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Natural gas drilling leases saving farms

BY JAMES HAGGERTY (STAFF WRITER)

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Linda Morgan / Staff Photographer Paul Manning, owner of Manning Farm Dairy in North Abington Twp., stands near the grain bin and feed silos. He uses gas-lease revenue to make capital improvements.

Manning Farm Dairy exhibits the benefits of its natural gas lease agreement.

"It let us build a heifer barn" for female cattle that have not produced calves, owner Paul Manning said of a lease covering 147 acres of his North Abington Twp. farm. "We put up a grain bin, too, so we could store our soybeans."

Improvements, such as the \$240,000 investment in the heifer barn in 2008, would have been unlikely without the gas lease, Mr. Manning said. Price volatility ravaging the dairy industry and economic distress from the financial markets disaster puts additional bank financing beyond reach for many farmers.

"Every cent went to continuing the business operation," Mr. Manning said of the lease. "We're trying to be self-sufficient."

Although the region's emerging Marcellus Shale natural gas industry generates controversy for its environmental effects, it helps provide economic security for some farmers. Several of Lackawanna County's best-known farming families have gas leases.

"I know farmers that have used that money to start a retirement account," said Dave Messersmith, a member of the Penn State Cooperative Extension's Marcellus Shale education team in Honesdale. "Some will be able to sell the farm at a discount rate to a family member.

"I've also seen instances where farmers use that income to improve land, buildings or other facilities."

Contention accompanies the expansion of gas drilling in Northeast Pennsylvania from widely publicized environmental disturbances.

Much of the publicity centers around Cabot Oil and Gas Corp., a Houston-based drilling company. In April, the state banned Cabot from drilling in a 9-square-mile area of Susquehanna County for at least a year because methane from faulty wells seeped into drinking water. The Department of Environmental Protection also ordered Cabot to install methane-eliminating, water-treatment systems in the homes of 14 affected families in Dimock Twp.

The company has paid more than \$400,000 in environmental fines to the state since last fall.

Last week, the state House of Representatives passed a bill calling for a three-year moratorium on natural gas drilling in state forests.

The adverse environmental developments are typical for an industry in early-stage development, some farmers say.

"Everything has some risk. We need to weigh the benefits against the costs," said Keith Eckel, a Schultsville farmer who has gas leases and grows corn on more than 1,200 acres in Lackawanna, Luzerne and Wyoming counties. "Absolutely, we want to maintain our environment. Absolutely, we want to protect our water."

John Roba, who owns Roba Family Farms, a North Abington Twp. agribusiness that sells Christmas trees and pumpkins, said he received assurances about drilling safety after agreeing to leases on two properties he owns with his wife, Sue.

"They are telling us they are going to go beyond what DEP says," he said. "They need to do that to make sure the water table is safe."

Others, including Mr. Manning, have reservations about their commitment.

"If I had a few hundred thousand, or a million, in the bank, I'd tell them to go whistle," Mr. Manning said. "We wouldn't even consider signing a lease. The water table was too valuable."

The financial payoff, though, is valuable, too.

"Farmers have said that receiving the lease payments has allowed them to stay on the farm and without that, they would not have been able to survive economically," said Timothy Kelsey, Ph.D., an agricultural economist at Penn State University.

"In Northeastern Pennsylvania, it has saved a tremendous amount of farms," said Richard Pallman, whose family operates Pallman Farms, a South Abington Twp. poultry and strawberry operation.

The Pallmans agreed to a gas lease recently on 128 acres of their property.

"It's going to save a lot of land from being developed," Mr. Pallman said of gas's positive impact on agriculture. "The pressure to sell to pay taxes is gone."

In an ironic twist, the gas industry may help conserve farm land and limit developmental sprawl.

"A lot of agriculture is hanging on by its fingernails and people end up selling the farms because they can't afford to farm anymore," Mr. Roba said. "At the very least, this makes life easier."

The potential value of mineral rights is slowing property transactions in some rural areas, Mr. Messersmith said.

"People are not selling large acres within the Marcellus footprint. They are holding on to that," he said.

But the longer-term impact of natural gas drilling leases on regional agriculture stirs debate.

"There's concern that it will encourage farmers to sell the property and get out of business," Mr. Messersmith said.

"Given the dollars going in, is that going to change the type of agriculture that people want to do?" Dr. Kelsey wondered. "Millionaires don't want to milk cows."

The impact also spreads to farm labor, putting upward pressure on agricultural wages.

