



impact of state's gas drilling decisions

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BUFFALO – Norse Energy Corp. informed its lease holders late last week that if a resolution barring hydraulic fracturing drilling permits until May 2011 becomes state law, it would suspend their lease terms for the period of the moratorium and tack on the additional time at the end of their terms.

“If S8129 becomes law, it will likely become an event of ‘force majeure’ tolling the lease terms,” wrote Executive Vice President Dennis Holbrook in a letter to several thousand property owners with whom the company has negotiated leases.

The news was no doubt unwelcome by many local property owners who in many cases are dairy farmers already long suffering from poor economic conditions and holding out hope that the natural gas discovered beneath their land will help them meet expenses.

The hydrofracking resolution was passed overwhelmingly in the New York State Senate earlier this month and could be taken up by the Assembly after state lawmakers return from summer recess. If it does, and Governor David Paterson signs the moratorium, it would effectively shut down nearly all oil and gas drilling activity throughout the state.

The proposed action comes before much anticipated revisions to New York State Department of Environmental Conservation law governing horizontal hydrofracking. The technique employs large quantities of pressurized water to release natural gas from shale formations such as the Marcellus and the Utica, and has been highly scrutinized by those who fear water, ground and air contamination.

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