energy Committee recommendation that a public education campaign be initiated utilizing all available local methods for getting the word and good information out to the public so they can make informed decisions.**

5. **Workforce Education**

Curriculums, programs and specialized training is underway in Pa. and other developing areas of the Northeast in response to increased employment opportunities. There are myriad facets to the oil and gas industry, everything from welding, to pump maintenance, engineering and geologic investigation to equipment, construction, environmental testing and land reclamation.

**It is the Energy Committee recommendation that our local colleges and employment and training efforts research what is happening in other locations and begin the development of local workforce development and educational opportunities.**

6. **Local Government Role and Issues**

a) Infrastructure Protection - The pressure from traffic and heavy equipment being transported on local secondary roads can result in a degradation of the infrastructure/roads.

James Lucey commented about his concern for the amount of large trucks hauling water on the roadways. Legislator Sinclair commented that the building of large ponds could help offset this problem.

**It is the recommendation of the Energy Committee that local Municipalities examine the creation of ordinances which will mitigate the effects of Oil and gas development on local infrastructure.**

b) Population Influx and Related Issues - Some areas anticipate large influxes of workers and associated business which supports the Oil and gas industry. This involves lodging and restaurant machinery sales and service industries. This represents a substantial and sustainable revenue opportunity.

**The Energy Committee recommends that the County Wide and local Chambers of Commerce as well as the Small Business Development Center begin examination of the businesses and opportunities which traditionally are associated with boom development and prepare to advise small business owners and start ups transitioning into these opportunities.**

**Summary**

In summary, the Oil and Gas industry is and has been an important part of the local economy and provided careers and income to hundreds of local families. Regardless of the outcome and or the strict regulation of activities associated with the Marcellus and other Black Shales, recent improvements in geologic investigation and extraction technology has uncovered untouched energy reserves beneath us in several locations and in various strata.

It is the recommendation of the Energy and Resource Committee that Allegany County actively pursue the development and marketing of the oil and natural gas industry in an environmentally safe and economically sound manner. (Please refer to the following Mission Statement.)

**Mission Statement** ***(Adopted February 22, 2010)***
**To facilitate development of the energy related natural resources of Allegany County in a manner that maximizes the benefit to our County's residents, while maintaining the integrity of our environment for future generations.**

**Currently the primary focus of this committee will be the Marcellus Gas Field as a generational bridge to renewable energy. We shall also pay due diligence to renewable technologies such as wind and wood bio-mass to encourage further gains in economic viability.**

**This Committee will be continuously vigilant to identify emerging technologies that, the encouragement of, would be beneficial to our county residents.**

**In summary, we will work with stakeholders to identify issues, good and bad. We will attempt solutions to mitigate the bad and maximize the good.**

Legislator Sinclair thanked Kevin LaForge, Chairman of the Energy Committee, for his leadership with examination of issues addressed to date.

Mr. Tom Barber suggested adding the educational section to the Mission Statement defining NORM and what it really means. There was also a suggestion the Allegany County Department of Health tender an opinion. Legislator Sinclair commented that any referrals to the Board of Health would have to go through the Human Services Legislative Committee. This committee will forward a written request to that committee.

Mr. Inwood remarked there are great websites for landowner education that will also direct you to other affiliated sites and he will make himself available to anyone who wants websites. He also noted that Steuben County has explored deep gas drilling from the early 1990's to 2000. Information on Trenton Black River may be helpful to our communities to draw from regarding vertical drilling. That operation eventually went to horizontal drilling.

**Senator Young Letter**

A letter from the Senator's office in support of NYSDEC expediting the Marcellus Shale drilling was received by the Committee, referencing Resolution # 76-10 which was approved by the County Board of Legislators on March 22, 2010.

**Adjournment**

The next meeting will be Wednesday, May 19th at 9:00 a.m. There being no further business to come before the committee, a motion was made by K. LaForge, seconded by P. Curren and carried to adjourn the meeting at 12:03 p.m.

Respectfully submitted,

Cathleen L. Whitfield, Recording Secretary
Confidential Secretary to the Director of Development

NOT APPROVED

# ENERGY AND RESOURCES AD HOC COMMITTEE
# MEETING MINUTES
# MAY 19, 2010

RECEIVED
JUN 14 2010
By

**Members Present:** F. Sinclair, K. LaForge, G. Benson, C. Crandall

**Others Present:** D. Pullen, M. Healy, T. Hopkins, D. Fanton, J. Margeson, T. Miner, M. Alger, B. Rigby Riehle, J. Foels, J. Garmong, K. Dirlam, L. Gridley, M. Johnson, J. Scott, Sheriff Tompkins, R. Hall and NYS Trooper Gresham

**Call to Order:** The meeting was called to order by Acting Chairman Fred Sinclair at 9:10 a.m.

**Approval of Minutes**
A motion was made by Legislator Benson, seconded by Chairman Sinclair and carried for approval of the April 21, 2010 minutes.

