TOWNSHIPS TODAY

A QUARTERLY NEWSLETTER BROUGHT TO YOU BY YOUR TOWNSHIP

Pennsylvania's Natural Gas Boom Puts Townships in a Difficult Position

Knock. Knock.

Who's there?

It's a landman, and the energy company he works for wants to lease your property so it can capitalize on what many suspect is a significant — and untapped — natural gas reserve lurking under Pennsylvania's surface.

The gas is trapped thousands of feet underground in what is known as the Marcellus shale, a layer of rock that stretches from upstate New York to West Virginia and, in between, blankets parts of Ohio and two-thirds of Pennsylvania.

Recent drilling innovations, coupled with the prospect of huge profits for companies that can get in and get the gas to market, have triggered a gold rush of sorts here in the commonwealth, where the shale formation appears to be the thickest and, therefore, holds the most abundant supply.

As a result, thousands of gas wells have been popping up in townships across the commonwealth. Right now, the most intense interest is in the northcentral and northeastern parts of the state, in places like Bradford, Lycoming, and Susquehanna counties.

According to the experts, the shale's seemingly vast supply offers real promise for the nation's natural gas reserves. On top of that, its development over the next decade or so could lower home heating bills across the United States, reduce our dependence on foreign energy, bring jobs and businesses to areas of Pennsylvania that need them the most, and pump mil-

PHOTO BY BARR H. SHRIVER

Rigs and wells, similar to those above, have been popping up all over Pennsylvania, which many believe is sitting on top of a bountiful and valuable natural gas reserve, known as the Marcellus shale. It wasn't until recently, though, that energy companies had the techniques and technology to access it. Now, townships statewide are dealing with the side effects of this new industry.

lions, if not billions, into the state's economy.

There is another side to this story, though. And it's the one being told by township supervisors statewide, many of whom have found themselves in a difficult position. As local elected officials, they must deal with the impact of this growing industry and even address your complaints.

However, the truth is, your township supervisors have very little authority to regulate gas well drilling – and they certainly can't stop it.

Powerless in Pennsylvania

Among townships, damaged roads are the most common complaint. But the development of gas wells in Pennsylvania has brought other side effects, too, including altered landscapes, declining property values, and around-the-clock noise.

And what troubles township officials the most is that thanks to Pennsylvania's Oil and Gas Act of 1984, they are virtually powerless to halt the damage.

"I understand our energy problems and the need to address them," one township supervisor said recently, "but these companies can just come in and run roughshod over us and we have no recourse.

"We would just like to be able to exercise some control, but we can't do anything," he added. "Our hands are tied."

So who does have the power under the act to make these companies play by the rules?

It all lies with the state Department of Environmental Protection, which regulates, permits, and oversees the oil and gas industry in Pennsylvania. It's an ironclad authority that means one thing: Townships are precluded from establishing their own rules for oil and gas drilling.

"Every well that gets drilled must comply with the Oil and Gas Act, and townships are pre-empted from interfering with this DEP function," says Matthew Wolford, an environmental law attorney in Erie.

The matter gets muddier when you throw in the fact that this issue is largely about private property rights, too. If you, as a landowner, don't mind a well or two or three on your property, very few municipal officials are going to argue with that — or try to intervene.

In fact, energy companies are making many township residents an offer they simply can't refuse, and they are quickly opening the door and saying, "Come on in." Stories are circulating that some landowners in northeastern Pennsylvania are signing leases for as much as $2,500 an acre on top of the 12.5 percent royalty fee they'll receive for gas that is extracted from their property.

Get the facts

Given these circumstances, you, as a township resident, have some real control in determining what unfolds in your community. However, before you make a decision, experts advise that you do some research to fully understand the gas industry and the leases their representatives are asking you to sign.

One valuable resource is the Penn State Cooperative Extension's Natural Gas Exploration and Leasing Team, which has been offering workshops statewide to educate landowners on the energy industry and also hosts an informative Web site, www.naturalgaslease.pbwiki.com. Useful information can also be found at www.pagaslease.com, which was created by Ron Stamets, founder of the Natural Gas Lease Forum for Landowners.

Stamets, a resident of Buckingham Township in Wayne County, started the forum after being approached by a landman and, through his experience, has developed helpful tips for landowners who find themselves in a similar position. They are as follows:

- Remember that whatever you sign is a LEGAL CONTRACT and you will be bound by its terms.
- Get every promise in writing.
- Remember that you are negotiating what could be a million-dollar deal. You are not buying a refrigerator and should not treat this situation as such.
- Remember that the lease tips the scales in favor of the drilling company. Therefore, it is your responsibility to understand the benefits the company is getting and the rights you are signing away.
- Hire an attorney who has working knowledge of federal and state gas laws to explain the lease and its ramifications and negotiate on your behalf.
- Consider joining or forming a landowners group so you are in a stronger position to negotiate a lease. This also ensures you won't have to bear the entire financial burden of hiring a qualified attorney, who may charge up to $350 an hour.

"I understand our energy problems and the need to address them, but these companies can just come in and run roughshod over us and we have no recourse. We would just like to be able to exercise some control, but we can't do anything. Our hands are tied."