

Brewery Ommegang Statement on Hydrofracking for Shale Gas.

Serious threat of water pollution and other environmental risks for Otsego County.

Revised: Jan 18, 2011

Contact: Larry Bennett, 607-544-1800, or larry@ommegang.com Executive Order

NOTE: This is an update of the Brewery Ommegang statement originally released on Nov 19, 2010. This update follows then-Governor Paterson's December 13, 2010 veto of the moratorium proposed by the NY State Assembly and Senate, and his issuing of Executive Order No. 41. On Jan 1, 2011 incoming New York State Governor Cuomo continued Executive Order No. 41 without change. The Executive Order is attached.

Brewery Ommegang has completed a close examination of the development of hydrofracking for natural gas in Otsego County. We reviewed extensive information provided by gas industry professionals, publications and supporters of hydrofracking who propose that drilling is safe, necessary, and will be an economic boost to Otsego County. We also reviewed information from gas industry professionals who are opponents of hydrofracking, as well as environmental and historic groups who contend that the permitting procedure is flawed; drilling is not safe; our water is endangered; and economic benefits will not be realized. We have endeavored to be objective in our analysis and we will make available the information we have gathered to anyone who is interested in understanding both sides of the argument.

We have concluded that:

1. The gas industry has secured broad exemptions from federal regulation under the Clean Water Act and the Safe Drinking Water Act in 2005 (also known as the "Halliburton exemption"). However, the EPA has recently begun a study which is scheduled for completion sometime in 2012.
2. Under New York State law, horizontal drilling remains halted (under Exec .Order 41) while the pending Supplemental Generic Impact Statement (sGEIS) is reviewed. The review is to be completed by June 1, 2011, and then put up for public comment for at least 30 days. In the interim, drilling of vertical wells with hydro fracking is proceeding in our county under the 18-year-old 1992 Generic Environmental Impact Statement. Thus, gas companies are now drilling and fracking in our county without local review, while both state and federal regulatory investigations into the risks and regulation of the process are delayed.

Land-lease development and proposed drilling in the region has already reached a high level with very limited public awareness of the issues any without meaningful regulatory control. Over 60,000 acres in Otsego County are known to have been leased by drilling companies or their land agents, and drilling projects have already started .

The relative contribution of natural gas from hydrofracking to either the economy or the energy needs of the region may be minimal, and development does not materially contribute to a larger national or regional energy policy.

The number of documented spills, blowouts, leaking wells and other environmental accidents is significant and the environmental and human consequences have been serious in a number of states, including TX, PA, WY, and WV. From our perspective, the critical threat is contamination of the aquifers occurring directly above the Marcellus shale.⁵

6. The withdrawal of huge quantities of fresh water estimated at 2-5 million gallons of water per frack cycle and the heavy impact of thousands of truck trips per well hauling water and chemicals to and from the drill pads cannot be sustained in Otsego County. Effective treatments of the millions of gallons of polluted processing waste do not exist and there are no locations for waste disposal in New York capable of supporting the proposed scale of drilling.

Drilling presents a strategic risk to the entire Otsego County water supply and the Susquehanna watershed. Meanwhile, the NY City watershed (in adjacent counties) is under special coverage by the DEC, effectively creating a protected zone. This reflects awareness by DEC and NYC officials of potential risks. The protection requires site-specific review and permitting and has effectively stopped gas exploration inside the NYC watershed. Our region of upstate NY is not covered by the agreement and it's now much cheaper to work in counties like ours, where there is no local regulation.

The plans for drilling also pose a direct and material threat to the Ommegang Brewery. We draw water for our beer from aquifers beneath our 140-acre farmstead located close to Cooperstown, NY, at the head of the Susquehanna watershed. Contamination of our water supply would end our brewery business and even the threat of potential contamination could be sufficient for the future of our company to be at risk.

We also join others in concluding that industrial-scale hydrofracking in the beautiful rural upstate region will irreparably damage the essential qualities that make Otsego County an excellent place to live, raise families, farm and brew beer. We consider highly visible, potentially dangerous, industrial development as directly opposed to what our rural location offers the people who have chosen to make their lives here and the millions who choose to visit the region every year.

We therefore:

Call for an immediate moratorium and for an eventual ban on both vertical and horizontal hydrofracking in Otsego County and NY State. It is not enough to protect only New York City residents' land, water and health. All upstate residents and their water, land, health and heritage deserve equal protection under law.

Call for complete reconsideration, rewriting and review of the NY State Supplemental Generic Environmental Impact Statement (sGEIS) by the Cuomo administration. The current sGEIS is based on outdated and inadequate data.

Support the transfer of control over local hydrofracking from NY State to Otsego County. And for the same all across New York allowing local communities to determine if they wish to accept the impact on their lives.