**Recommendations of Marcellus Shale Exploration**
There was discussion regarding the environmental regarding leachate testing for NORM in landfills and to research and monitor heavy metals in leachate. The Allegany County Health Department is awaiting word on their review. It was noted that the recommended levels of metals are "at or below" what they are receiving, but it's positive to keep monitoring levels.

**Landholder Education**
It was recommended an educational piece be distributed throughout the county for landowners. Legislator Pullen suggested that Cornell Cooperative Extension would have information that local businesses might not have and perhaps they could assist by being the implemental arm to gather information and help design the educational piece. There was consensus to contact Cooperative Extension for assistance.

**Workforce Education**
There is interest in getting a head start on gathering information so we can advise those individuals interested in getting into the gas and oil industry; such as welders, equipment operators, geologists, etc. A Pennsylvania college has a curriculum for gas technologies. It was suggested Jerry Garmong make contact with this college and inquire advise to guide our people towards this industry.

J. Garmong reported there is a need for workers in this industry. There is a CDL driver starting next week in Mansfield and 50 more drivers are needed. He will contact Alfred State College and JCC and work to develop a program to match their needs. The Employment & Training Office can also assist in designing the Workforce Education piece for distribution.

Legislator LaForge suggested J. Garmong contact Penn Tech, as they will have information to pursue. There is also a training consortium between Alfred and JCC which provides housing for students and they can conform to meet needs.

**Local Government and Infrastructure**

There was discussion on what the county needs to do to advise townships on their infrastructure concerns. Legislature Pullen remarked, as town attorney for many of the townships, he stays informed on the regulations regarding truck routes, weights and limits and local laws.

Legislator Sinclair asked if townships can enter into host agreements if they know the drilling is coming. Legislator Pullen said this is not his expertise area but doesn't believe we can mandate, however, a township can force the issue if permits and weight limits are in place. Legislator LaForge raised the question if townships have road bonding in place as this usually works well. Legislator Pullen noted if a weight limit local law exists, bonding can be posted and permits received and you can go against the bond for restoration of roadway. Insurance companies prefer not to pay on bonds invoked by companies doing the work, therefore, companies are more inclined to perform a decent job on repairs so they can get future bonding. Legislator Fanton reported the County Association notifies townships on weight limits year round. It's up to the townships to comply and enforce limits, however, some do and some don't.

**Local Government / Population / Related Issues**

Legislator Sinclair spoke with the Greater Allegany County Chamber of Commerce (GACC) regarding information received from the Pennsylvania Gas Expo. The Small Business Center will continue to work on how to set up small business in association with anticipated gas industry activity.

**Outdoor Wood Burning Furnaces**

County Planner Kier Dirlam announced the NYSDEC will be holding a Public Hearing on Wednesday, June 16th in the County Legislative Chambers regarding outdoor wood burning furnaces and restrictions to be imposed across New York State. Legislative Chairman Crandall noted to get a copy of the proposal to alert our local citizens to attend the Public Hearing. Legislator Fanton proposed publicizing the notice as local citizens may not see the Public Hearing notification. There was consensus to have an advertisement in the local paper.

With no further actions or comments, a motion was made by Legislator LaForge, seconded by Legislator Sinclair and carried to adjourn the meeting at 9:47 a.m.

Respectfully Submitted:

Cathleen L. Whitfield
Recording Secretary

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# ENERGY & RESOURCES AD HOC COMMITTEE
# MEETING MINUTES
# JUNE 28, 2010

RECEIVED
JUL 13 2010
By

**Members:** K. LaForge, F. Sinclair

**Others Present:** M. Alger, C. Crandall, K. Dirlam, D. Fanton, J. Foels, J. Garmong, S. Grugel, M. Healy, J. Margeson, B. Rigby-Riehle

1. **CALL TO ORDER:**
The meeting was called to order by Chairman Kevin LaForge at 11:08 a.m.

2. **APPROVAL OF MINUTES**
**The minutes from May 19, 2010 were reviewed. On a motion by F. Sinclair, and seconded by C. Crandall the minutes were approved.**

3. **GENERAL UPDATES:**
- K. LaForge reported that the NYS Legislature has not passed the Moratorium bill as of now.
- A CD has been released by a Professor at Cornell University which Fred will work to get copies of.

