

The League of Women Voters of Arkansas Study Concerning The New Phenomenon of Drilling for Natural Gas in our State

Study Purpose: To investigate the impact on the State of Arkansas and its citizens of the current method of drilling for natural gas in the Fayetteville Shale Play and to discern what public policies need to be put into place relating to this activity.

FAYETTEVILLE SHALE STUDY QUESTIONS AND OUTLINE

The Fayetteville Shale drilling area is not spread throughout the whole state of Arkansas, but the taxes collected/not collected and the possible destruction of roads/bridges could have an influence on the pocketbooks of all citizens. The environmental impact of the operation could affect all persons as well. With that in mind, it appears that each League in the state will have a stake in this study, but not all questions may apply equally to all.

1. What procedures do the drilling companies go through to obtain drilling rights?

Who gives permission from the state and county?

What type of license/permit must they have?

Are they required to observe load limits on roads and bridges?

Must they check with the appropriate authorities before approaching landowners?

Who enforces laws pertaining to these and related issues?

11. What are the individual owners' rights on properties being drilled?

How can a landowner know if he owns the mineral rights if a deed is unclear?

What rights does a surface owner have if the owner of the mineral rights sells or leases the drilling rights to a gas/oil company?

Who represents landowners if a dispute arises?

111. What is the procedure being used to extract natural gas in Arkansas?

Describe this procedure and how it affects the lands.

What chemicals are used in this process; by what method are they disposed?

Can this procedure be helpful to the land?

Who regulates and monitors this drilling procedure?

Other than the gas/oil itself, does drilling deplete any of our other natural resources?

Does Arkansas have a depletion allowance - or should it have?

1V. Is the impact on the environment due to drilling local, statewide, or both?

Where is the water obtained that is used in the drilling process?

What is the procedure for disposing of the used and/or wasted water?

Who regulates, and enforces, clean-up and site restoration during site preparation,

drilling, and after a well is closed? Who pays for oversight and clean-up?

What happens if a well is played out or abandoned?

What is the impact of drilling on wildlife and their habitat?

Are roads being built and trees cut in designated 'roadless' areas/where?

V. What type of taxes are drilling operations required to pay to state, county, and

Local governments:

For permits, well-head, equipment, corporate income, depletion of resources, payroll, etc.?

To what extent are current taxes adequate for:

Maintenance and upkeep of the new roads related to drilling?

Repairing damage to existing roads, bridges, from movement of heavy equipment?

Paying the salaries and payroll taxes for additional new hires to research records, enforce

new rules, regulations, environmental laws, etc.?

Compensating the state for the loss of valuable natural resources?

V1. Excitement is in the air with high hopes that our state will see a healthy growth in our economy because of the Fayetteville Shale Play.

To what extent has your area benefited by an economic boost because of drilling? For instance, have you experienced new hires in:

Legal services?

Clerical services?

Title Companies?

Surveying?

Retail establishments?

Other new businesses?

Conversely, have you seen any negative impact because of drilling?

Will the gas removed from Arkansas land remain in the state for the benefit of Arkansas citizens? Will it remain in our country for the benefit of US citizens.

V11. List any specific action items you believe LWVAR and local units should take regarding the drilling issue.

Local Leagues are asked to review these questions and forward their responses as follows to the Fairfield Bay League by March 8, 2008:

VIII. Establish a single state water authority to coordinate use and regulations.

a. consensus b. no consensus c. disagree

IX. Provide greater funding for regulatory oversight that is not merely complaint driven.

a. consensus b. no consensus c. disagree

X. Provide greater protection of landowners' surface rights and riparian areas.

a. consensus b. no consensus c. disagree

XI. Provide full disclosure of chemical additives use capable of infiltrating groundwater or producing air pollution.

a. consensus b. no consensus c. disagree

XII. Restructure severance tax so that it is based on market value rather than volume produced and set at a rate comparable to the region.

a. consensus b. no consensus c. disagree

XIII. Use of severance taxes should broadly benefit the entire state and not be used to correct environmental or physical damages resulting from the extraction process.

a. consensus b. no consensus c. disagree

XIV. The state should establish a fund to cover infrastructure changes and damage in areas which are impacted by gas drilling.

a. a. consensus b. no consensus c. disagree