Mysterious Notebook Fuels Drilling Feud

JULIE CARR SMYTH, Associated Press

COLUMBUS, Ohio (AP) — A memo that appears to coach buyers of oil and gas drilling leases to use deceptive tactics on unsuspecting landowners has provoked a state investigation and spirited debate in rural Ohio, the latest frontier in America's quest for new energy resources.

The tale of the found memo — unauthenticated but with language similar to that used by a seller familiar to Greene County residents — features aggressive marketers, zealous environmentalists, and vulnerable residents.

So high are the stakes in the rush to lock up leases of fuel-rich Marcellus and Utica shale lands that Ohio's top law enforcement official investigated the notebook one resident found near her driveway in April. Was it really a playbook for a "landman," one of the door-to-door energy company representatives who've blanketed shale regions in the Northeast for months, coaxing landowners to lease in hopes that drillers strike it rich in their backyards?

Attorney General Mike DeWine could find no evidence it belonged to Jim Bucher, a landman for West Bay Exploration Co., based in Traverse City, Mich., or that it was used to mislead area residents. Yet his investigation also stopped short of identifying an alternative owner, leaving the memo's true origins a mystery.

To promote a positive public image in the aftermath, Ohio's oil and gas industry has held statewide trainings and intensified a public relations effort. A local environmental leader wants the notebook fingerprinted.

After several encounters with Bucher, Laura Skidmore found the memo inside a crushed three-ring binder. It had no corporate logo. No letterhead. No owner's name. She told The Associated Press she was stunned by its contents.

"I opened it up and thought 'oh my god,'" she said.

The papers appear to instruct landmen in how to talk to residents they visit: don't mention groundwater contamination or lost property values; downplay natural gas drilling (believed to be a greater environmental threat than oil drilling); and describe the hydraulic fracturing drilling process as "radioactive free," even though the memo concedes that is not accurate.

The vast stores of natural gas in the Marcellus Shale have set off a feverish rush by drillers in neighboring Pennsylvania and West Virginia and Ohio is poised to join the fray. Permits allowing "fracking" in Ohio's portion of the Marcellus and the deeper Utica Shale have risen from one in 2006, to four in 2009, to 32 so far this year, state records show.

The fracking process uses huge volumes of water mixed with chemicals and sand to fracture shale rock deep underground and free natural gas. Its promise of riches to landowners has been tempered in recent months with reports in Pennsylvania of environmental harm, contaminated private water wells and some waterways.

Amid what one oil and gas industry executive calls Ohio's "Landman-gate," not one drilling lease has been filed in Greene County, where the five-page memo was found.

That has fueled a theory that it was created by an environmentalist wanting to taint the industry and discourage the controversial drilling technique.

Another theory is that the memo was planted by a rival company in the intensely competitive push to exploit the shale riches.

Officials of West Bay Exploration Co. — the only drilling company that was seeking leases in Greene County at the time — insist the notebook did not belong to Bucher, a 20-year company veteran. West Bay declined to make him available for an interview.

Beginning last fall, Bucher had been sending FedEx packets stuffed with lease documents to Skidmore's husband and her neighbors. He followed up with home visits and phone calls.

Many landowners, including Skidmore and T.J. Turner, a scientist who lives at the next crossroad, say they listened to Bucher cautiously.

Local environmental activists were busy sounding the alarm over what they saw as the hazards of drilling. The Green Environmental Coalition in the politically liberal enclave of Yellow Springs was holding informational meetings, and Josh Fox's anti-

drilling documentary "Gasland" was showing in the local theater.

West Bay Vice President Pat Gibson said there was nothing unusual about Bucher's activities. An early analysis had shown new drilling potential in the area, he said, and the company wanted leases so it could drill test wells to see how far to take its exploration.

Turner — who attended some emotional environmental coalition meetings — has a "No Fracking Way" sign posted on his property. He says he asked Bucher whether the company would be drilling for oil or natural gas.

"And he just kept saying, 'No, we're primarily looking for oil,'" Turner recalled. "I said, 'Yeah, I get that. That "primarily" word is what's hanging me up here.'"

Inside the controversial binder were five single-spaced, water-soaked pages headed: "Talking Points for Selling Oil and Gas Lease Rights." Page footers read, "Proprietary — Do Not Disclose."

Skidmore and Turner said several points in the notebook were used by Bucher when he talked with them. One encouraged pitching leases to men who "are more likely to sign than women." Another stressed emphasizing the search for oil, not natural gas exploration.

The memo also advised appealing to customers' patriotism by emphasizing that China bought more oil than the U.S. last year. "Fear of foreign encroachment is the biggest asset we have in selling our development strategy," it said.

Stunned, Skidmore and Turner took the notebook to Victoria Hennessy, president of the environmental coalition.

Without waiting to verify its authenticity, Hennessy scanned the document and posted a digital version on the coalition's website. She called the media, informed lawmakers. The memo went viral and quickly drew national and international comments.

Back at West Bay Exploration's offices in Michigan, Gibson couldn't believe his eyes.

"The first time I read it, I really found it humorous. It was kind of like a 'Saturday Night Live' skit: 'How not to train a landman," Gibson said.

Gibson says Bucher feels horrible for the stir over the memo.

"I would have to assume that it's 100 percent fabricated," Gibson said. "I can't see any reasonable oil company producing a document that would contain anything like that."

At the Ohio Oil and Gas Association, executive vice president Tom Stewart's phone began to ring. His email lit up. Calling the situation "Landman-gate," he's convinced the memo is a hoax — appearing at a critical political juncture when the Republican-

led state Legislature and GOP Gov. John Kasich were poised to enact a new law allowing drilling on all Ohio state lands.

"For it to appear on the side of a road while this debate was going on is just too convenient," he said. "And in Yellow Springs, of all places."

Democratic state Reps. Teresa Fedor, Dennis Murray and Mark Okey asked DeWine, a Republican and former U.S. senator, to investigate.

The village passed a resolution in May calling for a statewide moratorium on fracking.

DeWine's inquiry neither validated the oil and gas industry nor appeased environmentalists. But he posted tips on his website to protect landowners from unscrupulous tactics by oil and gas companies.

The environmental coalition's Hennessy would still like to see the document and notebook fingerprinted to solve the mystery — even if an environmentalist is found responsible. The memo and details of DeWine's findings are posted on the group's website.

So the question of the memo's legitimacy remains unanswered.

"There are people in town who could write it, and who are militant enough to want to do something like this," Skidmore said. "But since it matches up so well with the things he said ..."

Online:Ohio Attorney General: www.ohioattorneygeneral.gov *[1]; Green Environmental Coalition:* www.greenlink.org *[2]; West Bay Exploration Co.:* www.westbayexploration.com *[3]*

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