4. **GUEST SPEAKER:**
- Kevin LaForge introduced Art VanTyne, Geologist, to discuss the Marcellus Shale.
- Reviewed the history of Geology as a science and the creation of the New York State Geological Survey in 1832. The Marcellus Shale was observed shortly thereafter south of Syracuse in the community of Marcellus as a black shale outcropping.
- The Marcellus shale is a blanket formation that dips about 1 degree and stretches from Syracuse in the north, west toward Lake Erie and east almost to the Hudson River. Covers an area well south into Pennsylvania and West Virginia.
- Hydro Frac [short for **hydro fracture]** is a term used to describe a method of extracting gas out of the shale using water and chemical additives and sand.
- In the 1970's Art worked on an extensive investigation of the Appalachian Basin including the Marcellus Shale and other layers that contain oil & gas. This information is all readily available through his office in Wellsville. At that time 2 wells were drilled for Houghton College. One produced 50 million Cubic feet of gas which helped heat the campus. The other was dry, probably due to errors in drilling and bringing on line. These wells were using the Trenton-Black River layer.
- In order to undertake any development of oil & gas reserves extensive seismic work needs to be done to determine the location and best methods of getting the gas out of the ground.
- In this area the Marcellus Shale is about 50' thick. However there is a layer just above that is also a good gas material that is 20' – 30' thick for a total thickness of 60' – 70' thick useable material.

- F. Sinclair asked if there is some gas that is better than others? The best is pure methane. Sometimes an upper layer has undergone more chemical breakdown which will decrease the methane available but generally further into the layer it is all good. There are also varying amounts of hydrogen sulfide.
- Art discussed Horizontal drilling method wherein the well is drilled down almost to the level of the shale and then makes a curve through the last 500' to become horizontal with the layer. Then you can extend line 4,000' along the layer. This brings in a much greater area to be tapped than a conventional vertical well. This does impact lease issues as you can be moving underground almost a mile from the drill site.
- Hydro Frac is a relatively new technique that is based on the older technique but in much greater scale. A typical well now requires 60 – 70 truckloads of sand and 40 – 50 tank trucks of water to make it work. The cost is very high at $3.5 – $5.0 million. With this kind of investment there is very little room for dry holes. Early in the life of the drill hole the wells 5 – 6 million cubic feet per day. After about a year this drops down to around 1 million cubic feet per day. Later the numbers drop down to around 500,000 cubic feet per day. This can last 30 years. Investors however want their payback within the first 5 years.
- F. Sinclair asked if the old Nitro method would be a viable alternative? Response: Nitro only impacts into the area 4 – 6 feet from the Nitro blast. The old hydro Frac method impacted up to 600'. The new Hydro Frac can extend 4000' when incorporated into horizontal boring.
- Art discussed slick water that is used in the drilling process. This is mostly sand and water. The sand works to keep the pores open and allow the gas to escape. Other materials are also utilized such as Surfaction [similar material in Prell shampoo], clay stay, and maybe four other compounds. All of these extras make up less than 1% of the material.
- F. Sinclair asked if it would be worthwhile to investigate some of the older methods that utilize less water? Art responded that if there was a better system that used less water and materials but yielded similar results the Oil & Gas industry would love to have it and use it. They have tried air Frac but that hasn't worked very well.
- F. Sinclair asked about the Radon in the waste materials. Art indicated the greatest concern there is for the drill workers as it dissipates fairly quickly after being exposed to the air.
- What can the County do to revitalize the oil & gas industry? NYS is the issue especially NYSDEC which works hard to keep new drilling from happening. The County has been supportive but so far there isn't much more that can be done locally by law makers. Art indicated that in NYS 70 – 80% of the oil & gas that was ever in the ground, is still in the ground due to the NYS laws.

## 5. OTHER REPORTS:

- Sherry Grugel reported that she had attended a Business Expo and had brought back much information. There were many businesses there that are not what one typically thinks about for drilling businesses including: tree removal, tire service, RV dealers, real estate agents, attorneys, printers, welders, etc. Penn State did a study on the economic development impacts of the Marcellus Shale that she will get a copy of.

- Jerry Garmong reported that Potter County has a program on training for these types of jobs including CDL's, welders, OSHA training. There is a WNY training consortium working on developing similar programs. Art VanTyne noted that Chautauqua County JCC's been doing this type of program already as well as Corning Community College's offering of a 60 hour training session for Natural Gas workers.

