



MARCELLUS
SHALE COALITION



FAIR POOLING FOR PENNSYLVANIA

*Clean Energy for the Commonwealth, Fair Return, Smart Development for Everyone—
We're All in This Together*

Energy exploration has come a long way over the years, and laws enacted by states to promote the efficient, orderly production of local energy resources have played an important role in making that progress possible.

Thanks to popular, widely adopted initiatives such as “fair pooling,” landowners in more than 15 states today benefit from a policy that ensures a fair return on the mineral resources they own, all while dramatically reducing the number of wells drilled and surface acreage disturbed. **Pennsylvania remains one of the only shale-producing states in the nation without fair pooling protection relevant to shale gas exploration on the books.**

What is Fair Pooling? Where Did It Come From?

Back in the early days, developers often had no scientific way of knowing how much energy was underground, which created the incentive to drill as many wells as possible, as quickly as possible, to block competitors from producing that energy first. The system promoted the waste and mismanagement of natural resources, and in the process, failed to fairly compensate all landowners from whose property the resources were produced.

That came to a stop when states turned to fair pooling – a tool that helps organize scattered parcels of land into efficient drilling units, and ensures that those who want to lease their mineral rights are afforded the chance to do so under the law. It also protects those who may not want to enter into a formal agreement with the company, allowing unleased mineral holders to benefit fairly from new production instead of forgoing participation.

Fair Pooling is the Law of the Land in Dozens of States, Including:



New York



Ohio



Colorado



Kansas



West Virginia



Louisiana



Oklahoma



Arkansas

“I think [fairpooling] is a good law. It enhances drilling opportunities. . .we can’t lose sight of the fact that if they don’t drill the well, we’re not going to make a dime.” – Phil Haight, Coalition of Oklahoma Surface and Mineral Owners (COSMO)

Who Benefits from Fair Pooling Protection?



Landowners

- Protects and preserves their right to lease their land
- Efficient development of resources promotes increased production, additional royalties
- Fewer wells needed, less land disturbed



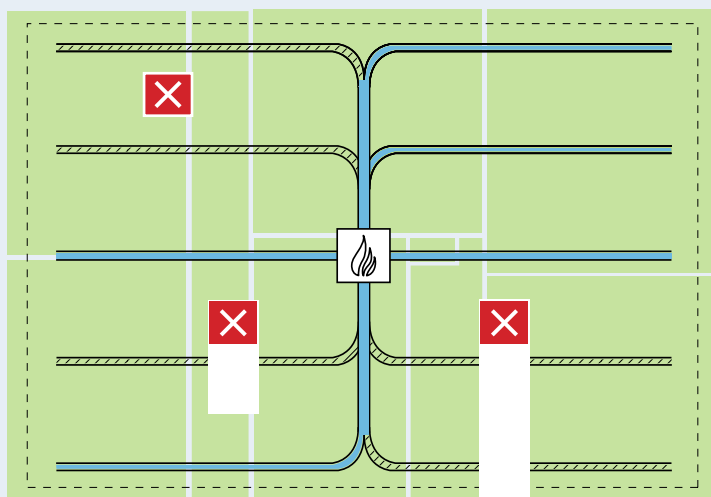
The State

- More state revenues, tax receipts generated as a result of efficient exploration
- More high-wage jobs created, sustained all across the state
- The establishment of long-term revenue streams that are expected to grow by the year



The Environment

- Less water required, less land disturbed, far less related infrastructure needed to be built
- Orderly production eliminates waste, consolidates development



Available for Production
 Unavailable for Production
 Property Boundaries
 X Restricted Plot

Why Fair Pooling?

The graphic to the left shows what can happen without fair pooling protections in place. In this example, the failure to consolidate 3 small tracts of land into the larger unit (representing barely 1 percent of the area) effectively eliminates the possibility of producing on almost half of the total acreage, depriving landowners of royalties and taking away much-needed energy from the rest of us.