

New York Farm Bureau

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April 8, 2011

S. 750 Senator Young Senate Judiciary Committee

A. 6211 Assemblyman Magee Assembly Judiciary Committee

AN ACT IN RELATION TO EXTENDING FROM 3 DAYS TO 5 DAYS THE PERIOD TO CANCEL A LEASE OF OIL AND GAS RIGHTS

New York Farm Bureau, the state's largest general farm organization, urges you to support the above referenced legislation. If enacted, this bill would enhance landowner protections during negotiations with gas leasing companies.

The natural gas industry has dramatically increased its presence in New York over the last decade due to the Marcellus Shale formation which is largely located in the subsurface beneath this state, Ohio, West Virginia, and Pennsylvania. This play has an enormous volume of potentially recoverable gas in the eastern United States and has a great economic significance. This will be some of the closest natural gas to the high population areas of New Jersey, New York and New England.

Given the large potential economic value of the play, gas exploration companies have been aggressively working to lease drilling rights from landowners in the Southern Tier. In some cases, certain leasing agents are using landowner's unfamiliarity with the lease process to attempt to gain more of an advantage in negotiations. While the existing statute provides the landowner the opportunity to terminate the lease within three days of signing, three days may not be enough time to contact experienced professionals to determine if a lease of real benefit to the landowner.

The proposed bill would simply extend the period of time in which a lease can be terminated by a two days, to a full business week. This will provide enough extra time where a landowner can contact experienced counsel on a leasing issue to confirm that the right decision has been made. We believe this bill will help those gas exploration companies that are dealing with landowners in a responsible way by giving landowners a better chance to uncover those leasing agents operating below industry standards.

The natural gas development in the Southern Tier must be handled in a responsible manner. This bill protects landowners and better ensures appropriate compensation, for that reason your support of the bill is respectfully requested.

Public Policy Division

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