



Senate Environmental Resources and Energy Committee

Senator Mary Jo White Chairman

Patrick Henderson, Executive Director

Room 169 • State Capitol Building
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October 6, 2009

John Quigley, Acting Secretary
Department of Conservation and Natural Resources
7th Floor Rachel Carson Building
Harrisburg, PA 17105

Dear Acting Secretary Quigley:

During two separate press conferences over the past week, Governor Rendell has stated that the Commonwealth has signed a contract with a seismic imaging company to gauge the most desirable places to develop Marcellus Shale natural gas from underneath state forestland. The Governor left the impression that this work was already occurring.

However, it is my understanding after communicating with your office that no contract has been signed, much less any work commenced, on this initiative. My office was informed that this concept is still under discussion. I would appreciate an update from you on what, exactly, is occurring with seismic imaging related to state forestland. I would also appreciate knowing the anticipated timeframe of this project (when it will begin and end, and the data available).

Secondly, as you know efforts for additional leasing of state forests for Marcellus Shale development have run into resistance among some House Democrats, who oppose including leasing authority (and minimum acres to be leased) as part of the state budget framework. However, it is my belief that the Department of Conservation and Natural Resources (DCNR) already has sufficient legal authority to lease additional state forestland. During your confirmation proceedings earlier this year, you indicated a commitment to new lease offerings this year. I would appreciate a current status report on where DCNR is regarding a new lease offering.

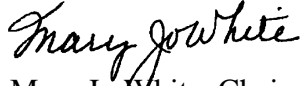
Finally, I would appreciate an update on the following:

- 1) Number of Marcellus wells permitted and/or constructed on the approximately 74,000 acres leased in September 2008;
- 2) Number of Marcellus wells permitted and/or constructed on the approximately 300,000 acres of state forest land under shallow well lease "pre-Marcellus Shale" interest;
- 3) Whether, in DCNR's legal opinion, the approximately 300,000 acres under shallow well lease will become available for new lease opportunities should the existing lease holders fail to drill for Marcellus Shale within the lease term;

- 4) Any estimates on royalty income DCNR has or will receive for FY '09-'10 and '10-'11 from Marcellus Shale natural gas development on state forestland.

Your assistance in responding to these inquiries is greatly appreciated. Should you need any additional information or clarification, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink that reads "Mary Jo White". The signature is written in a cursive style with a large, prominent "M" and "W".

Mary Jo White, Chairman
Senate Environmental Resources
& Energy Committee