**ADJOURN:**

On a motion by F. Sinclair, seconded by C. Crandall and is carried to adjourn the meeting at 12:18 p.m.

Notes as taken by K. Dirlam

NOT APPROVED

# ENERGY & RESOURCES AD HOC COMMITTEE
## OCTOBER 25, 2010

RECEIVED
NOV 15 2010
By

**Members:** Kevin LaForge, Fred Sinclair, Glen Benson, Curt Crandall

**Others Present**: Dwight Fanton, John Margeson, John Foels, Brenda Rigby-Riehle, Mitch Alger, Sherry Grugel, Tom Barber, Sherry Dewey-Collins

**CALL TO ORDER**
The meeting was called to order by Chairman Kevin LaForge at 11:04 a.m.

**APPROVAL OF MINUTES**
The minutes from September 27, 2010 were reviewed. On a motion by Fred Sinclair, and seconded by Glen Benson the minutes were approved 4-0.

**REPORTS / UPDATES**

**DVD "All Fracked Up – A Satirical Documentary"** – Chairman LaForge reviewed the DVD and reported that although it had definite satire, it also had some good points. Tom Barber commented he has another DVD to share with the Legislative Board which has less satire, "Marcellus Shale Gas Play." Legislator Sinclair reported that the Assembly has a challenge in that the NYSDEC is taking away the "home rule." It will be interesting as some will challenge the use of roadways, etc. and implement ordinances. The DEC took away the "home rule" in 1982 and the public won't give it up very freely. Chairman LaForge announced that Pete Grannis, Director of NYSDEC, is no longer employed with the DEC. T. Barber commented that certain townships may question the idea of businesses and companies moving into the area and being listed as a 'person' with regards to split-estate issues.

**Broome County** - A Colorado company previously offered to by rights in Broome County with a modified offer of $3,000 per acre. The offer was tabled until 11/18/10 for vote.

**Dimock, PA-Pennsylvania DEP** – Half of the DVD video mentions this situation. PA DEP will spend $11.2 million to put in a water system. T. Barber reported the bank is down to $6 million for certified residents. There is question whether to spend money on that many people.

**McKean County Meeting Update** – Chairman LaForge and Legislator Sinclair met with Bob Veilleux, Economic and Community Development Coordinator for McKean County, which is associated with Penn State University. The County Commissioners have requested Mr. Veilleux to serve as the Marcellus Shale liaison for the region. The meeting was held at the BOCES center to discuss issues and strategic planning for the activities associated with development of the Marcellus Shale Gas fields in PA and NY. For details, see attached Energy & Resources Committee Report, dated October 5, 2010, provided by Legislator Sinclair.

There was discussion upon completion of Legislator Sinclair's report. There have been 105 permits issued in Potter County at this point with 60 main pods. Each pod has one or two wells with an estimated 30,000 wells in the region which may well equal 3x the number of pods. There is an operational cost of $26,000/day to have drilling machines in place whether sitting idle or drilling. As one starts, it is a continuous process.

There was discussion regarding the release of information, or lack thereof, with chemicals in place. Legislator Sinclair remarked that EPA has been pressured to release information on chemicals we have and there are laws regarding Haz Mat notifying property owners of hazards in the area. Chairman LaForge commented that the oil and gas industry has been given an exemption from the EPA Regulations. Mr. Barber stated establishing business studies for both water and air quality, not for just municipalities, but private wells too. There was discussion regarding hiring a water specialist for this with some assistance of landowners to get baseline done.

S. Grugel reported on the Coudersport Annual Chamber Dinner meeting she attended where Bob Veilleux gave an excellent power point presentation explaining the Marcellus Shale Industry; what it is, phases of development and existence of proposed marketing. See attached power point layout for more detail. There was consensus that Allegany County is now in the perfect position to market ourselves to Pennsylvania.

## GOOD OF THE ORDER

No comments.

## ADJOURNMENT

On a motion by Fred Sinclair; seconded by Glen Benson and carried, the meeting was adjourned at 11:43 AM.

Respectfully submitted,

Cathleen L. Whitfield
Recording Secretary

NOT APPROVED

# ENERGY & RESOURCES AD HOC COMMITTEE
# MEETING MINUTES
# November 22, 2010

RECEIVED
DEC 27 2010
By

**Members:** Kevin LaForge, Fred Sinclair, Glen Benson, Curt Crandall
**Others Present:** Mitch Alger, Tom Barber, Doug Burdick, Phil Curran, Kier Dirlam, Dwight Fanton, John Foels, Sherry Grugel, Mike Healy, John Margeson, Tom Miner, Dave Pullen, Sandra Sheldon

1. **CALL TO ORDER:**
The meeting was called to order by Chairman Kevin LaForge at 11:02 a.m.

