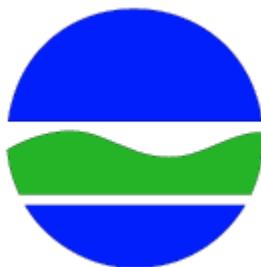


Response to Public Comments 2006 State Land Lease Sale

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George E. Pataki, Governor

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Response to Public Comments

2006 STATE LAND LEASE SALE

The State received nominations from the oil and gas industry to lease State reforestation (SRA) and multiple use areas (MUA) in Broome, Chemung, Cayuga, Cortland, Schuyler, Steuben, Tioga, and Tompkins Counties following the 2003 lease sale. Department of Environmental Conservation (DEC) staff reviewed the nominated tracts and, through a tract assessment process, determined which areas would be available for drilling operations and what portions of these tracts would be leased on a non-surface entry basis. Lease stipulations were generated, specific to each area, to provide for exploration and development of the oil and gas resources in an environmentally safe manner. The DEC held informational meetings to provide information, answer questions, explain the leasing and well drilling processes and the tract review process, and to receive comments on the proposal.

Public notice for the Proposed 2005 State Sale Public Meetings was published in the Environmental Notice Bulletin the week of June 15, 2005. Approximately 1,500 notices of the public meetings were mailed to local government officials, environmental groups, concerned individuals, industry and various other organizations in early June, 2005. Additional notices of the meetings were published in local papers and petroleum trade journals during the second week of June, 2005.

Written and oral comments on the proposed lease sale were received at the public meetings in Cortland on June 27 and 28, 2005 and in Elmira on June 28 and 29, 2005 and by letters and emails until October 7, 2005. Comments from the Broome, Tioga and Great Divide Unit Management Plan meetings and Assemblywoman Lupardo's meeting held in Vestal on August 22, 2005 to discuss the proposed leasing of Tracey Creek State Forest are also included and addressed in this response and will also be incorporated in the final UMP's for these areas. The Cortland meetings drew approximately 140 registered individuals. A small number of individuals attended but chose not to sign in. Approximately 50 individuals registered at the Elmira meetings. Sixty-six (66) written comments were submitted at the public meetings. The Division of Mineral Resources in Albany received approximately 500 letters and emails prior to the close of the comment period. Four petitions were also received. Based on attendance at the public meetings and the number of written comments received, the DEC believes that the time allocated for public comment has been sufficient for all concerned parties to make their views on the proposed lease sale known.

Responses to the issues raised by the public are found in the following six subdivisions: Environmental Conservation Law (page 2), Tract Specific responses (page 4), Local Government Concerns (page 8), State Lease Issues (page 10), Drilling Concerns (page 14) and various other issues not addressed in any of the sections listed above (page 18). Appendix A, starting on page 21, contains a compilation of public questions and comments on the proposed lease sale. Any

questions or issues that are not discussed in the six subdivisions of this document are addressed in Appendix A.

I) ENVIRONMENTAL CONSERVATION LAW ISSUES

Authority to Lease

A number of comments were received that questioned the Department's authority to lease the subject properties for oil and gas exploration and whether this is an appropriate use of state land. Environmental Conservation Law ("ECL") Article 23, Title 11 (§ 23-1101) authorizes the DEC to make leases on behalf of the state for all state lands for which oil and gas development is an intended use. This authority is also addressed in Lands & Forest's statute, ECL § 9-0507, wherein lands acquired by the state in accordance with ECL § 9-0501 (e.g. State Reforestation Areas and Multiple Use Areas), are specifically identified as potentially available for oil and gas leasing. Statutory authority for leasing public lands has existed since the 1930's¹ and oil and gas production has been undertaken on numerous State tracts since the 1960's.

There are several types of state lands and whether leasing and drilling for oil and gas is appropriate depends on the purpose intended for the state land.

State Reforestation Areas are authorized under Article 9, Title 5 of the ECL and must be 500 contiguous acres or more. Many State Reforestation Areas are inactive farms purchased during the Depression for "*...the establishment and maintenance of forests for watershed protection, production of timber and other forest products and for recreation and kindred purposes.*" The Legislature expressly intended oil and gas development as a kindred use of these lands because in Article 9-0507 it is stated "*...the department...may ...enter into oil and gas leases for the purpose of aiding in discovering and removing any oil or gas upon such lands...under such terms as may be prescribed by the department...*" The Department has been leasing Reforestation Areas under this authority for decades and some current oil and gas leases of other State Reforestation Areas date back to 1973. State Reforestation acreage totals approximately 600,000 acres. Currently, 50,491 acres of State Reforestation lands are under lease and the Department estimates that oil and gas activities have disturbed approximately 200 acres of these lands.

Wildlife Management Areas are authorized under Article 11, Title 21 of the ECL. The department may "*acquire by lease, purchase, gift,....lands....for the purpose of establishing and maintaining public hunting, trapping and fishing grounds.*" Most Wildlife Management Areas were farms bought by the federal government in the 1930's under the Federal Resettlement Act and subsequently gifted to the state in the 1960's. The federal government gifted the entire surface estate and 25% of the mineral estate to New York State, while retaining 75% of the mineral estate. Land purchases were also made under the Bond Acts of 1960, 1972, 1986 and from the Environmental Protection Fund. There are 85 Wildlife Management Areas totaling 200,000 acres and oil and gas development is permissible on these lands. Currently, just under 3,500 acres of Wildlife Management lands are under lease and oil and gas activities are estimated to have disturbed approximately 20 acres.

¹ The Legislature may constitutionally authorize the leasing for gas and oil exploration and removal, the lands purchased pursuant to section 16 of former Article 7 of the Constitution [see Const. Art. 13, §3] provided the said leaseholds do not interfere with the true purposes of reforestation as provided for by the said constitutional and statutory provisions. 1933, Op. Atty. Gen. 428.

Multiple Use Areas are authorized under Title C, Article 15 of the Parks, Recreation and Historic Preservation Law and were funded under the Recreation Land Acquisition Bond Acts of 1960 and 1962 and the Environmental Quality Bond Acts of 1972 and 1986. They were acquired *“to provide additional opportunities for outdoor recreation...and, wherever possible, to also serve multiple uses involving the conservation and development of natural resources including the preservation of scenic areas, watershed protection, forestry and reforestation.”* Leasing for development of oil and gas resources is thus authorized under Title C. Multiple Use acreage totals approximately 100,000 acres statewide. No oil and gas wells are currently located on Multiple Use Areas.

Forest preserve lands, under Article XIV of the NYS Constitution, *“...shall be forever kept as wild lands...not be leased, sold or exchanged, or be taken by any corporation, public or private, nor shall timber thereon be sold, removed or destroyed.”* The Adirondack Forest Preserve contains 2.6 million acres and the Catskill Forest Preserve contains 300,000 acres. Small, scattered parcels lie outside the “blue lines.” Leasing of these lands is expressly prohibited by Article XIV.

Park lands, authorized under Title B, Article 3 of the Parks, Recreation and Historic Preservation Law, are purchased and set aside for recreation to *“...conserve, protect, and enhance the natural, ecological, historic, cultural and recreational resources...and to provide for the public enjoyment and access to these resources in a manner which will protect them for future generations.”* The Department is expressly prohibited from leasing Park lands for oil and gas development by Article 23-1101(2)(e).

Conclusion:

Different uses are intended for various state lands: Forest Preserve lands as wild lands, Park lands as recreational lands, and State Reforestation and Multiple Use lands as both natural resource development and recreational lands. State Reforestation Areas, Multiple Use Areas and Wildlife Management Areas can be, and have been, leased for oil and gas development.

Public Support of Leasing Proposal

Fifty-five letters were received from various companies, organizations and individuals who support the leasing proposal. Several conservation and sportsmen groups supported the proposal to lease stating that new roads and right-of ways can improve access for the general public and restoration of disturbed areas with planting and seeding with wild flowers, trees, and grasses would improve wildlife habitat diversity. In the past, DEC has worked with operators to successfully implement such suggestions.

Comments were also received from private citizens who favor drilling for additional oil and gas supplies within our state. Individuals employed in various sectors of the oil and gas industry and the Independent Oil and Gas Association of New York support a state lease sale in order to increase domestic energy production.

Conclusion:

Support for the proposed leasing of state lands was expressed by some individuals and

organizations. Comments submitted in opposition to leasing are discussed in subsequent paragraphs of this document.

II) TRACT SPECIFIC RESPONSES

Bear Swamp State Forest, Cayuga #1

Numerous public comments (approximately 160) dealt with potential disturbances to Bear Swamp State Forest (Cayuga State Reforestation Area # 1). The public's major concern was the possible location of drill sites within the watershed of Skaneateles Lake, the unfiltered municipal water supply source of Syracuse. Other issues of importance to the public were the recreational experience of hikers, bikers, cross-country skiers, bird watchers and the potential for negative impacts to unique and rare flora (spreading globeflower and orchids).

