

TENTATIVE AGENDA
BOROUGH COUNCIL - BOROUGH OF FRANKLIN PARK
SPECIAL MEETING OF JANUARY 14, 2019 - 7:00 P.M.
BLUEBERRY HILL PARK ACTIVITY CENTER
(subject to change up until the date and time of the meeting)

- * Call to Order

- * Pledge of Allegiance

- * Roll Call

- * Project Timeline

- * Proposed Lease Terms and Conditions

- * Next Steps

- * Public Comments:
Residents and taxpayers of the Borough are permitted to comment on the proposed Linbrook Park oil and gas lease. If you would like to address Borough Council this evening, we ask that you **please stand at the microphone, give your name, spell your last name and give your address so you will properly be identified for the minute record.** Each speaker will be limited to 5 minutes.

- * Motion to adjourn

(Doors open at 6:30 p.m.)

Penn-Energy Oil and Gas Lease Proposal

Linbrook Park Timeline

- 1) In summer 2016, Penn-Energy initiated their Lease Acquisition Program in Franklin Park, for parcels near Linbrook Park.
- 2) About 18 months later, on February 7th 2018, Penn-Energy informed the borough of their plans to construct a well pad in Economy Borough, close enough to the borough line that they had the capability to conduct lateral, sub-surface drilling in Franklin Park. They had been working through the municipal and state regulatory processes to construct a pad site in Economy Borough, and to operate multiple lateral wells which will develop the northwestern corner of Franklin Park.
- 3) On February 7th 2018, Penn-Energy submitted a proposal to the borough to lease 81 acres of Linbrook Park for sub-surface, lateral drilling. Their offer was for an upfront payment of \$3000 per acre (\$243,000) plus 17% royalties once the wells began production. The lease proposed was non-surface, and did not grant Penn-Energy any right for their personnel or equipment to enter onto the park property.
- 4) On February 7th 2018, Penn-Energy informed the borough that they had signed leases with private land owners in Franklin Park to conduct sub-surface, lateral drilling. No specific numbers regarding parcels or acreage under lease were provided to the borough at that time.
- 5) In April 2018, council instructed borough staff to conduct a survey to gather input from Franklin Park residents. The primary purpose of the survey was to obtain input from residents that would assist council during their decision making process.

6) The survey was mailed to all Franklin Park households (approximately 5300). The response rate for the survey was approximately 31%. Of this 31%:

- 55% of households were against the lease
- 37% of households were for the lease
- 8% of households were neutral

When factoring in the 31% survey response rate:

- 17% of Franklin Park households were against the lease
- 12% of Franklin Park households were for the lease
- 2% of Franklin Park households were neutral

It is not known for certain the position of the 69% of Franklin Park households that did not return a completed survey.

- 7) With their response to the survey, several residents provided specific comments, with varying views of this issue. Council members have also considered these comments during their evaluation of the lease proposal.
- 8) In April 2018, after borough solicitor Mr. Junker recused himself due to a conflict of interest, council instructed borough manager Ambrose Rocca to obtain proposals from 3 law firms.
- 9) On May 1st 2018, Ambrose Rocca and four council members visited the Penn-Energy 822 pad site to tour the fluid drilling rig, to review safety protocols, and to observe the vertical drilling process.

- 10) In a May 8th 2018 email, Penn-Energy provided an update to the borough, advising that they had signed leases for sub-surface lateral drilling with private land owners in Franklin Park covering 65 parcels (670 acres) near and surrounding Linbrook Park. They were also in discussions with private land owners in Franklin Park for an additional 3 parcels (75 acres).
- 11) Also in their May 8th 2018 email, Penn-Energy advised the borough that they had sufficient land under lease to move forward with the well pad in Economy Borough, and sub-surface, lateral drilling in Franklin Park, regardless of whether council ultimately approved or denied the proposed lease for the 81 acres of Linbrook Park. Included in the land under lease was approximately 178 acres, the surface of which is owned by the Allegheny Land Trust, which the borough helped them purchase in 2016.
- 12) On May 16th 2018, council voted to retain the services of Sable & Sable, LLC to represent the borough and advise council on all matters related to the proposed lease.
- 13) On May 18th 2018, per the request of Franklin Park resident Thaddeus Popovich, council members Jim Hogg and John Parks met with Mr. Popovich and Mr. Doug Shields to discuss the lease proposal.
- 14) In August 2018, council instructed Sable & Sable, LLC to review the terms and conditions of the proposed lease, and to address any concerns with Penn-Energy.
- 15) On September 4th 2018, Penn-Energy Health, Environmental and Safety professionals met with the borough's Environmental Advisory Council to discuss issues specific to resident's concerns related to protecting groundwater quality, traffic control, and noise and light mitigation.