2. **APPROVAL OF MINUTES**
**The minutes from October 25, 2010 were reviewed. On a motion by F. Sinclair, and seconded by G. Benson the minutes were approved.**

3. **DVD – Tom Barber Citizens Group**
- A DVD was provided to the members previously and this had been watched by them. Fred Sinclair noted that this was made by a scientist and that he would highly recommend to everyone else that they should watch it as it has a lot of good points. Sandra Sheldon asked which members had watched and Kevin LaForge, Fred Sinclair, Glen Benson and Curt Crandall all indicated that they had.

4. **POTTER COUNTY INITIATIVE:**
- Kevin LaForge discussed the effort to market Allegany County to the northern tier of Pennsylvania and to bring workers and services to that area. Allegany County would benefit by having more people employed and more money coming into our county. The Comprehensive Planning Implementation Group approved a stipend to offset the costs associated with these activities. Sherry Grugel discussed that this would be used to create PR materials, mailings and information to take to the spring Bradford Expo and a website as well as other similar activities. The website will include links to assist with learning to market to that area and how to work in Pennsylvania. They will attend the Expo with a booth and provide materials. There are an estimated 240 businesses in Allegany County that may be able to use this information and create more work for them through this effort.
- Curt Crandall asked if there is a reasonable way of monitoring the impact to businesses from the gas industry in Pennsylvania? Kevin LaForge responded that we are part of the supply chain that is needed to support the Pennsylvania business. It is hard to get unbiased data as it has been less than two years since all this work has been going on there. Fred Sinclair noted that rental rates may go up for accommodations as this ramps up and that we may continue to see impacts on our hotels, B&B's, etc. Sherry Grugel indicated that they can add a survey to the website aspect noted earlier. Some local stores are already seeing changes in orders and sales directly related to this activity.
- John Foels discussed the need to prepare for these efforts quickly. It is also a possibility that the gas companies may purchase housing for their employees in our county rather than just use hotels. He also discussed the need to market the Airport for fuel, repairs, and hanger services to the gas companies. Since the loss of the Adelphia Communications, the airport has excess capacity that can support greater use of its facilities.

## 5. LOCAL DRILLING PERMITTING PROCESS:

- County Attorney Tom Miner was asked by Kevin LaForge to comment on the possibility of having a standardized county wide permit process for companies coming in? Tom Miner indicated that we are somewhat limited by the NYS Pre-emption of some local level rules and that some others have been delegated down to the local Town & Village level rather than the County level. The county highways/bridges will take a beating from the increased traffic which will lead to the need to update/replace them more often. We need to adopt rational laws to accomplish these efforts properly. In communities that have zoning already it is somewhat easier to implement these controls but unfortunately many of our Towns don't have zoning in place. If we had County-wide zoning in effect then we could possibly control these issues better. Barring that, then it would have to be through inter-municipal agreements between the county and the Towns/Villages for the County to act as the central control point for the review of projects. Unfortunately Inter-County Association has so many counties that don't have the shale that they don't use a balanced approach and simply vote No rather than promulgate more complete laws. We need to work with the counties that are actually in the "sweet spot" of exploration from Allegany County east to the Broome County area.
- Sandy Sheldon asked if the county has thought about how to protect our water supplies and possibly set up charges for water coming out of Allegany County. A concern about possible spills of contaminated materials on our roadways was also discussed. It was stated that this would usually fall under that Hazardous materials response and that DEC would be very involved with that kind of an issue.
- Tom Barber discussed the need to weigh the development, safety and moral aspects of this entire issue. Sometimes the law may say that something can be done, but that doesn't mean that it should be done.
- Kevin LaForge indicated that we need to start on a timely education of our citizens that is not too early or too late and that it is correct information coming out. Sandy Sheldon indicated her perception is that the citizens of our area don't understand the issues well enough and that we need to start now to get the word out. Perhaps an "A, B, C's of gas exploration in Allegany County" needs to be developed and put out for the public.

## GOOD OF THE ORDER

- Fred Sinclair noted that Potter County puts out a good informational piece on-line that is quite useful with information on the location of new wells, pros and cons of the work that is going on, etc. The URL is: http://www.pottercountypa.net/natural_gas.php

## ADJOURN:

**On a motion by F. Sinclair, seconded by G. Benson and is carried to adjourn the meeting at 11:53 a.m.**

Notes as taken by K. Dirlam