



STATE OF NEW YORK  
EXECUTIVE CHAMBER  
ALBANY 12224

CHAPTER # 376  
APPROVAL # 17

MEMORANDUM Filed with Assembly Bill Number: S169-A, entitled:

JUL 21 2008

"AN ACT to amend the environmental conservation law, in relation to  
statewide spacing for oil and gas wells"

APPROVED

This bill, which was proposed by the Department of Environmental Conservation (DEC), updates the Environmental Conservation Law (ECL) relating to oil and gas drilling. In summary, the bill: (1) extends the current uniform spacing system in the ECL to establish standard "spacing units" for additional wells, including horizontal wells, and establishes "setbacks" for additional wells;<sup>1</sup> (2) establishes new rules for locating wells within spacing areas; and (3) requires horizontal wells to be drilled from a centralized location within a spacing unit. These changes will increase the efficiency and predictability of well spacing, reduce administrative costs, better protect the rights of landowners who may be affected by drilling operations, and reduce unnecessary disturbance of the natural landscape.

Concerns have been raised that this bill will result in less environmental review. That is not the case: this bill does not reduce environmental review, and drilling can only proceed after all necessary environmental and other regulatory reviews are completed, including environmental review required by the State Environmental Quality Review Act (SEQRA), and all necessary permits are obtained from DEC and other regulatory agencies.

In addition, residents who could be impacted by drilling activities have raised a number of important concerns, such as potential impacts on groundwater resources, procedures for the treatment and transport of process water contaminated during drilling operations, potential impacts on local infrastructure from increased heavy truck traffic, the safety of fluids used in the hydraulic fracturing of geologic formations and potential cumulative impacts of wide-scale drilling across the southern tier. Last week, my Deputy Secretary for the Environment, Judith Enck, addressed a town hall-style meeting to gain additional insight into these concerns, and I have heard these concerns loud and clear.

As a result, I am directing DEC to initiate a formal public process to update the SEQRA Generic Environmental Impact Statement that is applicable to oil and gas drilling to ensure that it is suitable to address potential new environmental impacts from drilling, including horizontal drilling in Marcellus shale formations. I have also discussed the residents' concerns with New York's Commissioner of Environmental Conservation, Pete Grannis, who assures me that he and DEC will address drilling opportunities in a considered and deliberate manner through the SEQRA and permitting processes and with the full public participation.

Additional drilling in New York State has the potential for an increase in domestic natural gas production and to help in our effort to reduce our dependence on foreign oil. It also can also stimulate economic investment in New York, particularly in the southern tier, through direct and indirect spending, increased state and local tax revenues, landowner compensation and job creation.

While these benefits have the potential to be substantial, they can only be successfully realized with comprehensive environmental protections, a rigorous and vigilant regulatory regime to ensure environmental compliance, and a process that ensures effective public input. That is how we shall proceed, and my Administration will be carefully monitoring the progress of this initiative as it moves forward.

The bill is approved.

<sup>1</sup> A spacing unit is the land area from which a well is expected to recover oil or gas. A setback is the distance that a well must be from the boundaries of a spacing unit.