The DEC's tract assessment restrictions for Bear Swamp State Forest developed prior to public comment excluded 1,286 acres of the 2,094 available acres (61%) of the parcel from surface disturbance due to well pad construction. Areas off limits to exploration and development operations include all wetlands, steep slopes, areas containing rare and endangered species, high use recreation areas, vernal pools, spring seeps, cultural sites and cemeteries. Buffers around designated trails provided further protection from well pad development.

The Division of Mineral Resources drilling permit restrictions and special conditions provide protection to aquifers and drinking water supplies. Aquifer drilling conditions require the cementation of all casing strings to surface and these requirements result in the isolation of the fresh water zones from contact with formation fluids found in zones penetrated by the well bore. Every well drilled in New York is in a watershed that is protected by DEC regulations. DEC's regulation of drilling operations on public and private lands is designed to prevent aquifer, watershed or lake contamination.

DEC reviewed and considered all the issues brought forth by the public and made the decision to exclude Bear Swamp State Forest from the proposed lease sale. This state forest is uniquely situated within an unfiltered municipal water supply watershed, has an extensive community of rare or protected avian species and other fauna and flora, includes a sizeable designated recreational trail system, has numerous wetlands which are located solely within the watershed of a unfiltered municipal water source and includes within its bounds peat bogs and a high-quality, rich fen. The unique and special combination of all these factors resulted in the removal of the parcel from the sale.

Conclusion:

Bear Swamp State Forest, Cayuga SRA #1 is excluded from the proposed sale.

Oakley Corners State Forest, Tioga #2

A number of comments including a petition with 521 signatories were received objecting to the leasing of Tioga State Reforestation Area 2 (Oakley Corners State Forest). The major concern of the respondents was the perceived negative impacts of well pad construction and drilling operations on the many trails throughout the area. Oakley Corners State Forest contains a heavily-used system of recreational trails of approximately 20 miles in length including a motorized access trail for people with disabilities. The trails run through every part of the forest

and include hiking, biking and snowmobile trails.

The Oakley Corners parcel is rectangular in shape, approximately two miles in length and varies in width from 2,000 feet wide to nearly a mile wide at its widest point. Due to the shape of the Oakley Corners parcel the DEC believes that it may be possible for oil or gas reservoirs beneath the forest to be accessed from private lands or with a minimally deviated well. The shape of the parcel, together with the multi-seasonal high recreational use of the extensive trail system located throughout the parcel make Oakley Corners State Forest a candidate for a non-surface occupancy lease. A non-surface occupancy lease will not impact the heavily-used system of recreational trails.

Conclusion:

Oakley Corners State Forest, Tioga SRA #2, will be included in the proposed sale as a non-surface occupancy lease.

Tracy Creek State Forest, Broome-Tioga MUA#1

Seventy-five respondents and a petition with 82 signatories were received expressing opposition to leasing of Broome-Tioga MUA #1 (Tracy Creek State Forest). Among concerns voiced by the respondents include the potential for pollution and road damage. These issues are addressed in detail on pages 14 and 15 in this document. Officials from the Kopernik Space Education Center, located approximately 2.5 miles from Tracey Creek State Forest, expressed concern that night lights and vibration from drilling rigs could interfere with ongoing work at the observatory. Another respondent questioned if leasing of this state forest would provide tax assistance to the Town of Vestal and Tioga County.

The Tracy Creek parcel is comprised of several small tracts of varying sizes. There is extensive private land ownership adjacent to and between many of the small tracts of this forest. Due to the shape of the Tracy Creek parcel, the DEC believes that it may be possible for oil or gas reservoirs beneath the forest to be accessed from private lands or with a minimally deviated well. The unique shape of the parcel makes Tracy Creek State Forest a candidate for a non-surface occupancy lease.

DEC will evaluate lighting impacts in the Tracy Creek area on a case by case basis at the time a permit application is received. Drilling rig night lights can be equipped with shielding that directs light downward should drilling activities occur in this area on private lands. Well drilling does not cause vibration sufficient to be felt on the ground adjacent to the drilling rig so this should not impact the Kopernik Observatory.

Conclusion:

Tracy Creek State Forest will be included in the proposed sale as a non-surface entry parcel. The Department will require that any drilling permits issued for wells on private lands near the Kopernik Center address the lighting issue.

Hewitt State Forest - Cortland # 1

The major concern expressed in the public comments submitted for Hewitt was the possible

location of drill sites within the watershed of Skaneateles Lake, the unfiltered municipal water supply source of Syracuse. Several public comments likened Hewitt State Forest with Bear Swamp due to a portion of Hewitt (approximately 140 acres) lying within the Skaneateles Lake Watershed. Other issues identified with the Hewitt parcel are distinct and separate from Bear Swamp. The majority of Hewitt State Forest (87% or 818 acres) is located outside of the Skaneateles Lake watershed. Hewitt SRA does not have the extensive trail system, rare flora, rich fen or the large wetlands that are present in the Bear Swamp State Forest.

The tract assessment process for Hewitt State Forest identified sensitive areas that resulted in the exclusion of 310 acres of the 937 available acres (33%) from surface disturbance. Areas excluded from exploration and development operations include wetlands, natural areas, steep slopes, designated trails, vernal pools, spring seeps and cultural sites. Wetland areas in the Hewitt parcel that lie within the Skaneateles Lake watershed are protected areas and are excluded from exploration and development.

As previously noted in the discussion on Bear Swamp, the Division of Mineral Resources' drilling permit restrictions and special conditions provide protection to aquifers and drinking water supplies.

The Department took into consideration all the issues brought forth by the public and has made the decision to include Hewitt State Forest in the proposed lease sale but will add a non-surface entry restriction for approximately 140 acres of the parcel located within the Skaneateles Lake watershed. This additional restriction is due to the presence of 140 acres within an unfiltered municipal water supply in combination with the presence of wetlands on the 140 acre portion of the forest within the unfiltered municipal water supply. The non-surface entry restriction, the limitations set forth in the tract assessment process and the terms of the state's lease provide protection to this forest.

Conclusion:

Hewitt State Forest, Cortland #1 will be included in the proposed sale with the additional restriction to exclude surface disturbance of the Hewitt SRA lands within the Skaneateles Lake watershed. DEC also established an additional 250 foot buffer from the watershed boundary such that the section of this forest west of Brake Hill Road will also be excluded from surface disturbance. Pipelines and utilities will be allowed along roads through the restricted area but no wellpads will be permitted.

Jenksville State Forest, Tioga #7

Several comments were received requesting that Jenksville State Forest (Tioga County SRA #7) be excluded from any drilling for oil and gas. The Tioga County Legislature and the Tioga County Planning Board and several individuals objected to the proposed leasing of Jenksville State Forest. Identified concerns were possible adverse effects on tourism, recreational resources and potential for pollution.

Most respondents were concerned about possible negative effects on approximately 12 miles of multiple use trails located in the eastern portion of Jenksville State Forest. The portion of Jenksville State Forest that contains the trails also has several potential well site locations that

meet the requirement identified in the tract assessment process of a 250-foot setback from the trails. Departmental restrictions ensure that no surface disturbance to, or temporary closing of, the trails will result from exploration operations. There are no designated recreational trails located in the northern portion of Jenksville State Forest.

Other general concerns raised by respondents about Jenksville State Forest are addressed in detail elsewhere in this document.

Conclusion:

The eastern portion of Jenksville State Forest (area with high density of multiple use trails), as detailed on the revised Tract Assessment Map, will be designated as a non-surface entry. Because of the shape of the parcel and the location of private lands within this area, pipelines and utilities will be allowed along roads through this eastern restricted area but no wellpads will be permitted. The remainder of the parcel will be offered in the proposed lease sale with the restrictions identified in the tract-assessment process.

Coon Hollow State Forest, Schuyler #4

Several local governments and citizens were concerned about flooding of local roads due to storm runoff. Several roads near Coon Hollow State Forest were damaged in the recent past and one respondent blamed a flooding incident on drilling operations. The Department has no record of oil and gas drilling activity ever occurring on this state tract so drilling operations could not have been responsible for any observed flooding. As explained in the erosion and sedimentation section on page 15, conditions are attached to the drilling permit to mitigate erosion of land surfaces and roads.

Conclusion:

Coon Hollow will be offered in the proposed lease sale with restrictions identified in the tract assessment process.

Other Parcels Nominated for Inclusion in the Proposed Lease Sale - (Cortland 3 - Kennedy, Cortland 9&10 - Tuller, Tioga 1 - Fairfield, Tioga 3 - Robinson, Tioga 4 - Anderson, Tioga 6 Ketchumville, Tompkins 4 - Potato Hill, Chemung 1C - Catlin, Chemung 2 - Maple Hill and Steuben 5A - West Hill)

The tract-assessment process for these parcels identified sensitive areas which are not compatible with well pad development. Areas restricted from exploration and development operations include all wetlands, natural areas, high use recreation areas, streams, steep slopes, designated trails, vernal pools, springs and cultural sites. An additional restriction was placed on drilling in high forest canopy areas such that only one well pad may be constructed in that area. Any subsequent development proposed in that area requires written approval by the DEC.

