

NEW YORK POST

UPSTATERS CHEER RISING COST OF GAS

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GASSED UP: Joan Weston of Spencer, N.Y., gets payments from Fortuna Energy thanks to a natural gas well adjacent to her farm.

February 4, 2007 -- While most New Yorkers are getting burned by the rise in oil and natural gas prices over the past few years - by paying more to fill up their cars and heat their homes - scores of rural upstaters are riding the price rise all the way to the bank.

Retirees and farmers in the depressed Southern Tier of New York - the area between the Finger Lakes and Pennsylvania - are cashing royalty checks of \$5,000 a month or more, courtesy of a gusher of new natural gas wells drilled in the area.

"Many of us have said it's like playing the lottery without having to buy the ticket," Joan Weston, a retired schoolteacher, told The Post.

She and her husband were stunned by the first royalty check they received a few months ago for a natural gas well Fortuna Energy drilled on land she leased to the company. "We couldn't really believe it," she said. "We just looked at it for a while."

Weston and others, some struggling to make ends meet as dairy farmers, are the beneficiaries of an oil and natural gas boom in New York.

The boom - the state issued 623 permits to drill wells in 2006, a fivefold increase from 2002, when oil was selling for \$25 a barrel and natural gas for \$2 per 1,000 cubic feet - has quadrupled real estate prices in some instances to \$2,000 an acre and created numerous jobs in addition to infusing cash into this struggling part of the state.

Major natural gas exploration companies from Texas, Canada and Oklahoma are pursuing deep gas deposits in the area. Small independent oil drillers are revisiting shallow fields that were tapped in the early days of the oil age and had been considered tapped out.

Higher oil prices make drilling worth the effort. In addition, improved technology removed a lot of cost associated with the risk.

Some \$440 million worth of oil and gas was extracted in the state in 2005, the last year for which figures are available, and more than 95 percent of that was gas. A record 55.2 billion cubic feet was pumped in 2005, enough to heat roughly 800,000 homes for a year.

Natural gas now sells for \$7.75 per 1,000 cubic feet