



TRANSCO PIPELINE
2800 Post Oak Blvd
Houston, TX 77056

April 11, 2012

Re: Williams Seeks Public Input – Proposed Rockaway Delivery Lateral Project
Federal Energy Regulatory Commission (FERC) Docket Number PF09-8

Dear Neighbor:

As you may be aware, Williams operates a natural gas transmission pipeline known as Transcontinental Gas Pipe Line Company, LLC (Transco), which delivers about half of the natural gas consumed in the New York City area. Transco provides service to two major local distribution companies in your area: The Brooklyn Union Gas Company d/b/a National Grid and KeySpan Gas East Corporation d/b/a National Grid.

Project Description

Transco is responding to customer requests and the growing needs of the New York City region and is proposing to expand its system accordingly. Working with National Grid, the largest distributor of natural gas in New York City, Transco is proposing to construct the Rockaway Delivery Lateral project that would create an additional connection from Transco's existing system into National Grid's distribution network, enhancing service reliability and serving growth in the region.

The project would include the construction of a 3.17-mile, 26-inch pipeline that would connect Transco's existing offshore line to National Grid's distribution system on the Rockaway Peninsula. National Grid plans to construct a connection between its existing distribution networks in Brooklyn and the Rockaways to link those systems and to receive and distribute the additional supplies delivered by Transco's new line.

The preferred route avoids residential, commercial and sensitive environmental areas. Under the preferred route, the majority of the onshore pipeline is located within Gateway National Recreation Area, primarily extending beneath a pitch-and-putt golf course located within the Jacob Riis Park to a tie-in point with a proposed National Grid pipeline.

The project would also involve the construction of a metering and regulating station which is necessary to measure, condition and control the flow of natural gas before it enters the local natural gas distribution system. Williams is exploring the possibility of placing the metering and regulating station on Floyd Bennett Field inside one of the hanger buildings.

Public input opportunity

Williams and National Grid are seeking input from citizens, governmental entities and other interested parties to identify and address potential siting issues. The comments gathered during this planning phase will help shape the final project scope. Williams anticipates finalizing a project proposal for its proposed facilities and filing a formal application with the Federal Energy Regulatory Commission in late 2012.

Before we finalize the project design, we want to give all interested parties an opportunity to review the study area and provide feedback. Your input is important to us. The comments gathered during this planning phase

will help to shape our final design proposal. We encourage you to attend one of the following company sponsored open houses.

Date	Day	Time	Location	Address
April 24, 2012	Tuesday	7-9 p.m.	Knights of Columbus	Knights of Columbus 333 Beach 90 Street Rockaway Beach, NY 11693
April 25, 2012	Wednesday	7-9 p.m.	Aviator Sports and Events Center	Sports & Events Center Floyd Bennett Field Hangar 5 Mezzanine Brooklyn, NY 11234

All documents and correspondence submitted to or issued by the FERC regarding the Rockaway Delivery Lateral Project can be accessed by referencing docket number PF 09-8 on the FERC website located at ferc.gov. You can also sign up for the FERC's e-Subscription service which allows you to be notified via e-mail of all future submittals and issuances affecting this project.

We are committed to working with you to ensure that any questions or concerns are promptly addressed. Williams may be holding additional meetings in the community which stakeholders would be able to attend. We will notify you of the details of those meetings (date, time, location) once they have been set. You can learn more about the project by visiting us online at www.williams.com/Rockaway. E-mail questions can be sent to pipelineexpansion@williams.com or you can reach us toll free at (866) 455-9103.

Thank you for your time and attention to this matter.