It is the Department's experience that tract assessment restrictions, drilling permit conditions established by Mineral Resources and temporary, revocable permits issued by the surface managers will protect the state forests from potential adverse impacts of oil and gas operations. Natural gas pipelines built on state lands are required to be located and buried along existing roads to minimize surface disturbances. Any deviation from this requirement must be approved

in writing by the DEC.

Conclusion:

The eleven (11) state reforestation areas listed in the paragraph above will be included in the proposed sale with the restrictions identified in the tract-assessment process.

Shindagin Hollow State Forest

Several comments were received concerning the inclusion of Shindagin Hollow State Forest in the proposed lease sale. The Tioga County Legislature, the Tioga County Planning Board and several area residents requested that Shindagin Hollow State Forest be excluded from any drilling for oil and gas on state lands.

Conclusion:

Shindagin Hollow was not nominated for leasing and was not considered for inclusion in the Department's proposed 2006 Lease Sale.

III) LOCAL GOVERNMENT CONCERNS

Local Government Objections to Leasing State Lands

Several town and county governments passed resolutions against drilling on state lands located within their boundaries. An example of a local government resolution was that of the Broome County Legislature which passed a resolution against drilling on state lands in the county on the basis that oil and gas development conflicts with the statutory intent for Reforestation Areas. This issue is addressed in more detail on page 2 of this document but, as cited there, oil and gas development is a statutorily-authorized purpose for Reforestation and Multiple Use areas and the authority to regulate exploration and development activities on all lands in the state is set forth in the Environmental Conservation Law.

Another example of local government opposition to leasing state lands was voiced by the Town of Richford in Tioga County when it informed DEC that it had passed a Site Review Plan Law in 2004 to regulate drilling activities in the Town. The New York State Legislature has elected to regulate oil and gas drilling activities on a statewide basis and laws to that effect have been in place for over 30 years. Section §23-0303(2) of the New York State Environmental Conservation Law states that *"The provisions of this article shall supersede all local laws or ordinances relating to the regulation of the oil, gas and solution mining industries; but shall not supersede local government jurisdiction over local roads or the rights of local governments under the real property tax law."* The Department appreciates the concerns of local governments with regard to drilling activities within their jurisdictions and will work with them to address these concerns. Since the appropriate regulatory authority resides with the DEC, local governments are encouraged to contact the Department with any concerns about oil and gas operations in their jurisdictions.

Conclusion:

The Department will work with local governments to address their concerns regarding oil and gas operations.

Damage to Roads

Comments were received from local governments and residents concerned about possible damage to roads from heavy truck traffic during drilling and production operations.

As quoted in the previous section, local governments have the authority and responsibility to see that road traffic conforms to the weight limits and conditions of their roads. They may recover damages caused by heavy truck traffic or require posting of bonds as surety against such damages. Roads may see increased traffic during drilling operations but, once wells are completed, traffic should return to normal levels. Typically, producing gas wells are monitored by company personnel who visit the well site in a pickup truck.

Conclusion:

The DEC does not have jurisdiction over local roads according to the Environmental Conservation Law which leaves oversight to the local government. However, the Environmental Conservation Law §23-0305(13) requires that the operator submit prior notice of proposed drilling operations to the local government in which the drill site is located. With such prior notice, towns and counties have the ability to post roads and to set weight limits when the conditions are present such that road damage may occur.

Effect on Tourism

Several local governmental organizations and individuals submitted comments that they believed that drilling and production operations would have a negative effect on tourism in their areas. Tourism should not be adversely impacted as drilling activities are temporary, lasting in most cases approximately thirty to forty five days. Well sites are quickly reclaimed to the requirements of the DEC and a producing well's footprint is typically only about one-quarter to one-half acre in size. Well operators commonly paint production facilities green to blend in with background vegetation and trees are often planted around the facilities to further obscure them from public view. The Department works with a company to select drill sites that meet the company's technical requirements and also provide minimal impact to trails and other recreational tourist attractions.

Conclusion:

The Department's setback requirements from trails and other restrictions are sufficient such that any negative effects on the public's enjoyment of these areas are minimal and short-term. Any long term impacts will be appropriately mitigated.

Trail Buffers

Some individuals questioned why DEC is proposing a 250 foot trail buffer, rather than a 500 foot buffer. The 250 foot buffer on either side of all trails on tracts included in the proposed sale results in a 500 foot wide buffer strip which DEC believes is sufficient protection for any trails near a proposed drill site. The 250' buffer is a minimal requirement and, where applicable, efforts will be made to provide maximum protection to the trail. In addition to the buffer requirement other precautions may be taken to minimize impacts to recreational trails.

Conclusion:

A 500' buffer strip and other controls will be utilized to minimize trail impacts.

IV) STATE LEASE ISSUES

State Lease Terms

Comments were received regarding the terms under which the State was making its lands available for leasing. Respondents questioned why companies would be allowed to acquire leases on State lands for \$15 per acre and questioned the structure of the bidding process, believing that the State would receive greater amounts of money by allowing companies to bid for the leases based on the amount of royalty they would pay. Numerous respondents raised questions about where funds generated from the lease sale would go.

DEC awards a lease to the responsible company or individual that submits the highest dollar per acre bonus bid during a competitive, sealed-bid process. All leases contain standard state contract language, including insurance required by the Office of the State Comptroller (OSC). The successful bidder's record of compliance is considered prior to the granting of a lease and the DEC reserves the right to reject any and all bids. All contracts must also be approved by the DEC's contract unit and attorney, the Comptroller's Office and the Attorney General's Office to become final and binding. Financial security must be posted by the operator prior to the commencement of drilling operations.

The minimum bonus bid in the proposed sale is \$15 per acre but bonus bids received in the 1999 State lease sale were as high as \$313 per acre. The 2003 sale generated \$4.5 million in bonus bids with a highest bid of \$587 per acre. The State anticipates that many of the tracts nominated for this sale will receive bonus bids in excess of the \$15 per acre minimum. Annual delay rentals during the leases' five year primary terms are \$5 per acre if no well is drilled on the parcel. Delay rental payments cease when the lease expires or when a producing well is drilled on the lease and the State commences to receive royalty revenue from its one-eighth share of the production proceeds. As required by law, funds generated from leasing of State Reforestation Areas and Multiple Use Areas are deposited in the State's General Fund and revenues generated from the leasing of Wildlife Management Areas are deposited in the Conservation Fund.

Some respondents believed that instituting a bidding process with a base royalty higher than one-eighth (12.5%) would be more advantageous to the State. Generally speaking, in oil and gas leasing, as the base royalty of a lease increases, the bonus bid a company is willing to pay decreases. So if the State were to demand a higher base royalty on its leases, the bonus bid money would likely decrease.

Through year-end 2004, the State had received over \$8 million in bonus bids from the 1999 and 2003 lease sales and \$1.8 million from its one-eighth royalty. There is no way of knowing if a company would bid a royalty higher than one-eighth but even if the State's royalty on these lands had increased by 50% to three-sixteenths (18.75%), the royalty money thus far received would have risen to \$2.7 million, far short of the \$8 million in bonus money received from the two sales. While royalties from wells may ultimately bring in more revenue than bonus bids, the present system has brought in large amounts of up-front, guaranteed money in the form of bonus bids.

Additionally, of the \$8 million in bonus money thus far received, over \$4.2 million has been from state tracts that have yet to be, and may never be, drilled. Increasing the royalty on these

tracts at the expense of the bonus bids makes little sense if a well is never drilled or a dry hole is drilled and royalties are never received. Whether it is more advantageous for the State to seek a higher royalty but with a lower bonus bid or a higher bonus bid but a lower royalty on a particular tract can only be ascertained after all drilling results are known. Given the risk and uncertainties in the petroleum exploration business, there is no way these results can be divined prior to the drilling of wells.

Conclusion:

It is the Department's belief that the present system of fixing the royalty at one-eighth (12.5%) and allowing companies to compete for leases based on an up-front, bonus bid provides the best mix of guaranteed revenue while providing for royalty income if, and when, successful wells are drilled. This system best balances the inherent risks of exploration while maximizing total revenue to the state.

Impacts from Previous Wells on State Lands

A question was received regarding whether the impacts from drilling operations from multiple wells on previously leased state lands in Steuben and Schuyler counties have been analyzed. The Department monitors oil and gas activities on all its lands. Since the recent drilling in Steuben and Schuyler counties is new activity in this area, these developments have received particular scrutiny.

