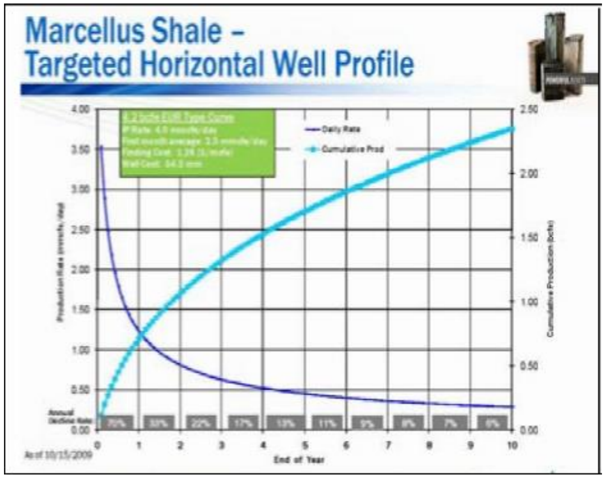
BOOM–AND–BUST ECONOMY

Gas production declines 85% after two years of production, as this chart from Chesapeake shows.



The dark blue line indicates daily production;
the light blue line indicates total production

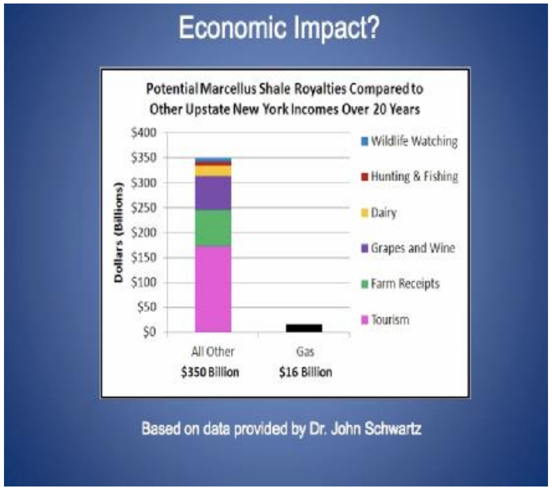
For leaseholders: a rapid fall-off of royalties, while liabilities & risks remain.

For communities: corporations will have to drill constantly to make up for rapid output declines, and to keep leases "open by production" so as to maintain asset value.

For tourism (including hunting and fishing): the prospect of no-go zones, round-the-clock drilling noise, fumes and traffic from 80,000 wells in rural New York.

For other industries: higher-paying but temporary jobs with drillers may attract workers away from local jobs, threatening the viability of farms and other local businesses.

GAS DRILLING THREATENS EXISTING INDUSTRIES



"Contamination of our currently pristine water supply would jeopardize our brewery business and even the threat of potential contamination could be sufficient for the future of our company to be at risk."
— Simon Thorpe, President/CEO of Brewery Ommegang

"For milk haulers in the area, the expansion of the natural gas industry has resulted in increased competition of the hiring of drivers." **— Land O' Lakes, explaining higher haulage rates charged to co-op dairy farmers**

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THE ECONOMICS

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CORPORATIONS GORGE
ABSENTEE LANDOWNERS FEAST

Who pays the bill?

HOME OWNERS
COMMUNITIES
LOCAL INDUSTRIES

Gas Drilling
Threatens Your Property Values

Speculation on undeveloped land drives up land prices, but the effects of drilling (noise, traffic, odors) drives down home prices. Ask your local realtor.

Major banks deny mortgages on leased properties and even nearby *unleased* property, limiting the market to buyers able to pay in cash.

Major insurance companies, concluding that potential risk and liability are too high, are increasing premiums, issuing riders excluding pollution coverage, or refusing applications for policies on leased properties and even *neighboring* properties.

In cases where homes suffer water contamination or are exposed to air or noise pollution, the market considers these properties worthless or unmarketable.

The NYS Office of Real Property Services (ORPS) has only provided *guidelines* to tax assessors suggesting how to tax gas, minerals and surface rights. Local assessors are free to assess the gas and minerals as the town board directs, and they tax property owners accordingly.

Potable water replacement, filters or venting are all costs property owners may face, perhaps forever. Gas companies deny any responsibility, forcing individuals to buy their own water treatment and methane exhaust systems.

A property owner that has leased his mineral rights will find that the lessee's subsurface rights trump the owner's surface rights. Any building erected on the surface after a gas lease has been signed may be demolished by the gas company without compensation.

Gas Drilling
Increases State and Local Taxes

The additional heavy traffic causes structural damage to roads and bridges. The DEC estimates a minimum of 895 truck trips per well; each horizontally drilled, high-volume hydrofracking (HD/HV/HF) Marcellus well site can contain six to ten of these wells per square mile.

Truck drivers, typically out-of-state contractors, find negotiating our hilly, snowy country roads difficult, resulting in more accidents and emergency calls. Traffic congestion and road dust is inevitable for all residents.

Emergency responders need special equipment, and many volunteers need training to deal with gas fires, spills and explosions. Those costs will be borne by local taxpayers.

In some communities police are overwhelmed with increases in drug use, bar brawling, vandalism and rape. Court systems may become overwhelmed by the increase in cases.

Increased demands are also placed on the social services of many rural communities. Some report an increase in medical care costs from uninsured workers. Others are dealing with increasing rates of teen pregnancy.

Neither Pennsylvania nor New York State has a severance tax on the value of gas sold.

Those on fixed incomes are finding themselves priced out of rental units, as gas company employees are willing to pay higher rents than these locals can afford.

Due to falling state tax revenues, the NYS Dep't of Health is requiring county health departments to investigate gas-related problems and complaints.

Gas Drilling
Adds Little to the Local Economy

Roughnecks are often out-of-state contract labor, so they pay taxes to the state where they live, rather than where they work.

While property values have fallen in drilled areas, the price of rental housing taken by out-of-area rig workers displaces local families: In Bradford County PA rents have quintupled.

Previous periods of gas/oil drilling, as well as coal mining, offer lessons on how narrowly the wealth generated by mineral exploitation is shared, and how the clean-up costs are borne by the majority.

New York State's $1.1 million program to cap old wells targets 4,700 abandoned wells, most of which can't be located — owners disappeared into bankruptcy. In the last decade, only 125 wells/year have been capped. Old wells remain vectors for water contamination when drilling or fracking occurs nearby.

The disposal of drill cuttings in local landfills or on farmland, the "disposal" of toxic wastewater by dilution and release into local rivers at local sewage treatment plants and the spreading of produced water on roadways are all standard industry procedures that pose long-term risks for localities.

Top gas-extracting counties in NY (2006–2008) compare unfavorably with nearby non-extracting counties.

	Gas-extracting counties	**Non-extracting**
families below poverty line	9.9%	9.4%
median household income	$45,000	$46,000
unemployment rate	6.5%	5.9%

Energy costs to residents of gas-producing states do not decrease with increases in production.