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**GOVERNOR PATERSON SIGNS BILL UPDATING OIL AND GAS DRILLING LAW;
PLEDGES ENVIRONMENTAL AND PUBLIC HEALTH SAFEGUARDS**

Governor Directs DEC to Update Environmental Impact Statement

*Legislation Will Increase Administrative Efficiency, Without Sacrificing
Environmental Protections*

Governor David A. Paterson today signed a bill that extends the State's uniform well spacing system to include additional wells and drilling activity, including horizontal well drilling. The Environmental Conservation Law previously established "spacing units" and "set back" requirements only for some types of drilling activity. 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 the spacing unit. The bill also adds requirements about how wells may be located within spacing units.

The new requirements will lead to greater administrative efficiency, result in more effective recovery of oil and natural gas, and reduce unnecessary land disturbance.

Importantly, the bill does not relax environmental safeguards.

"This new law will ensure greater efficiency in the processing of requests to permit oil and gas wells, while maintaining environmental and public health safeguards," said Governor Paterson. "Natural gas exploration has the potential to increase domestic supplies of natural gas, create jobs, expand the tax base and benefit the upstate economy. My administration is committed to working with the public and local governments to ensure that if the drilling goes forward, it takes place in the most environmentally responsible way possible."

Department of Environmental Conservation Commissioner Pete Grannis said: "This new law appropriately addresses the issue of how oil and gas wells will be spaced without compromising the environmental oversight. Let it be clear: DEC will be vigilant in ensuring environmental safeguards. Water protection will be a top priority. As the issue of potential natural gas drilling develops, Governor Paterson and DEC are committed to exercising its authority to protect New Yorkers and their environment."

There has been heightened public attention around drilling because the natural gas industry has expressed an interest in drilling for natural gas that is located in the Marcellus Shale formation, situated primarily in the Southern Tier and the Catskills. To date, three drilling applications have been received by the Department of Environmental Conservation for gas wells in Chenango, Tioga, and Chemung Counties.

In response to increased interest in these gas deposits, and because new horizontal drilling techniques will likely be used, Governor Paterson has directed DEC to prepare an updated Generic Environmental Impact Statement under the State Environmental Quality Review Act (SEQRA) to ensure that all environmental impacts from drilling are addressed. The update will examine potential impacts from new horizontal drilling techniques, including potential impacts to groundwater, surface water, wetlands, air quality, aesthetics, noise, traffic and community character, as well as cumulative impacts. The update will occur as part of a public process that ensures that concerns raised by residents who could be affected by drilling activities are heard and considered.

In addition, DEC is reviewing a variety of other areas, including staff resources, existing regulations, jurisdiction over water withdrawals, permit application fees and procedures, and legal and regulatory compliance, that could be implicated by increased drilling activity.

Because drilling activity impacts local governments as well, DEC will also be looking at ways to enhance the role of local governments in the regulatory process and compliance.

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