Three state tracts in these counties have each had two Trenton-Black River wells drilled on them. Steuben SRA #3 currently has two producing wells located on it and a total of eight acres of the 937 acres in the area have been disturbed by well pads, access roads and pipelines. Erwin WMA in Steuben County also has two Trenton-Black River wells; one dry hole and one shut-in well. A total of five and a half acres of the 2,365 acres in this tract were disturbed by the drilling activity, however, the two acres of land disturbed by the dry hole have already been reclaimed to Department standards. Schuyler SRA #1 has one producing Trenton-Black River well and one shut-in Black River well located on it. Just over ten acres of state land on this tract containing 2,129 acres have been disturbed.

To date, less than 30 acres out of nearly 40,000 acres (.075%) leased by the State in Chemung, Schuyler and Steuben counties in the 1999 and 2003 lease sales have been disturbed by well site, road and pipeline construction. These disturbed areas will be reclaimed to Department standards when operations cease.

It is the Department's evaluation that the oil and gas activities on these lands have been carried out in full compliance with the standards required by the leases and drilling permits. The footprints from the operations are relatively small and, in the Department's consideration, minimally intrusive on the environment. No further analysis, other than regular inspections, appears warranted at this time.

Conclusion:

The Department performs extensive analysis of impacts of oil and gas operations at every stage of the leasing, drilling and production processes. Only a very small amount of state land is ever affected by oil and gas operations and those lands are reclaimed to Department standards.

Minimum Well Spacing on State Lands

Several individuals expressed their concern that 40 acre oil and gas well spacing should not be allowed on state land. DEC, through its lease terms, has approval over any oil and gas development program on state lands. While state spacing laws allow wells to be drilled on 40 acre spacing for certain formations, DEC may require larger units for wells on state lands as dictated by the amount of land on each tract compatible with such development. The proposed leases would not allow a well pad density of less than 320 acres, unless a specific drilling plan is approved by the Department. In addition, many of the tract assessments for parcels subject to leasing further restrict well spacing for certain sites.

Conclusion:

Well spacing on state lands is determined by state Environmental Conservation Law and the requirements of the surface managers on each particular tract. These requirements determine the allowable well spacing incorporated into the terms of each lease.

Drilling on Public vs. Private Lands

Many comments were directed towards the necessity of drilling on State land and several respondents submitted comments that leasing of state lands would deny potential income to private citizens.

Oil and gas accumulations are localized in discrete areas due to various geological factors. The accumulations may be located entirely under State or private lands or partially under each. The concept of correlative rights holds that each mineral owner (either the State or a private landowner) should have an opportunity to share in production of oil or gas drained from beneath their property. Well-spacing regulations contained in Article 23 ensure that all mineral rights owners within a spacing unit being drained by a well share in the production from that well. Leasing of state lands does not deny income to private citizens but instead ensures that the State receives the royalty income to which it is entitled for oil and gas produced from beneath state lands.

Many respondents submitted comments on the need to allow oil and gas development on state lands when a reservoir beneath them could be accessed from private lands by horizontal drilling. In past lease sales, when state lands have required extraordinary levels of protection, the Department has issued non-surface occupancy leases. In such leases, the lessee can only access oil and gas beneath state lands by horizontal drilling. Horizontal drilling, however, can cost up to three times more than vertical well drilling and these additional costs may result in non-development of the resource. Where appropriate, the Department will issue non-surface occupancy leases.

Conclusion:

DEC statute and regulations protect the correlative rights of all mineral owners, including the people of the State of New York, to the oil and gas beneath their lands. Leasing of state lands, well spacing regulations and compulsory integration orders ensure that payments are made to all whose lands are drained by a well.

State Generic Environmental Impact Statement (GEIS)

Comments were received questioning “whether it is acceptable to fail to mention DEC’s program of leasing state lands or gas and oil exploration in the Final and Draft GEIS on The Oil, Gas and Solution Mining Regulatory Program and then a year later amend the GEIS to include gas and oil exploration at a time when it was not on the public’s radar.”

The leasing process for state lands and the status of then-current state leases were discussed in both the Draft and Final GEIS but not in the Findings Statement on the Draft and Final GEIS issued in September of 1992. A Supplemental Findings Statement is required if the proposed subsequent action is adequately addressed in the GEIS but is not addressed in the findings statement for the GEIS and one was issued in April of 1993.

Another comment was advanced on the premise that the GEIS was devised exclusively for private lands and could not be applied to oil and gas leasing on state lands.

The GEIS specifically discusses the leasing of public lands and expressly recognizes the fact of oil and gas operations on state lands. The GEIS is a generic document intended for statewide application and applies to all lands of the state.

One contributor asserts that “at the very minimum, the SEQR analysis for (leasing) a given state land should include the maximum number of potential wells which could be placed on the state forest, unique area, or wildlife management area. The interconnecting roads and gathering lines should also be included in the analysis.”

GEIS Vol. I directly addresses this concern, pointing out that:

“Most of the wells drilled are mutually exclusive from each other from an environmental point of view. This situation occurs because of spacing requirements to protect the correlative rights of landowners, spacing between wells to prevent waste of resources, and setback requirements designed to protect environmental resources and to ensure public safety”.

The topic is further discussed in the Supplemental Findings Statement adopted on April 19th, 1993 which states:

- *“Prior to adoption of the GEIS, proposed lease sales underwent a segmented review. Segmented reviews are permitted under certain circumstances if they are no less protective of the environment. This is true given the highly speculative nature of oil and gas leasing practices:*
- *It is impractical to review the potential environmental impacts of development activities at the leasing stage. Information on the placement of well sites is not generally known, even by the lessee. Not until a company successfully obtains a lease does it invest time and money in preparing the exploration and development plans that will be submitted to the Department for approval if the lessee wishes to commence operations.*

- *Most of the land leased will never be directly affected by development activities.*
- *Based on a 15 year record of the State's leasing program, less than one percent of all the State land leased has been subject to any direct impact.*
- *When the lessee does decide on a proposed well site on a State lease, the lessee must obtain a site-specific drilling permit from the Department. With every well drilling permit application the Department requires: 1) a program-specific Environmental Assessment Form, 2) a plat (map) showing the proposed well location and support facilities, and 3) a pre-drilling site inspection that allows the Department to:*
 - ▶ *reliably determine potential environmental problems; and*
 - ▶ *select appropriate permit conditions for mitigating potential environmental impacts.*
- *Possession of a lease does not grant the right to drill on a lease. Nor is the lessee in any way guaranteed approval for their first-choice drilling location. Clauses included in the lease inform the lessee that any surface disturbing activities must receive Department review and approval prior to their commencement. Leases also contain clauses recommended by other State agency staff that are necessary for protection of fish, wildlife, plant, land, air, wetlands, water and cultural resources on the leased parcels”.*

Conclusion:

The Draft and Final GEIS on the Oil, Gas and Solution Mining Regulatory Program is universally applicable to all lands in the state where oil and gas operations may be conducted, both public and private. Furthermore, it undeniably addresses the leasing of state-owned lands thereby making the adoption of the Supplemental Findings Statement on April 19th, 1993, entirely appropriate. The requirements of 6 NYCRR Part 617 have been met and no changes to the DEC’s leasing process are contemplated. Where applicable, additional SEQR review will be conducted to evaluate impacts associated with specific drilling locations.

DEC Staffing Levels

The Department received comments which questioned the ability of the Divisions of Mineral Resources and Lands and Forests to manage the increased workload associated with the proposed 21,000 acre lease sale.

While staffing levels fluctuate from time to time and from program to program, the Department added seven new leasing positions in 2002 to work on this and future sales.

Conclusion:

The DEC is able to undertake the additional work associated with State land leasing activities. Staffing levels are adequate to ensure that this work will be accomplished in a timely manner and

with sufficient protection of state lands.

V) DRILLING CONCERNS

Recreation and Trails

The tract assessment process identified the State land parcels with trails and incorporated protective measures for the trails and the land immediately adjacent to them. Some tracts may have a portion of the trail in an area which is approved for surface entry leasing. Any disturbance to a trail requires the approval of the surface manager. Often trail groups will be invited to the pre-site inspection before a drilling permit is issued to gather their input. Impacts from drilling operations on recreation are short-lived. Surface facilities installed for producing wells are set back from trails and have a small footprint. All pipelines are buried and are not visible even where they cross existing trails. New access roads built for drilling operations may also be converted to new trails when oil and gas operations cease.

Conclusion:

The DEC provided protection for trails on every parcel offered for lease in the proposed 2005 lease sale. Trail groups will be contacted by the surface manager prior to any proposed disturbance of a trail by access road construction.

Potential for Erosion, Sedimentation and Water Pollution

Numerous respondents were concerned about the potential for pollution of surface waters and drinking water supplies due to drilling. Concern was especially high for potential impacts on the portions of the Skaneateles Watershed in Bear Swamp and Hewitt State Forest.

