

# Look Before You Lease!

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## Appalachian Ohio Oil and Gas Information Working Group

### The Issue

Many Ohioans are aware of the interest to expand oil and gas development in the state. Rural Landowners are being approached about leasing their mineral rights for development. Many communities are increasingly concerned that Appalachia will again be exploited for its natural resources at the expense of the land, people, and long term sustainable economic development.

There is an immense amount of pressure on the landowner to sign a lease. Landowners do not often understand the roles and responsibilities of various stakeholders within a proposed project. We have found they don't understand the roles of federal and state regulators and believe these agencies assure that oil and gas leases are fair, equitable, and will protect their rights including any damages caused by the drilling company.

Unfortunately (and thankfully) due to the large amount of attention in the media, we have seen and are able to learn from mistakes made in other states due to poor regulation, poor construction of well sites, and poor landowner education. How will we do things differently in Ohio? How can we ensure that landowners become an educated and valued stakeholder in the project? How do we also ensure that the places we care deeply about are being protected both on the surface and sub-surface for the long-term?

### Overview of our work

In January of 2011, The Look before you Lease (LB4UL) group began looking at oil and gas issues facing landowners in Ohio, particularly around newer technologies such as horizontal hydraulic fracturing or "hydrofracking" and private landowner leases. Rural Action, Ohio State University Extension in Athens County, Athens County Farm Bureau, and Appalachia Ohio Alliance (AOA) are the working organizations of the LB4UL group. All four organizations have a history of working with landowners in Appalachian Ohio.

The name Look Before You Lease is in reference to the very successful *Call Before you Cut Program*. In 2002, both Rural Action and OSU Extension participated (with several other groups) in the creation and establishment of the Call Before you Cut program, now managed by the Department of Natural Resources Division of Forestry and OSU Extension. Call before you cut has been very successful over the years in educating landowners about their rights and responsibilities, as well as understanding the language of timber sale contracts in such a way that the results meet landowner expectations. The adoption of Call Before You Cut in several Midwestern states is one more indicator of its success. We intend to generate this same level of interest and enthusiasm from landowners through LB4UL.

In August we completed the first version of our landowner tool kit. We have also secured funding to get an explanatory lease template written that will assist landowners in understanding many provisions needed in newer lease agreements. Our next step will be to organize a series of meetings with township trustees in Athens County and to recruit and train volunteers who will educate their neighbors about questions to ask if they are approached by a landman. Ultimately, we want landowners to understand the risks, benefits, and responsibilities of entering into an oil and gas lease agreement.

The LB4UL group recognizes that additional shale development in Ohio is likely to play an important role in our states energy portfolio as shale gas now represents 30% of natural gas used in the United States. With this recognition we caution that this development does not happen at the expense of smart and protective policies for the citizens of Ohio. We also caution that development does not happen at the expense of our most precious natural resource, water. Rural landowners and business owners are very concerned about the potential reduction in quantity and quality of both surface and sub-surface water sources for human and animal (domestic and wild) consumption.

Our goal is assist the landowners by to providing enough education, resource, and guidance to make them feel comfortable with their decision. We recognize that each landowner is unique and that our effort is not a substitute for legal counsel.

## **Our Goal**

- Become a trusted resource for landowners in Appalachian Ohio; focused primarily on private landowner property rights and leases.

## **Geography**

- The 32 Appalachian counties of Ohio (where educational efforts will be targeted) this is also likely to be where the majority of oil and gas reserves will be found in the Marcellus and Utica formations. We intend to initiate this effort in Athens County and to refine our format and materials prior to organizing a larger regional effort.

## **Target Population**

- Rural Landowners who want reliable information about oil and gas leases, rights, and other considerations such as conservation values. Our effort will be geared towards landowners who are considering a lease on their property.

## **2011 Objectives**

- Work with an attorney familiar with Oil and Gas Leases in order to come up with an explanatory lease template that covers side by side explanations of unusual provisions or landowner options for various provisions;
- Assemble an informational toolkit utilizing existing publications from trusted sources;
- Organize and train community volunteers;
- Provide community outreach through volunteers and educational sessions;
- Seek out additional funding for this initiative.

## **Accomplishments**

- Early in our organizing process, several community members requested the creation of a mailing list to receive information and updates about this issue. Currently there are approximately 120 individuals on our list.
- Rural Action's Energy Committee hosted two ODNR employees from the Geological Survey and Mineral Resources Management divisions who presented to more than 30 community members on the geological structure in Ohio, deep well drilling process, and disposal methods.
- We have created a temporary website to hold information brought forth by either members of our working group or concerned citizens. This website is meant to be a place where community members can share information. Website: <https://sites.google.com/site/ohiooilandgasinformation/> At this time information is not vetted for accuracy. Once we establish a permanent site, we are likely to modify the way we are posting information.
- We created the first version of our landowner tool kit utilizing existing publically available publications.
- The LB4UL group, through the Athens county chapter of the Ohio Farm Bureau, invited Dale Arnold from the Ohio Farm Bureau to Alexander High School which drew over 200 participants interested in learning more about oil and gas leases. We also co-sponsored 4 meetings with several groups led by The Buckeye Hills Regional Development District in Logan and Washington counties to again bring Dale Arnold to speak. During these events we reached over 250 landowners, concerned citizens, and community leaders. We also handed out 170 copies of our oil and gas landowner tool kit.
- We received a private donation of \$14,000 to jumpstart our educational outreach
- We acquired an intern for the summer of 2011 to assist in organizing meetings in Athens County and coordinate outreach volunteers.

