



KENNETH ADAMS

December 1, 2010

Peter Kiernan  
Counsel to the Governor  
Executive Chamber  
State Capitol  
Albany, NY 12224

Dear Mr. Kiernan:

The Business Council of New York State recommends against gubernatorial approval of S.8129-B/A.11443-B, which would place a suspension on the issuance of any permits for any natural gas or oil drilling which utilizes hydraulic fracturing in this state until May 15, 2011.

We oppose this legislation for several reasons.

First, a suspension of the permitting process is simply unnecessary. Hydraulic fracturing is already widely used in the oil and gas industry nationwide, and has been safely employed in New York or over 60 years under the regulatory oversight of the Department of Environmental Conservation (DEC). The Department's ongoing and long-standing regulation of oil and gas drilling and hydraulic fracturing has proven sufficiently protective of groundwater resources and will continue to be protective under the enhanced permitting requirements proposed in the Department's draft supplemental generic environmental impact statement.

Hydraulic fracturing is a proven technology that has allowed natural gas producers to safely and economically recover natural gas from deep shale formations across the country. Development of domestic natural gas resources will help the U.S. and New York State meet significant economic and environmental objectives, including reducing our dependence on foreign oil, and promoting reduced carbon emissions.

Thousands of horizontal wells have been drilled across the United States with hydraulic fracturing without contamination. Our neighbor to the south is a testament to the success of this drilling. Economic revitalization is underway across Pennsylvania's northern border.

Second, the bill's provisions prohibit **all** drilling permits, in any low permeability gas formation, where hydraulic fracturing is used. More than 90% of the hundreds of new wells permitted in New York State each year in formations other than Marcellus and Utica are developed using hydraulic fracturing. The Department issued more than 1200 such permits in the past two years.



Finally, this bill is the first and only hydrofracking moratorium to be passed in the U.S. It sets an incredibly damaging precedent for the development of the Marcellus shale formation in New York. By establishing the state's willingness to impose arbitrary delays on permitting, this bill will dissuade investment in New York, and would delay economic development opportunities, which will drive jobs and economic growth for many financially strapped communities.

Natural gas production will yield extensive new job opportunities, provide increased state and local tax collections and boost local economies and provide long-term growth particularly to the Southern Tier, an area in desperate need of economic growth.

We encourage DEC to finalize its SGEIS so that it can begin permitting these wells and policing New York's production operations. Only then will New York achieve its long-term energy security goals, its environmental compliance objectives, and economic opportunities that are sure to follow natural gas development.

For these reasons the Business Council does not support this legislation, and urges the Governor to veto this bill.

Sincerely,