Millionaires Don’t Milk Cows

The Impact of Marcellus Shale Gas Development on Pennsylvania Agriculture

D. Robert Davidson, AICP, Esq.
Threats to Pennsylvania Farmland

- Low Commodity Prices
- Graying Farmers
- Dwindling Employment Pool
- High Land Values
- Development Pressure
FARMING ON THE EDGE
Sprawling Development Threatens America's Best Farmland
Pennsylvania

Legend:
- Red: High-Quality Farmland & High Development
- Gray: Urban Areas
- Green: High-Quality Farmland & Low Development
- Tan: Other Lands
- Light Tan: Federal & Indian Lands

09/20/10

American Farmland Trust
www.farmland.org
Threats to Farmland from Marcellus Shale Gas Development
- Retired Farmers
- No Employees
- Land Speculators
- Gas Production Related Development
- Increased Regulations
- Increased Traffic
- Environmental Issues
Retired Farmers

- **Bonus Payments**
  - Up to $7,000/Acre
  - Typically $2,000/$4,000/Acre
  - Average PA Farm Size is 158 Acres
  - $316,000 – $632,000

- **Multiple Opportunities to Lease**

- **Multiple Wells Per Pad**
<table>
<thead>
<tr>
<th>Natural Gas Royalty Estimate</th>
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<tbody>
<tr>
<td>12.5</td>
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<td>Your royalty rate.</td>
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<td>Average wellhead gas price.</td>
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<td>Average well production rate in millions of cubic feet per day.</td>
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<td>Acres you own within the well's production unit.</td>
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<td>Number of acres in the well's production unit.</td>
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Farm Succession

- Next Generation
- New Beginning Farmers
  - Owner vs. Lessee
- Farm Expansion/Transition
- Farms with severed oil and gas rights
No Employees

- Current Employees have left to work in the gas industry
- Immigrant Labor
- Technology
- Farm Transitions
54.81 Acres  Clifford Twp., Susquehanna County, Pennsylvania $475,000 Large meadows, woodlands, stone walls. No gas lease!  $8,666/Acre

77.31 Acres  Mansfield, Tioga County, Pennsylvania $899,900 Well Maintained Farm! OGM's TRANSFER TO BUYER. Pickle Hill Farm is just minutes to Mansfield and is currently a hay and dairy farm with an updated farmhouse. Lots of level land, rolling hay fields and fenced pasture. Home is large with 3 bedrooms 2 baths, spacious kitchen and more! $11,640/Acre
41 Acres  Hughesville, Lycoming County, Pennsylvania $4,750,000 100% of the GAS and Oil RIGHTS in the Marcellus Shale area with 11 Wells. Asking $4,750,000.00 The 41 Acres is located in a really nice setting with Views in many directions. 31 Acres open and 10 Acres of woodland. The owners are current receiving Gross Royalty payments paid on 3 wells. Permits for 8 more wells are in place. The lease is a Chief Oil & Gas nonsurface lease.
130 Acres  Millville, Columbia County, Pennsylvania  $1,289,900
130 Acres 100% of the Gas Rights with no lease and over 515 neighboring acres that are under lease with EXCO., 71 tillable acres, woods, good hunting $18,167/Acre

110 Acres  Snyderstown, Northumberland County, Pennsylvania  $320,000
110 Acres in Northumberland County, PA. This property offers approx. 45 acres of good tillable fields and 65 acres of wooded property. The 65 acres of wooded makes for amazing hunting. There is an old railroad bed that runs through the entire property, along with several patches of pine trees. There is also a sizable creek that dissects the wooded acres in half.  $2,909/Acre

*These properties are only 23 miles apart*
Gas Production Related Development

- Well pads
- Access Roads
- Compressor Stations
- Metering Stations
- Gathering Lines
- Transmission Lines
Increased Regulations

- Posted Roadways
- Motor Carrier Inspections
- Permit Review Times
Increased Traffic

- Dangerous to Move Farm Equipment
- Milk and Feed Trucks
- Road Deterioration
Environmental Issues

- Noise
- Air
- Water
- Soil
Steps to Preserve our Farms

- Good Pro–Agriculture Leases
- Local Land Use Regulations that Promote and Support Modern Production Agriculture
- Educate Officials and the Public on the Importance of a Thriving Agricultural Sector to Rural Economies and Lifestyles.
Thank You

Rob Davidson
AgChoice Farm Credit
4504 Westbranch Hwy.
Lewisburg, PA 17837
570-524-2204