DEC's proactive approach to protecting ground and surface waters has resulted in some of the most stringent rules and regulations for drilling oil and gas wells in the nation. In consultation with the NYS Department of Health, other state and federal agencies and various local governments for the last 30 years, DEC implemented aquifer conditions which are attached to drilling permits for wells penetrating a primary aquifer and additional surface setbacks from municipal, public and private water supplies. Drilling permit conditions constantly evolve as various water issues and technologies change. DEC's Minerals staff also participate in many water protection councils and advisory groups including the national Ground Water Protection Council, which is composed of representatives from other oil and gas producing states.

DEC regulations require that all oil and gas wells be constructed with steel casing and cement to prevent subsurface fluids from contaminating aquifers and surface waters. Operators are required to submit a site-specific drilling plan that details their proposed drilling, casing and cementing program with a drilling permit application. Applications to drill are carefully reviewed by regional staff to ensure environmental protection. A drilling permit will only be issued if the application satisfies all DEC regulatory requirements. DEC staff inspect drilling activities and casing and cementing operations to ensure regulatory compliance with permit conditions.

Erosion and sedimentation control plans are also required on a site-specific basis. Staff conduct a pre-site inspection to identify the best management practices needed to control sedimentation. The operator is informed of the erosion and sedimentation control devices that must be in place prior to

the commencement of drilling operations. Typical surface disturbances for deep gas wells have been in the one to three acre range. Active drilling takes place for approximately thirty days. The DEC requires the reclamation of every well site. A producing gas well's final footprint is typically less than one-half acre in size.

Watershed protection is a primary concern of DEC since wells are drilled every day on private lands in various watersheds in central New York. The watershed for Skaneateles Lake (424 billion gallons) is the source of drinking water for 200,000 Syracuse residents, and is of major concern in this proposed lease sale. Parts of Bear Swamp and Hewitt State Forest are in the Skaneateles Lake watershed. Concerns and comments focused on alteration of ground and surface water flow, potential impacts from surface disturbance and storage of brine and drilling mud, inspection of drilling sites, and liability if the water supply is contaminated. Bear Swamp and Hewitt forests are uniquely situated such that, for the reasons stated in the tract specific responses, no drill pads will be developed on state-owned parcels within the Skaneateles Lake Watershed. Rarely, drill site construction will cause a temporary minor alteration of surface water flow that can be deliberately re-routed away from the site to avoid excess erosion and sedimentation. Facilities for onsite storage of brine and mud can accommodate 50 or 100-year storms and also prevent run-off. New York State has an excellent inspection program with inspectors on site two or three times a week and during critical phases of drilling operations such as cementing. The well operator is liable for any and all damages resulting from drilling or production operations on State and private lands under NYS Environmental Conservation Law.

Drilling site surface disturbance is comparable to a large home construction site, but is more stringently regulated and inspected. Prior to issuing a drilling permit for a well on either private or state land, staff will notify and work in consultation with the local authorities to ensure that the watershed is fully protected.

Conclusion:

Bear Swamp has been removed from the proposed sale and no drilling will be allowed on the portion of Hewitt State Forest that lies in the Skaneateles Lake watershed in addition to the establishment of a 250 foot buffer.

Impacts to Water Wells and Potential for Chemical Pollution from Drilling

Some respondents were concerned about drilling impacts on domestic water wells stating that wells could go dry or become contaminated with salt or other minerals. An incident mentioned in several comments involved a landowner in Broome County who complained to a company that they caused natural gas to enter his well even though the drilled well was a dry hole and produced no gas. The landowner never filed a complaint with DEC. The incident was privately resolved between the company and landowner.

Several respondents also raised concerns about an incident in Broome County where soap bubbles migrated from a gas storage field drill site into an intermittent stream. They questioned whether the ingredients in the soap contained toxic ingredients, including ethylene glycol, which is found in antifreeze. Soap is sometimes added during drilling to emulsify fluids in the well bore. In this particular case, drillers added far too much soap, creating a flow of soap bubbles. DEC was

contacted and a DEC Minerals' field inspector was on site within the hour and Regional Spill's staff also rapidly responded. A remediation plan was implemented and the soapy water was pumped, collected and trucked to disposal plants. The soap in question is biodegradable and the glycol in the soap is not ethylene glycol but a food-grade chemical used to keep the soap from freezing. The company was fined \$50,000 for the incident and spent \$900,000 on the required clean-up of the spill. There were no reports of injured or dead wildlife.

Other chemicals of concern used in drilling are caustic soda in non-hazardous concentrations and mud thinners. Mud thinners can contain various chemicals, but are also mixed in low concentrations before use. All fluids used in drilling must be contained in lined pits or steel tanks and must be disposed of properly. Drilling fluids are not allowed to be injected into the well or buried onsite.

Conclusion:

DEC's casing and cementing requirements are designed to protect subsurface fresh water and prevent fluid migration between subsurface horizons. Every water well complaint filed with DEC is investigated by office and field staff. Most complaints received by DEC about water wells are due to water turbidity, a temporary disturbance as the drill bit goes through the shallow aquifer zone. DEC regional staff respond quickly and effectively to a report of a spill on a drilling or production site.

Potential for Noise, Light and Vibration Pollution

A typical deep gas well is actively drilling for approximately thirty to forty-five days. The majority of complaints received by DEC's field offices concern noise. Even though some comments cited light and vibration as potential impacts, our offices have not found either as a major concern for neighbors of drilling sites.

Noise impacts have been mitigated in the past based upon site specific conditions and concerns. Mitigation measures include the use of stacked hay bales as a sound barrier, the reorientation of equipment on the site and the use of mufflers. Some of the noisiest drilling activities can also be conducted during daylight hours to minimize the impacts.

Conclusion:

DEC's field offices respond to these complaints and work with the drilling company and complainant to resolve the problem. Drilling permit conditions may be added to address such impacts.

Use of Herbicides on Pipeline Right-of -Ways

A concern about spraying herbicides to control vegetation on pipeline right-of-ways was expressed. The use of herbicides on pipeline rights of way is not permitted without approval from the surface managers.

Conclusion:

Use of herbicide to control vegetation is only allowed with prior approval of the surface manager.

Forest Fragmentation

Several individuals viewed forest fragmentation as an important issue. These individuals suggested

restrictions on activities such as recreation, logging and oil and gas exploration during the months of March through July near known raptor nesting sites. Historically, logging activities have been adjusted near active nests. The DEC considers the issue of forest fragmentation and how it affects wildlife, birds in particular, during the tract assessment process. Large portions of each state forest will not be open to drilling and additional portions will only allow one well per state forest unless otherwise approved by the DEC. DEC will review each site plan proposed by drillers and ensure that the fewest number of trees are cut. The State requires reclamation of all lands that have been exposed to oil and gas operations. The DEC will decide if drill sites will be reclaimed to meadow or forest based upon the needs of the particular forest and the goals established in any Unit Management Plan.

Conclusion:

The tract assessment process has provisions to address the potential for forest fragmentation. Other mitigation measures such as restricting drilling during breeding season can also be made a condition of the drilling permit.

Wildlife & Native Plant Habitat

Several conservation and sportsmen groups support the proposal to lease. They suggested that new roads and right-of ways should be used to improve access to the areas. Restoration of disturbed areas can include habitat improvement such as planting and reseeding with appropriate wild flowers, trees, and grasses to improve habitat diversity. DEC has worked with operators in the past to implement these suggestions and it has been successful.

Numerous comments were also received from individuals who were concerned about the impact of drilling on wildlife and native plants. DEC shares this concern and has a regulatory requirement to provide protection, especially for those species on state and federal protected lists.

Each parcel of State land nominated for leasing is reviewed by the land manager who determines the native wildlife and plants and identifies those on protected lists. Protected areas are then excluded from surface entry in the lease documents. A pre-site inspection at a proposed drill site is required and conducted by the land manager, a minerals inspector, and the company before a drilling permit is issued. If areas are identified during this survey that require additional protection, an alternative drill site may be required.

Conclusion:

Known protected habitats will be respected and surface activity there will be prohibited. Operators will be required to avoid protected areas and provide alternative routes for pipelines, access roads and drilling locations. The DEC excluded protected habitats from surface disturbance in the proposed leases and placed additional restrictions on activities in areas of known concern.

VI) OTHER ISSUES

Alternate Energy Sources

Numerous comments were received from those who were interested in increasing the use of alternate or renewable sources of energy.

One objective of the New York State Energy Plan issued in June, 2002 is to increase energy diversity in all sectors of the State's economy through greater use of energy efficiency technologies and alternative energy resources, including renewable energy. New York is promoting the development of renewable energy through a number of initiatives including a green building tax credit, environmental disclosure labeling, solar easements, net metering law credit for use of private photovoltaic equipment. Governor Pataki's Executive Order 111 directs State agencies and other affected agencies to seek to increase their purchase of energy generated from specific renewable technologies. Additional information on alternative energy sources in New York can be found in Governor Pataki's 9-Point Strategic Energy Action Plan.