Sincerely,



Cindy Ivey
Manager
Public Outreach, Transco Pipeline

RECEIVED
EXECUTIVE CHAMBER
OPERATIONS
2012 APR 16 AM 11:13

Thomas Congdon

Subject: ExxonMobil
Location: Room 245
Start: Mon 12/10/2007 10:00 AM
End: Mon 12/10/2007 10:30 AM
Recurrence: (none)
Meeting Status: Meeting organizer
Organizer: Thomas Congdon

Donald Clark, VP - Gov't Relations
William Davis, Project Executive, Blue Ocean
Patrick McHugh - Coppola Ryan McHugh
Glenn Riddell - Coppola Ryan McHugh

Thomas Congdon

Subject: Pat McHugh w/ reps from Williams/Transco/Garry Brown/Mike Scott re: natural gas infrastructure in Manhattan

Location: Conference Room 245

Start: Fri 5/16/2008 11:00 AM
End: Fri 5/16/2008 12:00 PM

Recurrence: (none)

Meeting Status: Meeting organizer

Organizer: Thomas Congdon

Thomas Congdon

Subject: Meeting with Patrick McHugh and Transco/Williams - Jeff Cohen and Natural Gas Assessment Team
Location: Room 246 Capitol
Start: Thu 11/13/2008 11:00 AM
End: Thu 11/13/2008 12:00 PM
Recurrence: (none)
Organizer: Thomas Congdon

Lori 436-6000
Sue 62877

Patrick McHugh
Dan Merz
Joan Harris
Paul Olmstead
John Stavakas
Eileen Cifone or Kim Ireland

Thomas Congdon

Subject: NYS Permits/Approvals Necessary for Williams' Northeast Connector and Rockaway Lateral Projects, National Grid's Brooklyn Queens Interconnect Project and Williams' Interconnect with Con Ed in Lower Manhattan

Location: Conference Room #2 - State Capitol - Albany

Start: Fri 2/13/2009 2:00 PM

End: Fri 2/13/2009 3:00 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Paul DeCotis

Required Attendees: Thomas Congdon; Sarah Osgood; 'Stafford, George (DOS)'; 'glen.brueining@oprhp.state.ny.us'; 'sfgruski@gw.dec.state.ny.us'; 'jnasca@gw.dec.state.ny.us'; 'jjsama@gw.dec.state.ny.us'; 'mflenane@gw.dec.state.ny.us'; 'william.hill@ogs.state.ny.us'; 'vglevin@gw.dec.state.ny.us'; 'jasterli@gw.dec.state.ny.us'; 'saricci@gw.dec.state.ny.us'; 'James Gallagher'

When: Friday, February 13, 2009 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).

Where: Conference Room #2 - State Capitol - Albany

~~*~*~*~*~*~*~*~*

This meeting has been moved to Conference Room #2 - State Capitol - Albany. You will need to check in at Security Desk.

Paul DeCotis
Thomas Congdon

Patrick McHugh w/Marsh, Wasserman & McHugh
Dan Merz
Mark Hager
Con Ed
National Grid
DOS
DEC
OPRHP
OGS

Thomas Congdon

Subject: Blue Ocean Energy Project As It Relates to NY
Location: Conference Room 245
Start: Wed 10/21/2009 11:30 AM
End: Wed 10/21/2009 12:00 PM
Recurrence: (none)
Organizer: Thomas Congdon

Judy,

The meeting on October 21st at 11:30 is to update Mr. Congdon on the Blue Ocean Energy project as it relates to New York.

Attending will be:

Mark Schanzer – President, Blue Ocean Energy
Timothy Howle – Vice President, Blue Ocean Energy
Patrick McHugh – Marsh, Wassermann & McHugh
Donald Clarke – ExxonMobil
Barry Wood – ExxonMobil

Thomas Congdon

Subject: Tonio Burgos re: NRG and Williams
Location: Conference Room 245

Start: Mon 2/22/2010 3:30 PM
End: Mon 2/22/2010 4:00 PM

Recurrence: (none)

Organizer: Thomas Congdon

Tonio Burgos 212-566-5600

Thomas Congdon

Subject: Patrick McHugh w/Blue Ocean Energy Team - re: Update on their project
Location: Conference Room 245 - State Capitol

Start: Tue 7/13/2010 3:30 PM
End: Tue 7/13/2010 4:30 PM

Recurrence: (none)

Organizer: Thomas Congdon

Hello Judy,

Just touching base to confirm our meeting with Mr. Congdon on Tuesday, July 13th at 3:30PM.

Following is the list of attendees as promised:

Patrick McHugh – Marsh, Wassermann & McHugh
Donald Clarke – ExxonMobil/Blue Ocean Energy
Barry Wood - ExxonMobil/Blue Ocean Energy
Gary Brown – Public Service Commission
George Stafford – Department of State

Please feel free to call if you have any questions.

