



P.O. Box 103
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December 29, 2011

Mr. Joseph Martens, Commissioner
Department of Environmental Conservation
625 Broadway
Albany, NY 12233-1011

Dear Commissioner Martens:

I was pleased to read that the Department of Environmental Conservation has asked Ecology & Environment (E&E) to expand its study of the socioeconomic impacts that hydrofracking will have on New York State. As you know, many of us think that the E&E report included in the Revised Draft SGEIS is more than "a little thin". Along with two other economists, I recently sent you a letter detailing some of its flaws including:

- A failure to identify *all* the costs and benefits that shale gas extraction will entail.
- A failure to clearly identify all the winners *and losers* who will be impacted by fracking.
- A failure to consider all the phases of shale gas extraction - from the activities of landmen and leasing, up to and including the build out of transmission systems, including compressor stations and pipelines, that may seize land by eminent domain.
- A failure to consider the cumulative effect of an industrial activity that could radically transform much of the western part of the state.
- A failure to consider the long term effect that shale gas extraction will have on New York State. (The E&E study does not look beyond the period supposed to be required to extract the gas.)
- A failure to consider worst case scenarios.
- The absence of common oil and gas industry discounted cash flow analysis.
- A failure to fully account for environmental costs, and the loss of "next best use" of the land that will be industrialized by the gas extraction.
- The use of inappropriate economic models, and a sole reliance on input/output analysis.
- The use of arbitrary estimates of how local labor will replace transient labor.

- An assumption that shale wells will produce for thirty years, which does not seem to be grounded in reality.
- A vague and undeveloped description of how shale gas extraction will impact real estate values.
- A failure to consider the fact that proximity to gas wells might violate conventional home mortgages and make it impossible to refinance homes, or to obtain home insurance.
- The losses that will be incurred by other industries, including tourism, outdoor recreation and agriculture, are not quantified.
- Tax revenue estimates appear to be based on overstated gas production estimates and an overestimate of New York's recoverable shale gas reserves.
- Adjustment costs, such as the estimated \$226 million it will cost to build out the DEC are completely ignored.
- The NYS Department of Transportation estimate that infrastructure improvements and repairs will cost hundreds of millions of dollars a year is ignored.
- The cost of mitigating environmental damage is ignored.
- The cost of mitigating adverse health impacts is ignored.
- The costs to local communities for increased demands on first responders, law enforcement and medical services are ignored.
- A "one size fits all" approach to the impact that shale gas extraction will have on communities ignores the actual impacts that might be felt by some communities.

Clearly New York State should not move forward with shale gas extraction until these many defects have been addressed by a thorough and competent socioeconomic analysis. It is equally clear that such an analysis will be very different than the E&E study in the Draft SGEIS. A satisfactory assessment may require the input of experts beyond those available at E&E.

We believe the public must be permitted to read and comment upon the revised socioeconomic report before its findings are incorporated into a final version of the SGEIS. Because of the potential impact on the Revised Draft SGEIS, the SGEIS comment period should be extended until after the expanded report is released. We ask that when the Department receives the expanded report from E&E it release it to the public, and commence a public comment period of not less than ninety days.

Sincerely,

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Harry Levine, President
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Susan Van Dolsen, Co-organizer
Westchester for Change

Steve Zerby
Westford Neighbors

David Buchwald, Member
White Plains Common Council

Marriot Sheldon
Youth Now

Attachment: Letter to Governor Cuomo from Jannette Barth, Ph.D., Edward C.
Kokkelenberg, Ph.D., Timothy Mount, Ph.D. dated December 14, 2011

CC: The Honorable Andrew Cuomo

Deputy Commissioner Eugene Leff