Conclusion:

Even as New York moves toward greater use of alternative energy sources, there remains a present need for fossil fuels to satisfy our energy needs. Clean-burning natural gas is a preferred energy source due to its environmental benefits and major reserves located within the United States and New York.

ATVs

Some comments were received regarding the use of ATVs on State land. The problem of unauthorized use of State land for ATV activity is a growing concern. Forest Rangers and Environmental Conservation Officers (ECOs) patrol State lands to control ATV trespassers. Royalties generated from the gas production on State lands are deposited in the General Fund and disbursements from the General Fund pay for many ECO positions.

Conclusion:

The DEC does prosecute, and will continue to prosecute, individuals who trespass on State lands with their ATVs.

Invasive species

Several comments were received which stated a concern that invasive weeds would be brought to the State lands from seeds on vehicles traveling to drill sites.

Conclusion:

While the DEC cannot control the introduction of weeds whether by trucks, hikers, migratory animals or the wind, the surface managers will monitor state lands for invasive species.

Notification of Other Agencies of the Proposed Lease Sale

One contributor held that the Office of Parks, Recreation & Historic Preservation (OPRHP) and the Public Service Commission (PSC) were not notified of the upcoming lease sale and, procedurally, they should have been. The granting of a lease causes no disturbance of state land, therefore, it is not necessary to notify OPRHP of the proposed lease sale. The current language in the state leases may require a lessee applying for a drilling permit on state land to conduct a Stage 1A literature search and sensitivity assessment of the proposed drill site followed, where necessary, by a Stage 1B field investigation. This process has been confirmed by OPRHP as both satisfactory and appropriate. The PSC's regulatory function does not extend to the leasing of state lands and there is no obligation for the DEC to advise the PSC of proposed lease sales. The PSC does regulate the construction and

operation of high pressure natural gas lines whether they are located on State or private lands.

Conclusion:

DEC is not required to notify other agencies when a lease sale is proposed but does provide notification to, and works with, other agencies as necessary when specific sites are proposed for drilling operations.

Oil and Gas Drilling Included in Unit Management Plans

Several individuals questioned why oil and gas drilling was included in Unit Management Plans. As discussed on page 2 of this document, extraction of oil and gas is a permissible use of State Reforestation Areas, therefore, it is appropriate to discuss in Unit Management Plans (UMP).

Conclusion:

Unit Management Plans include oil and gas drilling because it is a compatible use of the land and the authority to lease state land is set forth in the law. UMPs include an analysis of compatibility of oil and gas development as part of the comprehensive assessment of resource elements on State lands. This comprehensive study forms the foundation of proposed management actions in the UMP.

Additional Statewide Meetings to Discuss Environmental Problems

The public requested that DEC hold statewide meetings to discuss broad-scale solutions to environmental problems. The Department encourages public comment and welcomes opportunities to respond to questions. This was the purpose of the public meetings held on the proposed lease sale. To keep the public abreast of programs and issues, the DEC puts out fact sheets, numerous publications and maintains a web site with over 18,000 pages.

Conclusion:

Environmental issues are discussed in a variety of meetings across the state. DEC encourages the public to attend these meetings and to review the information provided by the state.

Oil and Gas Industry Jobs for New York Residents

A concern was expressed that very few workers in the oil and gas industry are from New York. To the contrary, a significant, and growing, number of New Yorkers are employed in the petroleum industry. Many oil and gas companies have their offices in New York and hire substantial numbers of New York State residents.

Conclusion:

A significant number of New York residents are employed by the oil and gas industry.

Appendix A

The following are a list of public comments and questions on the proposed lease sale, both general and tract-specific, compiled from oral comments at the public meetings and written comments received via mail. If a question has been addressed in the text of this document, it has not been responded to in this Appendix. If a comment or question requires additional explanation, a response is provided below.

- The City of Syracuse takes a “no acceptable level of risk” for its water supply; thus it is opposed to any drilling in Hewitt or Bear Swamp State Forests. There is insufficient protection for sub-surface aquifers. It is a fragile, sensitive area which is also the drinking water source for the City of Syracuse.
 - City of Syracuse Watershed Rules and Regulations require submission of an Erosion Storm Water Control Plan to the City Department of Water for any land disturbance of 5000 square feet or greater on environmentally sensitive land in the watershed.
 - The Cayuga County Legislature is opposed to drilling in Bear Swamp State Forests and has passed a resolution stating that the negative impacts outweigh the positive impacts.
 - The Town Board of Skaneateles passed a resolution 5-0 opposing drilling in Bear Swamp State Forest.
 - The Susquehanna Sierra Club questioned the validity of the leasing process; can’t believe that such a unique and diverse area like Bear Swamp State Forest was included in lease. Remove Bear Swamp from the list of forests that may be explored for oil and gas drilling due to unique character and habitat of forest.
 - The Delaware-Otsego Audubon Society opposed to oil and gas exploration and development on Bear Swamp because DEC doesn’t have enough staff to monitor oil and gas leasing properly, proposal conflicts with recreational users and it negatively impacts wildlife. Bear Swamp State Forest should be designated as a Unique Natural Area.
 - Laws should be changed to prevent oil and gas leasing, mining and timber harvesting on state forest lands.
 - Leasing should be spread out over time; DEC should not allow drilling in 17 state forests at once. If the state leases any of Bear Swamp it should confine itself to leasing two sites per decade.
 - Opposed to oil and gas exploration in Bear Swamp because it is part of the Southern Skaneateles Lake Important Bird Area.
 - Access roads and the approximately 2-4 acre wellhead sites are a possible source of severe soil run-off if usual weather patterns exceed the design-storm for which the best
-

management practice have been sized. Eliminate crossing of trails by roads and pipelines.

- Concern expressed about the contamination of adjacent private wells; concern about sediment or brine ponds/tanks leaking.
- Concern about suspended sediments from the erosion of heavy clay soils.
- Concern about resale of leases to second party.

Response: While a company awarded a lease of state lands for oil and gas development may sell those rights to another company, the sale of the lease must be approved by the State. This ensures that the new operator has a good record of compliance with state regulations.

- Forest fragmentation is a major threat to birds and other wildlife. Concerned about raptors such as the Northern Goshawk and Red Shouldered Hawk in the forest. Oil and gas drilling will increase forest fragmentation and also increases the possibility of invasive species.
- It's an important recreational site. Drilling will interfere with hiking, biking and horseback riding.
- The money the State receives from drilling in Bear Swamp is not worth the loss of this unique environmental area. Short term revenues created by the leasing do not begin to compensate the people of NY for the loss of quiet, unspoiled recreational forest land.
- Directional wells can be drilled from adjoining private property; the forest does not have to be drilled directly.
- Bear Swamp is an important educational institution for Cornell, SUNY ESF and SUNY Cortland. Could have adverse affect on teaching in and research done in bear Swamp State Forest.
- A slight increase in property taxes would be better than developing Bear Swamp for oil and gas drilling.
- Minor changes due to the construction of roads, pads, utility structures etc. would have a far-reaching negative consequences for orchids which are very sensitive to any type of change to their environment. Bear Swamp has a unique habitat that supports Spreading Globe Flower.
- State profit on leases should be more than 12%.
- Use funds obtained to support local conservation projects, not deposit in the General Fund.
- The State should receive a higher royalty than 12.5 % from gas revenues.

- Revenue from gas under State land should be returned locally, or go to the Conservation Fund. It should not go into the General Fund.

Response: Funds generated from the leasing of State Reforestation Areas are required by law to be deposited in the General Fund. Funds received from leasing of Wildlife Management Areas are required by law to be deposited in the Conservation Fund. Municipalities receive assistance from the State through disbursement of funds via various state aid programs. Leasing of state lands provides no direct assistance to the local municipalities in which the state lands are located. Oil and gas production from both state and private lands, however, is subject to local taxation under the provisions of the Real Property Tax Law.

- Supports lease of Bear Swamp (former owner of the land).
- Forests are threatened by ATV use.
- Reclamation to a meadow and not a forest is not true reclamation; it's not returning the land to what it once was.
- State Forests are “parks” and “nature preserves.”
- Hewitt State Forest, like Bear Swamp is in the watershed of Skaneateles Lake which is a water supply for the City of Syracuse. Opposed to drilling here due to watershed.
- Opposed to drilling on Hewitt State Forest because would like drilling to occur on his land adjacent to forest.
- 22 people spoke in opposition to drilling for oil & gas drilling on Tracy Creek State Forest at the public meeting in Vestal.
- Two people spoke in favor of drilling on Tracy Creek State Forest at the meeting in Vestal.
- The Broome County Legislature passed a resolution in opposition to drilling on state forests lands in the Broome-Tioga Reforestation Areas which includes Tracy Creek stating, among other things, that oil and gas drilling is not watershed protection, production of timber, recreation or a kindred purpose.
- The Town of Vestal passed a resolution opposed to drilling in the Town of Vestal which includes Tracy Creek State Forest. The Board cited water table and spillage, sound or light pollution, chemical pollution, concern for animal habitats, possible problems with nearby residential water wells, clear cutting on the hilltop which could lead to erosion, and mud slides, and possible severe damage to local roads from heavy equipment which might exceed the 5 ton limit the town currently has on roads under its jurisdiction as reasons for opposing the drilling. The Town noted that the protection of hilltop areas is in sync with the town's comprehensive plan.

