



PRESS RELEASE - July 16, 2013

- for immediate release

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Gas leases in Northeast PA abandoned by Newfield/Hess

NORTHERN WAYNE COUNTY, PA, JULY 16, 2013 -- Hess and Newfield, owners of major gas and oil drilling leaseholds in northeast Pennsylvania, are abandoning leases held for nearly four years in the Delaware River Basin (DRB) and after spending \$150 million on those leases, as [quoted in AP article](#) this morning.

[In letters to all lessors](#) dated July 1, 2013, Newfield Appalachia PA, LLC, advised "...Newfield and Hess have elected to release your lease, thus your lease will not be continued into the development phase. "Pursuant to the terms of the lease, this letter is notice that Newfield and Hess will file of record a Release of Lease in the offices of the Clerk of County in which the property resides."

Damascus Citizens for Sustainability(DCS), which started the fight against gas drilling on the East Coast, has obtained several of these letters and the AP has written that all lessors in the area have received them. The complete extent of the withdrawal will be official soon, since changes to leases must be recorded within 30 days.

"There is considerable speculation concerning the reasons," said Barbara Arrindell, Director of DCS, "but various economic factors may loom large in this decision. Among them may be the extremely high cost of drilling; possible meager gas production; the precipitous downward production decline rate; [major stockholders' discontent](#) with Hess and its risky "[scattershot approach](#) to investment" and the continued low price of "dry" gas (gas that has no light oils or 'natural gas liquids' in it). Additionally, there may be distinct tax advantages to Hess dumping the leases while it faces mounting business challenges, to say nothing of the public relations nightmare facing the industry with HBO's airing of Gasland 2, Josh Fox's latest exposé.

Josh Fox, the creator of the films Gasland and Gasland 2 said, "I can't believe it and I can't stop crying. The companies that leased 80,000 acres in my township, in the upper Delaware River Basin are LEAVING. CANCELING ALL THE LEASES. WE ARE FREE. THANK YOU ALL FRACTIVISTS. THANK YOU EVERYONE FOR THIS AMAZING VICTORY. WE WIN! AND WE WON'T STOP UNTIL WE WIN EVERYWHERE. I'm speechless. This proves that people, organized and passionate can actually win sometimes. In the grand scheme of things, this is a small victory, but it's HUGE. It's the Upper Delaware."

"Yet", continued Arrindell, "there can be little doubt that this decision also reflects an industry realization that it made a fundamental miscalculation. Even after being limited to only three exploratory wells (now plugged), Hess failed to observe that an educated public was unwilling to accept the industry's false rhetoric. The claims of environmental safety and supposed benefits to local businesses and workers were recognized as both false and overlooking greater costs to the local economy and quality of life. Unlike the government in Pennsylvania and some other states where protecting the public interest is not taken seriously, the Delaware River Basin Commission is taking a properly cautious regulatory approach. Newfield and Hess could not adjust its investment and management plans to that approach."

In fact, [Carol Collier, Director](#) of the Delaware River Basin Commission recently wrote “All members of the Basin community have a common interest in ensuring that the potential introduction of an industrial activity in the drainage area to these waters occurs only in a manner that does not cause a substantial adverse effect on the outstanding value and vital ecological functions that these waters provide.”

“This is not a surprising decision,” remarked Al Appleton. Appleton, a former New York City Commissioner of Environmental Protection and an international expert on sustainable management of landscapes and water resources and a technical advisor on gas fracking to many organizations, including DCS, continued, “The industry’s economic calculations about the profitability of gas fracking assume that they can treat the environmental, public health, and landscape concerns that gas fracking raises as unimportant and not worthy of significant financial commitment. If these companies had to pay the costs of the damage to the environment, public health, and economic viability of rural landscapes, it would be a far less profitable, but far better business model. Fortunately, in the Pennsylvania portion of the Delaware River Basin, an enormously important environmental resource for over twenty million people, an aroused and aware public, and a responsible regulator have forced the industry to face those costs. This is an important milestone on the path to economic and environmental sustainability, one that Pennsylvania and New York, as well as the United States, are all committed to and must follow. The rule for the future must be that businesses cannot depend on shortcutting environmental and public health concerns as a path to profit. Today, the energy market has had to take a small, but important step towards recognizing the mistake of basing economic strategy on environmentally unsustainable practices.”