- 16) In September 2018, Council asked the borough's Environmental Advisory Council for their input. Specifically, council wanted to know their thoughts as to the incremental environmental impact should council move forward with the lease, given that Linbrook Park represented approximately 10% of the land that would be laterally drilled in Franklin Park.
- 17) The response council received from the EAC was mixed. At their October 2nd 2018 meeting, an expert from the University of Pittsburgh commented that, in his opinion, the incremental environmental impact would be negligible, since Linbrook Park represented approximately 10% of the land in Franklin Park that would be laterally drilled. Some EAC members accepted his input, and some EAC members considered his comments to be biased.
- 18) On October 3rd 2018, council met with 5 residents with extensive experience and knowledge on hydraulic fracturing. In general, those against the lease cited potential environmental and health concerns. Those for the lease cited the financial benefit to the borough, and their positive experience with other local drilling operations.
- 19) In early November 2018, Sable and Sable, LLC completed negotiation of the lease terms and conditions, and borough manager at the time Ambrose Rocca completed negotiation of the financial terms of the lease. The negotiation of the proposed lease terms was done prior to council voting on whether to approve or reject the lease because council members needed to have a final, fully-negotiated form of the lease that contained acceptable legal and financial terms available for voting purposes and because this sequence followed common business sense. The financial terms of the lease are now \$3500 per acre (\$283,500) plus 18% royalties.

- 20) At the November 7th 2018 work session, Council decided to not add a motion regarding this lease proposal to the November 14th 2018 regular meeting agenda. Rather, it was decided to include this motion on the December 19th 2018 regular meeting agenda.
- 21) The motion regarding the lease was placed on the agenda for council's regular meeting held on December 19th 2018. As are all motions for council meetings, this motion was presented on the agenda in the affirmative, in this case as "to approve". Each council member had the option to approve the lease by voting yes, or to reject the lease by voting no. Council also had the option to table the motion. Council voted unanimously to table the motion.
- 22) In a January 7th 2019 email, Penn-Energy informed the borough that they now had executed leases with private land owners in Franklin Park for approximately 70 parcels covering 730 acres, and had paid signing bonuses in excess of \$1.5 million to private property owners in Franklin Park. Their Lease Acquisition Program is ongoing.
- 23) Penn-Energy also advised the borough that should council vote to reject the lease proposal, they have the technical capability to conduct sub-surface, lateral drilling around the outside boundaries of Linbrook Park.
- 24) A motion regarding this lease proposal is on the agenda for Council's regular meeting to be held on January 16th 2019.

Much of this information is detailed in a December 22, 2018 article first published by the Tribune Review on their website, and re-published in the North Journal on January 3rd 2019. A second article was posted on the Tribune-Review website on January 10th 2019.

Franklin Park delays vote on fracking lease, sets Jan. 14 public meeting to hear residents' concerns



Tony LaRussa | Saturday, Dec. 22, 2018, 2:06 p.m.

PennEnergy's proposal to drill for shale gas under Franklin Park's Linbrook Park calls for placing the well pad about 3/4 miles away in Economy borough. It could look similar to this one recently erected in Westmoreland County.

Concerns about a proposal to allow drilling for shale gas under Linbrook Park in Franklin Park prompted borough council to delay voting on the measure.

To address some of the concerns raised by residents, the borough will hold an information session at 7 p.m. Jan. 14 at the activity center in Blueberry Hill Park.

The borough's environmental advisory committee also recommended that the meeting be held to discuss the possible problems as well as the benefits of allowing drilling, said borough Manager Regis Ebner.

