

RAILROADS OF NEW YORK RONY



Executive Director

Scott Wigger

Member Railroads

B & H Rail Corp.
Batten Kill Railroad, Inc.
Buffalo & Pittsburgh Railroad, Inc.
Buffalo Southern Railroad, Inc.
CSX Transportation, Inc.
Canadian National Railway Co.
Canadian Pacific- D & H Railway
Central New York Railroad, Inc.
Clarendon & Pittsford Railroad Co.
Depew Lancaster & Western RR
Falls Road Railroad Co. Inc.
Finger Lakes Railway Corp.
Genesee & Mohawk Valley RR Co.
Genesee & Wyoming Railroad
Livonia, Avon & Lakeville Railroad
Lowville & Beaver River RR Co.
Massena Terminal RR
Middletown & New Jersey Railroad LLC
Mohawk, Adirondack & Northern RR
New York & Atlantic Railway Co.
New York & Lake Erie Railroad
New York New Jersey Rail, LLC
New York & Ogdensburg Railway Co.
NY Susquehanna & Western Railway
Norfolk Southern Railway Co.
Ontario Central Railroad Corp.
Ontario Midland Railroad Corp.
Owego & Harford Railway
Providence & Worcester Railroad
Rochester & Southern Railroad
SMS Rail Lines of New York
Saratoga & North Creek Railway
Somerset Railroad Corporation
South Buffalo Railway Co.
Syracuse, Binghamton & NY RR
Wellsville & Coming Railroad
Western New York & Pennsylvania RR

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Pictometry International Corp.
Rail Development Group
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Stella-Jones-BPB Corp.
Unitrac Railroad Materials
VHB Engineering P.C.
W.D. Burt Transportation Consulting

Governmental Relations

Plummer & Associates, LLC

MEMORANDUM OF OPPOSITION

BILL: S6261 (Ball)/A7400A (Sweeney)

SUBJECT: HYDRAULIC FRACTURING PRACTICES IN NEW YORK STATE

DATE: January 18, 2012

CONTACTS: SCOTT WIGGER, Executive Director (518-463-2603)
DAN PLUMMER, Legislative Counsel (518-463-5949)

Railroads of New York, Inc. (RONY) opposes the above-referenced legislation which would prohibit the issuance of new gas and oil permits for well drilling that involves hydraulic fracturing until June 1, 2013. RONY is a not-for-profit statewide association representing four Class I Railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 33 short line and regional freight railroads serving 60 of New York State's 62 counties. RONY members employ over 3,700 individuals and move over 70 million tons of freight annually within NYS alone. RONY is also supported by its Associate and Contributing Members which represent many businesses related to freight rail, including suppliers, engineers, surveyors, contractors and material suppliers.

This bill, if enacted, would prohibit safe natural gas exploration activities that have been taking place for decades in NYS. In addition, the prospect of increased exploration activities would provide NYS with thousands of new jobs, millions in increased tax receipts and billions in increased economic activity.

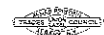
Currently, the NYS Department of Environmental Conservation is undergoing a comprehensive environmental review process that is aimed at addressing all of the potential impacts that exploration activities could have in NYS. The information that will be mandated by this process will include environmental safeguards, safety measures, protection standards and mitigation requirements that well operators would have to comply with to obtain permits. By imposing this moratorium, delays in this process could occur that could result in millions of dollars in lost economic activity.

According to a 2011 report prepared by the Public Policy Institute of NYS, if New York fails to allow the development of the Marcellus Shale, the state

Office 518-463-2603 • Fax 518-463-5991

www.railroadsofny.com

111 Washington Avenue, Suite 602, Albany, New York 12210



stands to lose over \$11 billion in economic output and thousands of private sector jobs between 2011 and 2020. The report further states that if development is allowed, based on a projection of 500 wells drilled per year, NYS could gain 62,620 jobs, \$2.7 billion in economic value added and \$1 billion in local, state and federal tax revenues. In addition, one short line railroad in Pennsylvania reports that Marcellus Shale-related rail business is now approximately 18% of their total carload volume, going from 80 Marcellus-related carloads in 2008 to an estimated 10,000 carloads in 2011.

The economic impacts that gas exploration in the Marcellus Shale would provide to NYS would be substantial and would provide a much-needed boost to New York's local economies, particularly in the upstate region. Not only will developing the Marcellus Shale result in increased revenue and private sector job growth, it will also remove some individuals from unemployment rolls and expand the tax base, helping to ease the burden on state government and taxpayers. In addition, exploration in the Marcellus Shale formation would increase New York's energy independence, a potentially critical security and reliability consideration.

The freight rail industry, along with many other industries, is ready to provide the necessary support services that would be required to further develop these exploration activities in a safe, environmentally-friendly manner. For these reasons, we respectfully request that you oppose this legislation.