- We have contracted an oil and gas attorney about creating an explanatory lease template for landowners.

## Opportunities for the State of Ohio

Because of several unfortunate incidents that have occurred in other states, Ohio has the unique opportunity to engage with lawmakers, citizens, and the business community around shale development. We understand that the state has taken several steps to ensure that oil and gas development in Ohio is safe, economical, and environmentally sound including the passage of HB 133, Governor Kasich's letter to Oil and Gas Companies, hiring additional oil and gas inspectors, and creating a new Division of Oil and Gas within the Department of Natural Resources. However, the LB4UL group has come to the conclusion that the steps taken thus far are not enough to mitigate the social, environmental, and economic impacts this development is likely to bring to our lands and in our communities over the long term.

As a network of organizations interested in the prosperity of rural communities and environmental health in Appalachian Ohio, we believe that Landowners have the right to know and understand how shale development will impact their land, their family, and their community in the near, mid, and long-term. We feel that it would be advantageous for the State of Ohio to engage with interested groups to understand, develop, and implement the following:

### Landowners' Right to Know:

1. Develop a 3<sup>rd</sup> party coalition(s) that would assist landowners on how to protect their assets and obtain sufficient remuneration. Also, conduct an educational campaign for landowners through the 3<sup>rd</sup> party coalition so that landowners can easily understand how to report problems or concerns through various agencies.
2. Evaluate the impacts of shale development using a triple bottom line approach.
  - a. Complete an annual report that addresses impact on economic, natural resource utilization, and reclamation efforts, as well as impact to communities where oil and gas development is taking or has taken place.
  - b. Work with partners to document and analyze increased land prices, rental rates, appraisal value changes and insurance rate changes. Report annually on findings.
  - c. Conduct long term studies and release annually any impacts to plant and animal communities where wells are located in natural undeveloped areas beyond the wildland/urban interface.
    - i. Monitor air quality
    - ii. Monitor noise generation
    - iii. Monitor nearby ponds and streams
3. Conduct an analysis on the severance tax structure. Ensure that the severance tax is sufficient.
4. Identify strategies to increase opportunities for local people to obtain jobs in their community.
5. Require that companies utilize the best available technology with the least environmental impact. Explore opportunities to remove chemicals from the fracking process and require the recycling of frack water whenever possible.
6. Develop an educational piece for landowners' that explains how to spot problems and who to contact if they see something out of the ordinary.

## Conclusion

We understand that oil and natural gas are likely to remain a part of our energy portfolio in Ohio for some time. However, due to the historic patterns of natural resource extraction from Appalachia, history of boom and bust cycles, and because today we continue to see firsthand the legacy that was dealt to our region through contaminated streams that still run orange, and because we have land where trees will not grow - We ask "Are we willing to do things differently this time to ensure that we will retain the ability to live and work on the land"?

## Associated Organizations



Appalachia Ohio Alliance

Appalachia Ohio Alliance (AOA) is a regional land trust that operates in Southeastern Ohio with headquarters in Logan. AOA promotes the conservation of natural areas, farmland, forestland and open space. AOA has been actively helping families protect their lands since 2002.



Farm Bureau - Athens County Chapter

Working Together for Ohio's Farmers. With more than 200,000 members, Ohio Farm Bureau is Ohio's largest general farm organization, a federation of 87 county Farm Bureaus representing all 88 counties. Members include farmers, food enthusiasts, teachers and anyone who enjoys rural Ohio.



OSU Extension - Athens County, Engaging people to strengthen their lives and communities through research-based educational programming.



Rural Action is a 20 year old membership-based organization that has worked with communities in Appalachian Ohio to find enduring solutions to social, economic, and ecological problems for 20 years. Our mission is to work for social, environmental, and economic justice in Appalachian Ohio. The organization takes a comprehensive, integrated approach to rural community development that creates economic opportunities, conserves and restores the environment and strengthens communities. Rural Action's project areas include Sustainable Agriculture, Forestry, Watershed Restoration, Waste Stream and Recycling, Energy, and Environmental Education. Our vision is to live in a region of clean streams, healthy forests, thriving family farms, meaningful jobs for everyone, lively towns that remember their history and people working together to make this a reality.

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