

Town of Maine residents getting \$3 million for gas rights

Plans depend on pending N.Y. drilling regulations

By Tom Wilber • twilber@gannett.com • May 9, 2010, 8:25 pm

A Colorado company is paying 130 Town of Maine residents about \$3 million for a jump on Marcellus Shale development in Broome County.

While regulatory and environmental uncertainty has stalled Marcellus Shale prospecting in New York, Inflection Energy has issued checks to finalize a deal to lease 3,000 acres for natural gas drilling.

The area falls generally between Pollard Hill and Twist Run Road roads north to south; and Farm to Market and Edson roads east to west.

The deal, announced in February, calls for \$6,000 per acre over eight years. About 130 residents with more than 3,000 acres have begun receiving checks for the first year's payment of \$1,000 per acre, said Robert Wedlake, a lawyer with Hinman, Howard & Kattell representing the group, called the South Maine Millennium Coalition.

Inflection is applying for permits from the county to begin seismic studies on county routes, with drilling to follow this year or next, said Mark Sexton, CEO with Inflection.

Plans depend on when the state finalizes a policy for the type of drilling necessary to tap the Marcellus. Unlike traditional wells drilled vertically into porous pockets of gas, Marcellus wells travel horizontally through the shale. They also require the injection of millions of gallons of chemical solutions under intense pressure to fracture the rock and release gas -- a process called fracking.

The Department of Environmental Conservation has suspended Marcellus permitting until it finishes reviewing risks from Marcellus production to land, air and water; and updating policy with a document called the Supplemental Generic Environmental Impact Statement.

Officials at the DEC said they expect a final document this year, although large environmental groups are ready to challenge it.

If the delay looks like it will continue into next year, Inflection may begin drilling some vertical wells this year to gather more information about the Marcellus geology while tapping other gas-bearing formations below it, Sexton said.

Fracking the Marcellus with a vertical well under the state's existing policy -- which allows up to 80,000 gallons rather than several million required for a horizontal well -- is a less effective approach.

"It will give us a little information, but it won't tell us what we want to know," he said.

If the state issues the SGEIS later this year, Inflection will be ready to begin drilling horizontal Marcellus wells next year, Sexton said.

"We're looking forward to getting after it when the regs allow it," he said.

Landowners with eyes on a share of royalty payments are eager for drilling to begin, said Bob Mnahoncak, a coalition organizer.

While negotiating with Inflection and other companies, "We wanted to hear the world 'drill'," he said. "That's how we get paid. ... They're aggressive

Advertisement



Mom Dilemma #36:
Your daughter insists on wearing her princess costume to the grocery store. Allow it or not?

YES, at least she's dressed!

NO, I have some rules!

momslike.me
where Local moms meet

Print Powered By  FormatDynamics™

stargazette.com

and they want to drill."

The Inflection deal calls for 20 percent royalties "subject to certain deductions," according to a press release from Wedlake and Inflection.

Some landowners are not quite so eager, however. About 20 percent of the landowners in the Maine group decided to hold out from the Inflection deal, Wedlake said.

Additionally, a coalition in the Town of Vestal decided against the Inflection deal for various reasons, Wedlake said. Some are seeking a deal more in line with what Fortuna Energy offered landowners in Friendsville, Pa., just across the border. Landowners received \$5,500 an acre up front plus 20 percent royalties, with a lease that calls for strict land use guidelines.

If the hold-up on Marcellus permitting continues in New York, Wedlake, said, the Inflection contract provides an "exit ramp" for both parties at the end of next year.

Advertisement



Mom Dilemma #36:
Your daughter insists on wearing her princess costume to the grocery store. Allow it or not?

YES, at least she's dressed!

NO, I have some rules!

momslike me .com
where Local moms meet

Print Powered By  **FormatDynamics**™