

New York Farm Bureau  
159 Wolf Road, PO Box 5330  
Albany, NY 12205  
(518) 436-8495 \* Fax: (518) 431-5656



S  
U  
P  
P  
O  
R  
T  
S

June 1, 2012

S. 7167

Senator Grisanti

Senate En. Con. Committee

*AN ACT TO AMEND THE ENVIRONMENTAL CONSERVATION LAW, IN  
RELATION TO THE NATURAL GAS DEVELOPMENT HABITAT  
FRAGMENTATION PROTECTION.*

New York Farm Bureau, the state's largest general farm advocacy organization, supports this legislation, as larger spacing units will spread the impact of drilling over a larger area, thereby reducing community and habitat fragmentation impacts. However, we recognize the need to ensure the stronger protection of landowners that are compulsorily integrated into an expanded 1,280 acre spacing unit.

New York Farm Bureau appreciates the habitat and environmental benefits of this legislation. New York State, however, still allows landowners to be pooled into a well spacing unit against their wishes. Under current statute, if a natural gas company controls 60 percent of the acreage in a drilling unit through leases or ownership, the company can petition the Department of Environmental Conservation to require the remaining 40 percent of unleased landowners in the spacing unit to make available their gas rights to that gas formation and provide them with only a 12.5 percent royalty – even though many other landowners in the unit are receiving a much higher royalty payment.

There are many reasons that landowners do not choose to sign a natural gas lease. They may be waiting for better lease terms, have transitional plans for the property or may simply not wish to sign a lease at all. This legislation would be a more comprehensive proposal if it were amended to add language increasing the statutory threshold for compulsory integration from 60 percent to 75 percent to expand protections for landowners from forced integration. We also suggest that the sponsor also review legislation, S. 3659/A. 3082, that would require compulsorily integrated landowners to receive a royalty payment equal to the highest paid in the spacing unit, but no less than 18.75 percent.

New York Farm Bureau requests your support for this legislation, as the environmental benefits of this legislation are worthy. However, we look forward to working with the Legislature provide protections for landowners within the state as well.

Public Policy Division

Julie Suarez, Director ~ Jeff Williams, Deputy Director  
John Tausel, Catherine Mural, Nicole Willis, Kelly Young