Ms. Arrindell, DCS Director declared, “DCS celebrates the Delaware Basin being a little bit cleaner today after these companies have finally faced economic and environmental reality. We should all drink a glass of our clean Delaware water in celebration!”

One lessor affected by Hess’s decision remarked that she was “very happy...Now the work begins educating the other people who made the decision to lease in the first place. This is a huge win for the Delaware River Valley. I just had to share...Thanks to all the grass-roots organizations for your tireless effort to stop the drill.”

Even New York state Attorney General Eric [Schneiderman recognized](#) the extraordinary efforts and results of citizens’ protests in New York. Schneiderman said Tuesday at a Post-Standard editorial board meeting, “They have out-organized the oil and gas industry. That’s impressive.”

Joe Levine, DCS co-founder added, “Fracking is intrinsically contaminating and regulations cannot make it safe. This is likely not the last we’ll see of the threatening gas extractors who, with the help of federal, state, and local governments, came to steal our resources and property rights. I think the water contamination and community degradation across PA is catching up with the industry lies that claim drilling is good for us. This feels like a David and Goliath moment. Thank God we still have our water. We regret that so many families across PA cannot say the same.”

DCS says it will continue the fight to keep drilling out of the Delaware River Basin. It seeks to protect everyone’s rights to clean water and air and a life free from the industrialized, scorched earth that accompanies fracking. In addition, DCS is looking to lead the way towards the renewable energy, no-carbon future that is the real hope for long-term environmental and economic health.

<http://www.thenewstribune.com/2013/07/15/2678983/drillers-cancel-lease-with-ne.html>

<http://www.damascuscitizensforsustainability.org/2013/07/NE-PA-Newfield-Hess-Leases-abandoned/>

<http://www.forbes.com/sites/christopherhelman/2013/04/26/how-hess-lost-800-million-in-the-eagle-ford-shale-and-other-reasons-shareholders-should-vote-for-change-in-the-coming-proxy-fight/2/>

<http://www.forbes.com/sites/christopherhelman/2013/04/11/hedge-fund-keeps-hammering-hess-after-lackluster-russian-sale/>

<http://www.nj.gov/drbc/library/documents/naturalgas/DRBC-ltr-to-WayneCtyComm062813.pdf>

http://www.syracuse.com/news/index.ssf/2013/06/attorney_general_eric_schneide_2.html#incart_river_default



Hess put its Honesdale, PA office up for sale last January and has now sent Letters of Release to all its northeast PA leaseholders.
photo: Pat Carullo

AND below is an example of the letters leaseholders received - they are all the same except for lease numbers and addresses.



Newfield Appalachia PA, LLC
One Williams Center, Suite 1900
Tulsa, OK 74172
1-866-415-4470

July 1, 2013

[Redacted]

RE: Oil & Gas Lease dated effective as of August 06, 2009 in favor of HESS CORPORATION covering Lands owned by you in Wayne County, Pennsylvania, Lease No. PA [Redacted] "Lease")

Dear [Redacted]

Newfield Appalachia PA LLC ("Newfield") writes to you on behalf of itself and Hess Corporation ("Hess") with respect to the above referenced lease. Newfield and Hess have elected to release your lease, thus your lease will not be continued into the development phase.

Pursuant to the terms of the lease, this letter is notice that Newfield and Hess will file of record a Release of Lease in the offices of the Clerk of County in which the property resides.

Please be aware that all payments per the terms of the lease have been paid and no future payments are due.

As always, thank you for your cooperation and if you should have any questions regarding this letter, please contact the undersigned at 281-847-6041.

Respectfully,

A handwritten signature in blue ink that reads "Scott A. Cavett".

Scott A. Cavett
Onshore Landman
Newfield Appalachia PA, LLC.