"Guys, instead of working on a farm for \$9 or \$10 an hour, are working in the gas fields for \$18 an hour," Mr. Pallman said.

Although dozens of leases have been signed in Lackawanna County, only one well has been drilled. Some farmers with leases wonder if the environmental setbacks will cease before larger-scale drilling gets under way.

"I don't see them coming to our area for a few years, at least," said Jim Schirg, a vegetable farmer who sells produce at the Scranton Cooperative Farmers Market and agreed to a lease on 178 acres in West Abington Twp. "What the effects are going to be in two years, yeah, it worries us."

Contact the writer: jhaggerty@timeshamrock.com



Beauty and Your Beast Photo contest

Submit your favorite photo of you and your pet for a chance to win a VIP Box for 6 on the opening night of the musical, Beauty and the Beast, at the Scranton Cultural Center opening June 1st. Submission opens on May 8th with voting beginning May 17th. ▶

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Archbald crash injures three

Archbald crash injures three ARCHBALD - Three people were taken to the hospital after a rear-end collision on Business Route 6 in Archbald on Sunday afternoon. Both cars were headed west when the crash occurred at about 1:30 p.m. The crash snarled traff

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After reading the article I was concerned about that too....all the crops from the farmers, and also their cattle, poultry, eggs...

pat, 05/10/10 10:20

[Report](#)

Natural gas drilling may be saving farms but polluting them in the process. Not a good trade off.

Jesse, 05/10/10 10:12

[Report](#)

Nice Spinning Times Tribune... How much do you guys get for being a shill for the gas companies?

PT, 05/10/10 9:59

[Report](#)

These farmers might be getting paid now, but they're the ones that are going to be paying later. Live and learn I guess.

not my problem, 05/10/10 9:56

[Report](#)

Well I know whose turkeys, ice cream, milk, strawberries and pumpkins I WON'T be consuming. I'll stick to organic farmers from now on. I won't go near a farmers' market anymore.

keep your money and your poisoned crops, 05/10/10 8:50

[Report](#)

There are way more pros vs cons when choosing to lease your land to a drilling co. Just because there has been ONE drilling co that may not have done proper work & the media dwells on it constantly, does NOT make ALL drilling companys bad or shitty.

For the most part the NAY-SAYERS will be city people who are NOT included, due to lack of land.

I for one have also signed the lease & say DRILL BABY DRILL!
Save our local farms & stop making sub-divisions out of rural areas!

As for TAINTED ice cream & veggies...do a little research & keep buying that "fresh & safe" food at your local SUPER CENTER.

I love my farm!, 05/10/10 8:41

[Report](#)

What the drilling companies SAY and DO are two differnt things. The ONLY thing the care about is the gas they can get. EVERYTHING else is secondary. Their track record so far for this area proves that entirely.

Pit Owner, 05/10/10 8:15

[Report](#)

Western Pa landowners regret gas drilling. Farmer Ron Gulla's 141 acre farm has been destroyed and he is warning others as he speaks throughout PA. Emil Alexander's farm too has been contaminated. Horse farmer Mitchell warns that gas companies are ruining properties. Many similar experiences can be found in newspaper articles throughout the US where drilling has occurred. I pray to God that the same does not happen to our local farmers. They have worked hard all of their lives and they do not deserve to have their legacy destroyed. REGULATE the GAS INDUSTRY

Linda Nealon, 05/10/10 8:14

[Report](#)

"If I had a few hundred thousand, or a million, in the bank, I'd tell them to go whistle," Mr. Manning said. NEWSFLASH Mr. Manning, few of us have that kind of money in the bank. So we can only afford to protect our environment if we are wealthy beyond imagination? Hope your grandkids enjoy that tainted land down the road.

Gas buys the farm, 05/10/10 7:47

[Report](#)

Yeah, there's alot of people that will stop buying from these farms. How often are they checking the water they use for crops / livestock? Nice trade off eh? - you keep the farm, but no one wants your ice cream anymore.

how smart is that?, 05/10/10 7:37

[Report](#)

No Mannings for me and my children! Take some responsibility, stop being greedy for the love of God. All are Republicans right??? Figures

democrat, 05/10/10 7:19

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who dr kelsey

bb, 05/10/10 6:19

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yum yum...tainted ice cream and vegetables...no thanks

you can eat and drink them, 05/10/10 5:52

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Drill Baby Drill

low milk prices, 05/10/10 5:32

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