- Concerns expressed about the quality of living in this populated area if well drilling occurs.
- Concerns about security of well sites after drilling is completed.
- Oil and gas leasing will cause other commercial development.
- The State is just after the money.
- There is a five ton load limit on local town roads. The town would need to pay for increase maintenance due to increased wear and tear.
- Drill sites cannot be reclaimed to mature forest where mature trees were cleared.
- The Kopernick Observatory may be rendered useless if oil and gas drilling is allowed. Light pollution, air pollution and vibration will seriously affect the ability of the observatory to perform. Vibration from drilling could damage sensitive equipment at the observatory, and damage buildings in the vicinity.
- Finding gas is not a sure thing, a chance of benefit is not worth negative impacts from drilling.
- Drilling on the State forest yields no benefits to the local residents. Primarily out-of-state businesses and consumers benefit from drilling.
- Concern expressed that public multiple use lands can be leased for purposes that will result in removal of trees and disruption of wildlife.
- We need to reduce dependence on foreign oil by increasing domestic production.
- Siting of wells on private land should first be exhausted prior to drilling on State forests.
- The State needs better coordination between agencies. One State entity should be responsible for any problems which may occur during the entire process. The party responsible for making the lease decision from the State should be present at the public meetings.
- Increased fuel conservation and use of renewable energy sources are needed instead of drilling on State forests.
- Ten to twenty thousand annual recreational visits were estimated for nearby Oakley Corners State Forest. Recreation use of State forests is increasing, they are becoming more like parks. Drilling for gas is not a “kindred use” for State Forests.
- Generic Environmental Impact Statements are inadequate. Site-specific impact statements should be required. Environmental assessments should be done prior to leasing, not after.

- Private land should not be taken by eminent domain for pipelines.
- The draft Broome UMP indicates the presence of spring and water rights reservation on the forests that are piped to private land; what measures will be taken to protect these water resources in the event of oil and gas leasing? The aquifer could be polluted by drilling operations. If wells are ruined, residents would not receive assistance in procuring a replacement water supply.
- Bubbling chemicals were released at the surface a few years ago at a well site in Owego. Residents need information about what chemical was released, what remediation was done, what fine was imposed, if any, and what was done to prevent a repeat.
- Public meetings were not well advertised and were held in places far away from affected areas.
- The Tioga County legislature passed a resolution calling for non-surface entry leases from private lands only on Oakley Corners; the resolution was passed 9-0.
- Town of Owego passed a resolution 5-0 against drilling for oil or natural gas within the boundaries of the State Forests in the Town of Owego which includes Oakley Corners and a small part of Tracy Creek.
- The Tioga Bird Club also called for non-surface entry leases only.
- Triple Cities Hiking Club is opposed to leases for drilling on Oakley Corners- concern about conflicts with recreational uses--would like a trail buffer of 500 feet and feels that DEC's estimate of use of the forest is low.
- Numerous private landowners adjacent to Oakley Corners State Forest have already sold their mineral and gas rights to private companies. These properties should be used to access the oil on Oakley State Forest. Only non-surface entry leases should be allowed on this forest.
- This forest is within 15-30 minutes of many towns and cities in the southern tier; it provides a recreational outlet for large numbers of people. The forest is popular for many different types of recreational uses, none of which are compatible with oil and gas drilling. People bought the land with the idea that there would be minimal disturbance on the state forests.
- Clearing 2-4 acres of forest per well pad will significantly alter the aesthetic value of this forest. There should be no drill sites, roads or pipelines in high canopy forest areas. Drilling will forever change how people feel about the forest. The scars from clear cutting will remain for a long time.
- More research should be done to determine if natural gas is present.
- Previous surface disturbances, logging cleanup not good; therefore, not convinced that DEC

can properly manage drilling. Concern about DEC's low staffing levels and thus their ability to manage all phases of oil and gas exploration and development.

- Residents of the Triple Cities should not have to drive to the Finger Lakes National Forest, the Catskills and the Adirondacks to experience remote, undisturbed forest lands in which to recreate.
- There is a value in undisturbed large tracts of State Forest areas; they should be set aside for future generations.
- Forest fragmentation will result; it leads to invasive species.
- Over 70 birds inhabit or use Oakley Corners State Forest for migration/irruption; some are on DEC's List of Bird Species of greatest conservation need. Drilling will disturb nesting.
- 500 signatures on a petition opposed to gas leasing of Oakley Corners have been submitted to the DEC.
- There will be increased traffic, lights, noise, loss of tourism, and potential groundwater pollution if drilling occurs. The solitude of this area will be ruined. Neighbors will suffer. Property values may be negatively affected.
- Oakley Forest is located near many homes. These homes could be adversely affected if drilling is allowed. All of these homes have private wells that could be polluted or compromised by drilling.
- Higher royalties should be required if any drilling is done; state has viable reason for this, as fewer royalty arrangements will be negotiated and far less paperwork. Drilling companies should compensate the State more appropriately for the relative ease of doing business.
- DEC Division of Lands and Forests should keep half of the royalty payments to compensate for lost revenue related to permanent removal of forest production from the region; it would also recognize the additional work burdens to the State Foresters associated with oversight of the lands impacted by drilling operations. Concern about the lack of tax revenues from state forests in Tioga County.
- Tract Assessments should be re-evaluated on Oakley Corners and Jenksville. Existing trails, ponds, camping areas need to be avoided as do important viewsheds.
- Lands and Forests should work with local users groups to create alternative layout for sustainable trails when mining operations cross existing trails; should be part of the Special Conditions in the lease and should be funded by the well drilling company.
- DEC and the public should be given opportunity to comment when specific well location are proposed by industry.

- Concerns that DEC will award bids to the company or individual that submits the highest dollar per acre cash bonus bid without regard for the company's past practices or safety record.
- Concerns about serious damage to town and county roads by large drilling equipment. Town and county will have to pay to fix the roads.
- Should allow gas drilling only on state forests that are remote and that get little recreational use.
- A formal plant survey has not been completed (per the Draft Tioga UMP). Data on birds does not include data from the more recent 2000 Breeding Bird Atlas.
- Drilling is in direct conflict with land management goals of watershed protection, timber production, recreation and other kindred purposes.
- Prevent global warming by reducing use of fossil fuels and eliminate gas exploration and development.
- Will State Land leases provide property tax assistance to the town of Vestal and Tioga County?
- Oil and gas leases will indirectly reduce the State's tax burden by being added into the General Fund; the trickle down effect of that may be felt by people in the amount of state taxes they pay.
- How do you plan to access remote areas of the state forest land for drilling? It appears you will have to cross well-established trails that are used year-round for recreation.
- The mission of protecting the lands and forests of the State does not seem to coincide with oil and gas exploration and development. Can you explain this?
- Oil and gas drilling will significantly and adversely alter the character of these forests.
- Oil companies can access any oil and gas through nearby private lands; this would also be more advantageous to the local economy as it will help local owners of property when they lease their lands.
- Remove these forests from the oil and gas drilling list.
- Gas exploration is outside the charter of State Forests.
- The State should provide a "projected costs versus projected revenues" for drilling with supporting documentation.
- The State should negotiate for a revenue percentage greater than 12.5%.

- DEC lacks the resources to properly monitor drilling operations, to ensure that necessary safety procedures are followed, and to report potentially harmful situations.
- Money from drilling should not go to the General Fund; it should go to the DEC to better manage existing land and/or purchase additional lands.
- There should be no surface drilling unless the lease rate per acre is increased significantly.
- Leave Oakley and Jenksville State Forests off the list for drilling .
- Opposed to leasing of these forests; lighting, traffic, restricted access to local roads, noise, road corrosion will all be problems if drilling occurs. There will be no reclamation to return the land to a forest; it will become a reclaimed meadow instead.
- Why not use directional drilling from adjacent properties so as to avoid disturbance to State Forest lands?
- Why is the cost per acre that a company pays to the State only \$5?
- How will drilling on these state forests affect adjacent and local property values?

Response: Drilling on state lands has occurred for decades and the Department is unaware of any effects on adjacent private property values, either positive or negative.