Brewery Ommegang will:

Seek to defend the interests of our business, our employees and our community by actively campaigning for the prevention of hydrofracking in Otsego county and NY state by every available means, including legal action.

Provide practical support for Otsego2000 as the principal focus for a coalition of many environmental and other citizen groups working to prevent development of hydrofracking in the region. Otsego 2000 is coordinating the coalition of groups opposing hydrofracking.

Bring together a coalition of other concerned upstate businesses in support of the Otsego2000 campaign.

Petition Otsego County and Otsego County town officials to support a local moratorium and a ban on hydrofracking, and petition our state government leaders, regulators and other agencies for the same at a statewide level.

Simon Thorpe, President/CEO of Brewery Ommegang said: "Ommegang believes that opposing development of hydrofracking is critical to the interests of our community, our people and our business. We are proud of our accomplishment in building a thriving, sustainable and environmentally conscious business in upstate New York. We are deeply concerned at the threat posed by development of drilling in the region and the risk to the purity of the water on which we depend, and which is a key reason we are located here. We are a company that enjoys a national reputation for super-premium quality beers produced in upstate New York and we hope that the state and local regulators attach value to what we do for the region in terms of employment and our representation of upstate New York in restaurants and grocery stores across the nation. We do not want the futures of our business, our employees, and our communities damaged or destroyed by water pollution, or compromised by the industrialization associated with hydrofracking for shale gas."

For further information please contact:

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Brewery Ommegang is part of the Duvel Moortgat Group of breweries, which were founded in Belgium. It is the group's principal brewery in the United States and produces a super-premium range of beers that are distributed across the country together with the other Duvel Moortgat beers including Duvel, Maredsous, Liefmans, Achouffe and De Koninck.

Issued Dec. 13, 2010 by NY State Governor Paterson:

Executive Order No 41

WHEREAS, the 2009 New York State Energy Plan supports the development of in-State energy resources, including natural gas, to achieve the Plan's multiple public policy objectives; and

WHEREAS, low-volume hydraulic fracturing, or conventional fracking, has been used successfully and safely in New York State for many years to extract natural gas consistent with the Generic Environmental Impact Statement (GEIS) for Oil, Gas and Solution Mining Regulatory Program promulgated by the New York State Department of Environmental Conservation (Department) in 1992; and

WHEREAS, new technologies have emerged, and are being deployed in other states, to extract natural gas more efficiently through a process known as high-volume hydraulic fracturing combined with horizontal drilling; and

WHEREAS, there is a need for further study of this new technology prior to deployment in New York State; and

WHEREAS, in 2008, I directed the Commissioner of Environmental Conservation to initiate a formal public process to update the 1992 GEIS to ensure that any new technologies deployed in New York State are first thoroughly analyzed and regulated to ensure that all environmental and public health impacts are mitigated or avoided; and

WHEREAS, the Department issued a draft scope for an updated GEIS on October 6, 2008, held public meetings in the Marcellus shale region, received more than 3,000 written comments, and issued a final scope for the Supplemental Generic Environmental Impact Statement (SGEIS) on February 6, 2009. The Department released the Draft SGEIS for public review and comment on September 30, 2009, held four public hearings in the region and New York City, and received more than 13,000 written comments during a public comment period that closed December 31, 2009; and

WHEREAS, tens of thousands of citizens, landowners, local governments, large and small businesses, non-governmental organizations, and other stakeholders have expressed their heartfelt support for or opposition to the new technology, but most agree that an objective, science-based analysis is the best approach to setting new policy.

NOW, THEREFORE, I, David A. Paterson, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and laws of the State of New York, do hereby order as follows:

1. The Department shall complete its review of the public comments, make such revisions to the Draft SGEIS that are necessary to analyze comprehensively the environmental impacts associated with high-volume hydraulic fracturing combined with horizontal drilling, ensure that such impacts are appropriately avoided or mitigated consistent with the State Environmental Quality Review Act (SEQRA), other provisions of the Environmental Conservation Law and other laws, and ensures that adequate regulatory measures are identified to protect public health and the environment; and
2. On or about June 1, 2011, the Department shall publish a Revised Draft SGEIS, accept public comment on the revisions for a period of not less than thirty days, and may schedule public hearings on such revisions to be conducted in the Marcellus shale region and New York City; and
3. Recognizing that, pursuant to SEQRA, no permits may be issued prior to the completion of a Final SGEIS, the Department, subsequent to the conclusion of the public comment period, shall report to the Governor on the status of the Final SGEIS and the regulatory conditions that are necessary to include in oil and gas well permits to protect public health and the environment.

G I V E N under my hand and the Privy Seal of the State in the City of Albany this thirteenth day of December in the year two thousand ten.

BY THE GOVERNOR

Secretary to the Governor