

OFF THE CUFF

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From the ground to bank accounts

Here's a number you might not be aware of: \$43 million a year. That's how much in royalties that Fortuna Energy Inc. says it pays to land owners in Chemung, Schuyler and Steuben counties now that the company has been drilling for natural gas here the past five years. And from what Fortuna's president Jim O'Driscoll told the Star-Gazette editorial board on Tuesday, that's not the end of it.

Asked how long the company could continue to pull gas from the Trenton Black River deposits under the Twin Tiers, Driscoll said, "We expect to be here a long time. Whether that's 10, 15 or 20 years, I expect it to be even longer than that," he told the board.

As readers might recall, Fortuna's startup in the area in 2002 stirred resentment from some land owners who believed they were not getting a fair deal on natural gas exploration projects on their property. Fortuna wasn't the only target for the angst. Independent companies and other businesses, in their rush to tap into the giant gas deposits, were out in force and offered deals that to some land owners seemed exploitative. Other land owners, however, liked dealing with companies such as Fortuna, especially when those dollars signs started adding up.

That initial hostility seems to have given way to acceptance, and Fortuna wisely has brought in people like O'Driscoll who seem to have the kind of people skills and charisma needed to ensure good customer and community relations. Another thing that has helped is the state's new oil and gas leasing laws that went into effect in 2005 following the outcry over how some land owners were treated. That has brought order to a new and growing part of the area economy, and with it

fewer complaints.

Fortuna has 63 wells producing gas in the three counties and is hoping to drill or do joint ventures on another 25 this year. The success rate for drilling is about one out of two. A .500 batting average for a ballplayer would be sensational, but in the gas drilling business, it's fairly typical. So out of 25 wells, Fortuna would expect 12 producers. Anything more than that would be a bonus – to the company and the land owners.

Fortuna has operations in New York, Pennsylvania, West Virginia and Ohio, though all are not active. Right now the focus is on this area of New York, and when you look at the bucks involved, you understand why.

POSTED BY DAVID KUBISSA AT 8:56 AM 0 COMMENTS

About Me



DAVID KUBISSA

I am associate editor of the Star-Gazette. As such, I oversee the Opinion page, write the editorials – except when I am on vacation, write a twice-monthly column, host a weekly television news show on WENY and oversee the twice-monthly youth editorial page. I'm a bit obsessed with government and politics, but when I'm not whining or opining about those subjects, I enjoy reading, running, biking, motorcycle riding and RVing.

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