- Will our trees be removed from 5 acres of land for every 320 acres where a well pad is situated?
- Concern about conflicts with recreational uses.
- Concerns that a 250 foot trail, stream and wetland buffer are not enough; should be larger.
- Concern expressed about erosion and sediment increases on Coon Hollow. It frequently floods.
- Opposed to drilling because of: damages that loggers have done to roads in the past, flooding resulting from removed trees, steep ground and flash flooding that may be caused by oil and gas exploration and development.
- Local towns can benefit by increased assessment on land where gas production occurs.
- Opposed to oil and gas exploration due to impacts on local roads and overall impacts on environment.
- Royalty payments should be bid competitively.

- DEC doesn't have sufficient staff to monitor oil and gas leasing properly.
- The landscape will become a maze of crossing pipelines.
- Directional Drilling should be used; no surface disturbance. Public forests lands should be used to reach oil and gas only if such is not possible from private sites.
- One well per 320 acres should be the standard, nothing higher should be allowed. The Division of Lands and Forests is recommending 1 well pad for every 320 acres, but law allows for one well pad for every 40 acres, which would affect approximately 10% of the State Forest acreage.
- State government should focus its attention on facilitating communications between interested private landholders and companies that want to drill.
- Opposed to oil and gas leasing because it is not renewable like timber harvesting.
- SEQRA compliance is lacking. Don't abandon the programmatic EIS for this proposal; individual reviews for each well site does not comply with SEQRA and ignores secondary and cumulative impacts.
- Maximum number of potential wells that could be placed on each forest should be noted.
- In favor of drilling in state forests with some restrictions; oil and gas exploration and development is good for local communities.
- Not bidding royalty payments is a "sin."
- NYS is not getting enough revenue from oil and gas drilling compared to other states. Royalty payments should be bid competitively with a minimum bid of 26%. Private landowners in New York are getting 18% royalty payments; not 12 ½%. Royalty payments are also low compared to other states and countries. Low royalty rates that the State receives has a negative impact on the private owners ability to negotiate royalty payments. New York State should make more money from the oil and gas drilling process. There should be no collusion in the bidding process.
- Would like to know more about the bidding process.
- Concerned that there is no money available for mitigation.
- Pipelines should be removed when no longer in use.

Response: Excavation of an abandoned line would cause far more disturbance than the present requirements for abandonment of a gas line that the line be evacuated, capped and remain buried.

- There should be a referendum stopping oil and gas exploration and development on state forests.
- There should be an analysis of possible interconnecting roads and gathering lines too.
- Certain forest lands should be exempted based on the expertise of State Foresters-- Bear Swamp, Oakley Corners and Jenksville in particular.
- State land lost to gas drilling should be replaced by the developers as is done in Wildlife Management Areas; Findings section in FEIS could require this, even if the State law does not. If land is not available, the developers could place funds into the Conservation Fund to offset.
- Money generated from oil and gas leasing should be used to help reduce taxes.
- A plan for monitoring and maintenance of well sites is lacking.

Response: The Department creates individual plans for each oil and gas well since each well location is unique and may require different protections. A “one-size-fits-all” plan would not be appropriate.

- Innovative interaction of wells into state land operations is lacking.
- Construction standards, safeguards and final restoration must be assured.
- Lease the state forests lands; this follows the multiple use concept.
- Fossil fuel is becoming a resource of the past. DEC should be looking at and developing renewable resources. Windmills in state forest, which attach to utility poles that have easements across state forests, are a better idea.

Response: The Department partners and works closely with other state agencies and entities such as the New York State Energy Research Development Authority (NYSERDA) on development of renewable and non-renewable energy resources on both public and private lands in New York.

- Natural gas is good; it’s cleaner than manufactured gas that we used to use. These hearings are “roadblocks in the way of progress.” State land should become part of the energy we need.
- Funds from leases shouldn’t go to the general fund; they should go to preservation or management.
- Leases should only be awarded to companies that recognize “climate change” and have a good environmental reputation.

- Preserve recreational trails.
- Activity is not in keeping with watershed protection, reforestation and other “kindred purposes” for which this land was originally protected.
- 250 foot buffer zones are not protective of the environment.
- Oil and gas drilling in the state forests is strictly a money making project.
- No trail relocation by the developers; they will cause more damage.
- Increase Lands and Forests personnel commensurate with the added work load cause by this process.
- All roads constructed should be built in a responsible manner. Only carefully monitored selective cutting should be allowed.
- A one tree length no-cut buffer zone around occupied bird nests is insufficient to protect raptors. 300 feet for raptors and 90 feet for songbirds is needed.
- Research shows a 50% success rate on well drilling.
- Concerns about fires in the woods when the well is burned off.
- Unhappy with the fact that 3 or 4 years ago they were not given the opportunity to give public input; were told that notice on the DEC website was all that was required by law.
- Concern about pipelines; had a bad experience with construction of pipeline crossing property. Pipeline ended up in a different location than that agreed upon. Pipeline construction changed drainage on property that caused damage. Damage was not fixed. Company constructing the pipeline did not do what they had verbally agreed to do.
- Will any proposed leases involve access across or on the Finger Lakes Trail? If so, will the leaser immediately be required to restore trail blazes, clear debris and assure proper water drainage of disturbed areas?

Response: The Finger Lakes Trail does cross some of the tracts nominated for leasing in the proposed sale. Any operations proposed by an operator that affect the trail must be approved in advance by the surface managers and surface restoration performed to Department requirements after operations cease.

- Do drillers have to have contingency plans for leaks/spills problems like oil transporters do?
- Who has liability in the above events, DEC, the gas company or the taxpayers?
- Was there a public referendum on the selling of leases in State Forests?

- If gas companies buy leases, do they own the land above?

The lease temporarily transfers, from the State to the lessee, the right to develop any oil and gas beneath the property. The lease usually, but not always, grants access to the property. There is no change in ownership of the property.

- Could the land be deeded over for conservation?
- Could NYS take private land by eminent domain for the public good?
- NYS has reduced DEC personnel significantly in recent years; how can they monitor well drilling activities?
- Is the distance between drill sites and private land 660 feet? The Land and Forests presentation in Cortland made it appear as if the wells could be sited much closer to private land.
- Who pays for new roads into the state forests?
- Will local adjacent property owners be contacted prior to the start of drilling?
- Who oversees the amount of gas that would be coming from the wells to see that everyone involved gets a fair deal? Is information on well output available, or going to be available?

Response: The Division of Mineral Resources oversees production operations and processes revenue from wells on state lands. All companies and individuals that produce oil and gas in New York are required to report production from each of their wells at the end of every calendar year. Yearly production numbers from all wells, including those on state land, are compiled by the Division and released to the public on the following July 1st.

- Why are royalty payments not bid competitively?
- Are rights of adjacent property owners truly protected?
- Does DEC have the right to refuse bids?
- Why is DEC doing the leasing and not the State Comptroller?
- Who reads the meters on a producing well to monitor production?
- If DEC is making money, then why don't taxes go down?
- Since oil and gas drilling were not allowed on the Finger Lakes National Forest, why is DEC allowing oil and gas exploration in its forests?

- Timber sales would have the same environmental effect as drilling.
- DEC should involve Foresters, Biologists and Environmental Analysts before any State lands are ultimately and irrevocably committed to wells, and road pipelines.
- What measures will be taken to protect the quality of the roads and safety of the public and wildlife from increased loads and traffic due to oil and gas drilling?
- Could the NYSDEC guarantee to the City of Syracuse that the exploration and drilling process would not affect the ground water flow pattern or alter the surface flow pattern to permit contamination of Skaneateles Lake and its tributaries?
- Could the State of New York guarantee to the City of Syracuse that the water quality of Skaneateles Lake would not be compromised by accidents that release pollutants to surrounding water bodies during surface cleaning and preparation, exploration, building of access roads and pipelines, drilling storage of mud and brine, and collection and transportation of gas? How are these sites monitored for pollutant releases during and after drilling? In addition, how will the state deal with wellhead closure, stabilization or removal of access roads and other denuded areas and monitoring of closed wells? Who is liable if Syracuse's water supply is contaminated?
- Will the DEC allow leases to be resold to another party with less ability to protect the resources of Skaneateles Lake?
- Abandoned wells will have to be capped. Does the state have sufficient personnel and resources to ensure that capping will be properly completed?
- Why do oil companies get 88% of the profits and the State only gets 12% of the profits from oil and gas drilling?
- How tightly can the NYSDEC monitor the sites for pollutant releases during operation of the wells and after closure?
- In the event of pollution escape and contamination of our water supply, who would be liable for remediation—the state, the drilling company or both? (There are no obvious liability clauses in the lease sale agreement other than those regarding fire).
- Could the state guarantee that mud settling ponds would not overflow during storms or be breached?
- If oil and gas drilling is allowed, will other mining and possible toxic dumps be allowed?