



News Release

from Barbara J. Fiala, Broome County Executive

For Immediate Release

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Executive Fiala Withdraws Gas Deal

(Binghamton, NY) Inflection Energy, LLC has presented a good offer to lease County real property for natural gas development. As a result, my administration presented a resolution to the County Legislature requesting authorization to enter into a lease. Today, based upon the response from county legislators, I have decided to withdraw the resolution.

Last year the legislature approved a budget for 2010 which contained revenue from natural gas development on county property. Both I and the legislature also wanted extra assurances that all possible steps would be taken to protect our environment and that any offer would meet current market conditions. The offer from Inflection addressed these parameters.

There would be a \$3,000 bonus per mineral acre with an initial term of five years; there would be an option to extend for three years at \$3,000 per mineral acre.

Payment of the first bonus, almost \$16 million, would be paid 90 days after the lease was executed. Payment was not dependent on action by NYS DEC.

There would be no horizontal wells until NYS DEC finished the supplemental GEIS process.

The lease would apply to approximately 5,600 acres.

The lease would pay a 20% royalty with a defined deduct

The County could receive a higher royalty based on any leases executed by Inflection in the first year.

There would be no surface operations on parkland or flood control watersheds.

Inflection would pay for an environmental monitor that would be hired by Broome County.

Inflection was working with other partners on a proposed energy corridor designed to mitigate waste water truck traffic and handling.

The offer was open until July 30, 2010.

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(Gas deal release continued)

This offer was presented to the Legislature as an integrated proposal. Not only did it meet the budget and environmental parameters previously set by the Legislature, if accepted, it also had the potential to spark development in Broome County.

Although most interest by natural gas companies has focused on land south of the Millennium pipeline, Inflection was prepared to commence development north of the line. If Inflection successfully established a producing field in that area of the Marcellus, then everyone would have benefitted. We believe this would have attracted more economic development to the county, sparked interest in the land controlled by private coalitions, created jobs, and provided relief to local tax payers.

Many legislators, however, were not ready to take this step.

Certainly we will continue to monitor the market for natural gas leasing opportunities. We also invite natural gas developers to place offers on both private and public land in the County. Nevertheless, we are withdrawing the resolution requesting authorization for approval of the lease with Inflection Energy.

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