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
Marsh, Wassermann & McHugh, LLC
677 Broadway, Fifth Floor
Albany, NY 12207

(518) 436-6000 (Phone)
(518) 436-6009 (Fax)

Thomas Congdon

Subject: Meeting with Williams Companies re: Their NYS projects
Location: Conference Room 245 - State Capitol
Start: Fri 7/30/2010 10:00 AM
End: Fri 7/30/2010 11:00 AM
Recurrence: (none)
Organizer: Thomas Congdon

Attending will be:

Patrick McHugh – Marsh, Wassermann & McHugh
Dan Merz – Williams/Transco
Selby Bush – Williams/Transco
Jim Moore – Williams/Transco
Paul Enger – Williams/Transco

Good Morning Judy,

On July 30th we have representatives from the Williams Companies in town to meet with the PSC at 1:00PM. They were hoping to meet with Mr. Congdon earlier in the day to give him an update on their NYS projects. Would Mr. Congdon be available to meet with them that day? They plan on coming in the night before so they can be there at any time that morning.

Thanks for your assistance.

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
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Albany, NY 12207

(518) 436-6000 (Phone)
(518) 436-6009 (Fax)
[REDACTED] (Cell)

Thomas Congdon

Subject: Meeting w/Tonio Burgos, John Charlson re: Williams, they would like to give a briefing on the Constitution Pipeline which runs from the Southern Tier's border with Penn to Mass.


Location: Room 235

Start: Tue 9/25/2012 10:00 AM
End: Tue 9/25/2012 10:45 AM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Barry Sample
Required Attendees: Yomika Bennett; Thomas Congdon



Contact: Joan Kalan @ 212-566-5600 ext. 210 or email: Jkalan@tonioburgos.com

Thomas Congdon

Subject: Hydrofracking with NYSPC and Exxon Mobil
Location: Conference Call - Dial in: 1-877-489-2702 / Participant Code: [REDACTED]

Start: Thu 12/9/2010 4:00 PM
End: Thu 12/9/2010 5:00 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Katie Sherwin
Required Attendees: Glen Bruening; SharedMasterCalendar
Optional Attendees: Peter Iwanowicz; Thomas Congdon; Tracy Prevratil

When: Thursday, December 09, 2010 4:00 PM-5:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Conference Call - Dial in: 1-877-489-2702 / Participant Code: 1234

Note: The GMT offset above does not reflect daylight saving time adjustments.

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****Update - The passcode has changed. Thank you.**

Location: Conference Call
Call-in Number: 1-877-489-2702
Participant Code: [REDACTED]
Host: (Mike Doyle)

Participants:
Glen Bruening
Peter Iwanowicz (Optional)
Tom Congdon (Optional)
Patrick McHugh, Marsh Wassermann & McHugh
Mike Doyle, NYS Petroleum Council
Donald Clarke, Exxon Mobil Corp

Contact:
Katie Sherwin 518-474-8343

From: Lori Greenough [mailto:lgreenough@mwmlobby.com]
Sent: Thursday, December 09, 2010 2:23 PM
To: Katie Sherwin
Subject: Conference Call 4:00PM

Katie,

Following is the information for today's call at 4:00PM.

1-877-489-2702

██████████ (passcode)

Participating on our end will be:

Patrick McHugh – Marsh, Wassermann & McHugh
Mike Doyle – New York State Petroleum Council
Donald Clarke – Exxon Mobil Corporation

Again, many thanks for putting this together so quickly. It is greatly appreciated.