"A number of residents called before the last meeting and asked that the measure be tabled so that more information can be gathered," he said. "There will be at least two experts at the meeting on Jan. 14 to answer questions and residents will have an opportunity to comment."

About 130 attended the Dec. 19 council meeting where the proposal was scheduled for a vote, according to Ebner. A majority of those who addressed council raised concerns about the potential risks to the environment from drilling. Several residents spoke in support of permitting the drilling.

The proposal being considered is a five-year lease that would allow PennEnergy Resources to drill under the 80-acre park in exchange for an upfront payment to the borough of \$283,500 plus an 18-percent royalty on the value of any gas that is extracted.

If the company gets the go-ahead, it plans to place the well head about 3/4-of-a-mile outside the park in neighboring Economy Borough in Beaver County, Ebner said.

"There won't be a well in or near the park and no trucks will be going in and out," Ebner said.

The manager noted that even if the borough passes on the contract with PennEnergy, nothing would prevent drilling companies from entering into agreements with private property owners.

On the same night council was scheduled to vote on the PennEnergy agreement, a second measure designed to [set rules for drilling operations](#) in the borough was approved as a “pending ordinance,” which means even though the law has not been formally approved, drillers will have to adhere to its restrictions.

Among the stipulations outlined in the ordinance is a restriction on where drilling will be permitted in the borough.

“We can’t create general restrictions against drilling, which is regulated by the state,” Ebner said. “But we can adopt limits on the locations where it can take place.”

Under the proposal, drilling in Franklin Park would only be allowed in the mostly rural northwest quadrant of the borough near the border with Marshall Township, Ebner said, adding that the area also contains state game lands.

“The rule of thumb we tried to follow with this ordinance is to only allow drilling in areas that have the least impact,” Ebner said. “They’re not going to be able to come in and drill wherever they want.”

The public meetings at which the fracking lease has been discussed is not the only source of information council has about what residents think about the proposal.

Earlier this year the borough mailed 5,298 surveys to residents about the matter.

A total of 1,674 residents, or 31.6 percent of those who received the survey, responded.

Of the responses received, 45.7 percent said they “strongly oppose” the lease and another 8.2 percent said they “oppose” the measure. Among the respondents, 8.2 percent said they were “neutral” on the matter, 17 percent said they “supported” the lease and 20.9 percent said they “strongly” supported entering into the contract.

The results of the survey were published in the [borough newsletter](#) distributed to residents.

Tony LaRussa is a Tribune-Review staff writer. You can contact Tony at 724-772-6368 or tlarussa@tribweb.com or via Twitter @TonyLaRussaTrib.

Franklin Park holding informational meeting Monday on proposal to drill under park



Tony LaRussa | Thursday, Jan. 10, 2019, 2:48 p.m.

Franklin Park is holding an information meeting at 7 p.m. on Monday to provide residents more information about a proposal to allow drilling for Marcellus Shale gas under Linbrook Park.

Council postponed its Dec. 19 vote to permit PennEnergy Resources to drill under the 80-acre park after residents raised concerns about the potential risks to the environment.

The proposed five-year lease with the energy company calls for an up-front payment to the borough of \$283,500 plus an 18-percent royalty on the value of any gas that is extracted.

PennEnergy plans to place the well head about 3/4 of a mile outside the park in neighboring Economy borough in Beaver County, according to borough officials.

At least two experts on the processes used to extract natural gas from Marcellus Shale are scheduled to attend the Jan. 14 meeting to answer questions. Residents also will have the opportunity to comment about the proposal.

The meeting will be held in the activity center in Blueberry Hill Park, which is located along Blaine's Way.

The borough already has created rules that limit drilling to the mostly rural section of the borough in the northwest quadrant near the border with Marshall Township.

While municipalities can set reasonable restrictions for drilling, they cannot forbid it from taking place because it is regulated by the state.

Even if council votes against the request to extract gas from under the park, surrounding property owners would be free to lease their lands for drilling.

Tony LaRussa is a Tribune-Review staff writer. You can contact Tony at 724-772-6368 or tlarussa@tribweb.com or via Twitter [@TonyLaRussaTrib](https://twitter.com/TonyLaRussaTrib).