Moratorium Prompts Gas Company to Shut Wells

ALBANY, N.Y. (AP) — In the latest salvo in local battles over gas drilling, a company said Monday it's shutting down wells and turning off the free gas to landowners in a western New York town that passed a moratorium on drilling.

Local sentiment for or against gas drilling has taken on greater significance in New York since the Cuomo administration said the state Department of Environmental Conservation will consider local ordinances when it starts granting permits for shale drilling and hydraulic fracturing. The agency hasn't issued new permits since it started an environmental review in 2008; the review and new regulations are expected to be completed by the end of summer.

The New York Times quoted unnamed state officials last month as saying that Gov. Andrew Cuomo is likely to allow shale drilling only in towns that have proclaimed their support, in the five counties near the Pennsylvania state line where gas is considered to be most plentiful.

The town of Avon, 20 miles southwest of Rochester, passed a one-year moratorium on gas drilling and hydraulic fracturing on June 28. Lenape Resources has more than 5,000 acres under lease and 16 wells in production in the town. None used the horizontal drilling and high-volume hydraulic fracturing that would be covered by regulations now under development.

The company sent a letter over the weekend to landowners saying Lenape was shutting down its wells in Avon and that royalty checks and free gas provided under leases would cease. The company said the action was required under the town's moratorium and listed the town supervisor's home phone and street address for any questions.

Town Supervisor David LeFeber said Lenape's shutdown wasn't required by the moratorium.

"We were very careful to word our moratorium to protect existing gas wells," LeFeber said Monday. "This is only a moratorium, it's not a ban. We wanted to take some time to study the issue and put in place any things that would help make sure we protect the health, safety and well-being of our local residents."

Lenape also has a lot of acreage under lease in the nearby town of Caledonia, where town officials are considering a similar moratorium, said attorney Michael Joy, who represents Lenape. John Holko, owner of Lenape Resources, is lobbying against the moratorium in Caledonia and other towns.

"The town (Avon) has put a grandfathering provision in for existing wells, but the town knows full well that the terms of the provision cause Lenape to operate at a

loss," Joy said. "They don't understand the need to bring new wells into production."

More than 100 communities have enacted similar moratoriums or bans. Dozens of others have passed resolutions stating support for gas drilling.

The main concern of opponents relates to high-volume hydraulic fracturing, which injects millions of gallons of chemically treated water at high pressure into horizontally drilled wells to fracture surrounding shale and allow trapped gas to flow. Environmental and health groups say it could contaminate drinking water. The industry says that fear is unsupported by scientific data.

"Certainly John Holko's company has been aggressively trying to stop moratoriums not only in Avon but in other towns where it has land under lease," Joy said. "They just weathered through four years of DEC not allowing them to drill cost-effective wells. Now they have the town telling them they can't drill here. Lenape doesn't know where its future operations are going to stand."

In Vestal, near Binghamton in the prime shale gas region, Vestal Residents for Safe Energy will present more than 500 new anti-drilling petition signatures to the town board on Wednesday, bringing the total to more than 2,000, said Sue Rapp, a member of the group.

"We want the right to the quiet enjoyment of where we live," Rapp said in a statement. The petition represents residents who want to "guard themselves against the dangers of air and water pollution, the industrialization of their neighborhoods and the degradation of the value of their homes," Rapp said.

The town also faces pressure from landowners seeking gas leases, who want the board to pass a resolution in favor of drilling.

Two local ordinances against gas drilling, in Middlefield and Dryden, were challenged in court but upheld by local judges. The gas industry is appealing the decisions, arguing that state law specifically says that local ordinances are trumped by state regulations in the case of oil and gas drilling.

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