BOOM & BUST  
ROYALTIES

Gas production declines 80% after two years of production, as this chart from Chesapeake shows.

The dark blue line indicates daily production, million cu ft/ day  
the light blue line indicates total production, billion cu ft to date

Not your grandfather’s well

Generations of farmers have experience with conventional gas wells. Some may have had free gas for their farms. Even in the last few years, wells drilled in sandstone and limestone formations have had small surface footprints. But horizontally drilled, high-volume hydrofracturing in shales

- require pads of five to fifteen acres, hosting six to twelve wells each
- involve 900+ truck trips per well
- have production decline rates that require frequent drilling of new wells on your property, and refracking, possibly continuing for decades

For farming: no control over well-pad locations, access roads, pipelines.

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

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

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

Concerned?
Find an action group near you

www.DamascusCitizens.org

YOUR FARM AT RISK

Pipeline easements are forever. Many leases do not specify the location of the easements.

What your lease may not tell you about about

FARM IMPACTS
ROYALTIES
LIABILITIES
HIDDEN COSTS
Any policies on pollution excluding the surface after a gas lease is not covered by production. Many leases do not specify the location of easements. Many leases do not stipulate that the owner’s surface rights are trumped by production.

Payment is calculated from royalty "held open by production," not only a small royalty, if any, for the whole of the property. The well, access roads and other problems — who may be disastrous in the region of the original gas reservoir — remain on your land under the surface agreement. The lessor is not required to pay for any gas production in the foreseeable future. Wells that are drilled and capped — but not yet connected to a pipeline — do not yield royalties to lessors.

Gas that’s drawn off and stored will yield no royalties to lessors, "held open by production.

"For milk haulers in the area, the expansion of the 200 water treatment plants may bring water to dispose of locally.

\textbf{Hidden Costs and Liabilities} of Farm Operations}

\textbf{Shale Gas Drilling Can Have Unpredictable Impacts on Farm Operations.}

\textbf{Disproportionate Royalties} of Farm Operations

Gas that’s drawn off and stored will yield no royalties to lessors, "held open by production.\n
\textbf{Unexpected Impacts on Farm Operations}

Shale gas drilling can involve hidden insurance companies, concluding that town/landowners must mortgage on leased properties and even nearby unleased properties, putting banks and mortgage lenders at risk.\n
Drillers don’t necessarily "work with" lessors. Otherwise, that may be an open invitation.