Fracking 101

A Taylorsville Basin Primer

Why Are There Leases?
What is Fracking and Are What the Different Types?
What are the Impacts?
What are the Solutions?
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Hydraulic fracturing illustration
This is a typical hydraulic fracturing pit
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Why Are There Leases?
What is Fracking and Are What the Different Types?
What are the Impacts and Risks?
What are the Solutions?
The Virginia Coastal Plain Aquifer System is composed of two hydraulically-different types of aquifers.
Talisman Energy USA Inc.
24 Hr. Emergency Contact 1-800-530-5392

CONSUMPTIVE WATER USE
05 034 Jones Pad, Pike Twp., Bradford Co., PA
SRBC ABR No. 201010034

Effective Date of Approval: October 18, 2010
Expiration Date: October 18, 2015

Peak Day Consumptive Use: 6.00 million gallons per day

Contact: Susquehanna River Basin Commission
1721 North Front Street
Harrisburg, Pennsylvania
Phone: (717) 238-0425
jmhoffman@srbc.net
Heavy truck traffic creates dust and impacts roads.
Pipelines and pipeline corridors
Many people living near compressor stations report sleepless nights and impacts to livestock and pets

“...the dreadful noise generated by a nearby compressor station. Noise that was so loud that our dog was too frightened to go outside without a lot of coaxing. Noise that sounds like a jet plane circling 24-hours-a-day. Noise that is constant. Noise that drives people to the breaking point.”

- Ron Moss
  Wyoming Landowner
OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 6th day of March, 2012, by and between [Lessor Name] is P.O. Box 157, Caret, VA 22436, Lessor (whether one or more) and Shore Exploration & Production Corporation, a Virginia Corporation, whose present mailing address is 2622 Commerce Street, Dallas, TX 75226, party of the second part, hereinafter called Lessee.

WITNESSETH:

1. Lessor in consideration of Ten Dollars ($10.00) in hand paid, of the royalties herein provided, and other good and valuable consideration, and of the agreements of Lessee herein, receipt and sufficiency of which being hereby acknowledged by Lessor, grants, leases and lets exclusively unto Lessee for the purpose of exploring and drilling for and producing oil and/or gas, including casinghead gas and casinghead gasoline, coal gas, coal seam gas, methane gas, and other gases whether hydrocarbon or non-hydrocarbon, and their respective vapors, including the right of fracturing coal seams and/or other subsurface strata to enhance recovery potential, laying pipe lines, building roads, tanks, compressors, ponds, power stations, electric lines, and other structures thereon necessary to produce, save, store, treat, transport (using methods and techniques which are not restricted to current technology in such efforts to explore for, produce, save or store such products) and own said products, the following land in Essex County, Virginia, to wit:
7. Lessee shall have the right to use any formation underlying the leased premises for the storage of gas and all rights and rights-of-way necessary to store and produce such stored gas. As full payment for such storage rights, the Lessee shall pay to the Lessor a rental at the rate of Five Dollars ($5.00) per acre per year, while the premises are so used, and so long as the storage payment is made, all provisions of this lease shall remain in full effect.

8. Lessee shall have the right at any time during or within one hundred and eighty (180) days after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land or that is actually constructed prior to the commencement of drilling operations on the above described lands without Lessor’s consent. Lessee shall pay for damages caused by Lessee’s operations to houses, barns, growing crops, trees, livestock, roads, and fences. In the event a well producing oil and/or gas in paying quantities should be brought in on adjacent land and within one hundred fifty (150) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonable prudent operator would drill under similar circumstances.

9. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division of ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. Mail at Lessee’s principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease, or of the portion thereof, who commits such breach. In the event of the death of any person entitled to royalties hereunder, Lessee may pay or tender to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualifications of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid.
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What are the Impacts?
In Conclusion, What are the Solutions?
Do Not Rely on State and Federal Regulation to “Take Care of It”.

State and Federal Regulation Might Protect Groundwater, but Do Not Claim to Address: Noise, Traffic, Road Damage, Setbacks, Hours of Operation, Gas Flaring and such.

Compare the Reward with the Size of the Risk.
So, however your community decides to proceed, make a plan

- Reasonable setbacks from homes and other domestic structures
- Appropriate well-pad spacing
- Pitless or closed-loop drilling
- Standards for casing and cementing
Examples of County Regulations

- Setback distances – how close a well can be drilled to a home.
- Minimizing footprint – pads, roads
- Memorandum of Understanding (MOU) with individual operators
- Siting - location of wells (include in your surface use agreement as well).
- Road impact fees; well impact fees
- Fencing of well facilities
- Electrification
- Green completions
How do I negotiate with an oil and gas company

- The companies often use a “landman” to negotiate with surface owners.

- **Take control of the negotiations!** Do not allow yourself to be intimidated by company representatives who are trying to get what they want.

- Don’t sign any documents or accept any checks, money, or favors until you educate yourself sufficiently or consult your attorney.

- Consider getting a contract with terms suitable to you and that avails the use of all new technology. Then you can present your contract to the gas company for them to sign.
Things to include in your lease

- Make sure that you identify that the company must pay you for all products sold (butane, propane, etc. in addition to gas).

- Ask for an “audit” privilege so you can check the numbers on your statements.
Four Steps Localities in Eastern Virginia Can Take.

• **Endorse launch of a state study** on oil and gas drilling, part of special provisions for the Tidewater region. Send a BOS resolution to the Governor, Secretary of Commerce, Secretary of Natural Resources and local legislators to urge completion of the comprehensive report and recommendations before the state approves an oil or gas well in the county.

• **Update the comprehensive land use plan** to guide the siting, pace and scale of the shale drilling industry and avoid or minimize impacts.

• **Update the zoning ordinance** to implement the guidelines in the comp plan.

• **Measure local economic impacts.** Conduct a local cost-of-community services study to project potential income and public costs of managing impacts from shale drilling in the county.
Credit for Slides Given to:

- Gwen Lachart, La Plata County Commissioner, Colorado
- Southern Environmental Law Center
- Dr. Frank Fletcher, A Local Scientist who is More Concerned With Socio-Economic Impacts Than Water Quality Impacts.