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
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Albany, NY 12207

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██████████ (Cell)

L.Greenough@mwmlobby.com

MARSH, WASSERMANN & MCHUGH, LLC
KERRY D. MARSH, ESQ. • EDWARD H. WASSERMANN, ESQ. • PATRICK J. MCHUGH

July 30, 2012

To: Tom Congdon, Assistant Secretary for Energy
Bob Hallman, Deputy Secretary for Energy

From: Patrick J. McHugh
Marsh, Wassermann & McHugh, LLC

Re: Update on Constitution Pipeline

You will recall that Dan Merz of Williams/Transco and I met with you both a few months back to provide an update as to Transco's progress regarding its Rockaway Lateral Project. We also provided a brief update as to Williams proposed Constitution Pipeline, a 30 inch pipeline which would extend from Susquehanna County, Pennsylvania to the Iroquois Gas Transmission and Tennessee Gas Pipeline Systems in Schoharie County, New York. The proposed project route would generally follow I-88 (although not directly adjacent to the highway), stretching from Susquehanna County into Broome County, Chenango County, Delaware County and terminating in Schoharie County.

Recently, Assemblymember Peter Lopez and State Senator Jim Seward requested that the northern portion of the pipeline be specifically co-located within the I-88 right-of-way, a move which would avoid the Schoharie Valley in its entirety. Pursuant to subsequent conversations with Assemblyman Lopez and State Senator Seward, a team from Williams/Transco met last week with representatives of the State Department of Transportation to assess, from a technical perspective, the request by these legislators. Representing the State DOT in our meeting were Philip Eng, Assistant Commissioner and Chief Engineer; Diane Lombardi, Director, DOT Office of External Relations and Patrick Bennison, Director of Statewide Customer Support Bureau. While the meeting did not resolve the issue of co-locating the pipeline along the I-88 route, it was, nevertheless, informative for both parties. We anticipate meeting again with DOT in the future to discuss the I-88 alternative route plan for the pipeline. In the meantime, given our prior briefing on Constitution, we thought you should be aware of the current status of the pipeline proposal. Certainly as more information becomes available, I will pass it along. In the meantime, if you have any questions, please do not hesitate to call.

Thomas Congdon

From: Tracy Prevratil
Sent: Monday, July 30, 2012 4:57 PM
To: Robert Hallman; Thomas Congdon
Subject: FW: Memo for Mr. Hallman & Mr. Congdon
Attachments: Update on Constitution Pipeline to Hallman and Congdon.pdf

Tracy Prevratil
Confidential Assistant
NYS Executive Chamber
Albany, NY 12224
518.473.5442-office
518.473.2344-fax

From: Lori Greenough [<mailto:lgreenough@mwmlobby.com>]
Sent: Monday, July 30, 2012 3:12 PM
To: Tracy Prevratil
Subject: Memo for Mr. Hallman & Mr. Congdon

Tracy,

Could you please give Mr. Hallman & Mr. Congdon a copy of the attached memo from Patrick McHugh.

Thank you.

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
Marsh, Wassermann & McHugh, LLC
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Albany, NY 12207

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LGreenough@mwmlobby.com

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MARSH, WASSERMANN & MCHUGH, LLC
KERRY D. MARSH, ESQ. • EDWARD H. WASSERMANN, ESQ. • PATRICK J. MCHUGH

September 20, 2012

Robert Hallman
Deputy Secretary of Energy & Environment
New York State Capitol
Albany, NY 12224

Dear Bob:

You may recall that a few months ago you joined Tom Congdon, by phone, for a meeting with my client, Dan Merz, of the Williams Company and me to discuss Williams' progress in constructing its lateral natural gas pipeline through the Rockaway's into the National Grid Infrastructure. During that meeting we touched briefly on the Constitution Pipeline, another Williams project, which at the time was still in its early planning stages. With Constitution now moving through the permitting process, we would like to meet with you and Tom once again to further discuss this 121-mile pipeline, which is planned to be constructed in the vicinity of Interstate I-88.

While we will certainly make ourselves available to accommodate your schedule, let me first offer the following possible dates to meet with you in Albany:

- In the morning of Thursday, September 27th, or;
- Any day during the week of October 8th.

Joining me for the meeting will be, Larry Hoeltscher, Williams Vice President; Mark Hager, Williams Manager of Government Affairs and Matt Swift, Project Manager for the Constitution Pipeline.

We look forward to meeting with you on this very exciting project. In the meantime, if you have any questions, please do not hesitate to call.

Sincerely,



Patrick J. McHugh
Marsh, Wassermann & McHugh, LLC

Thomas Congdon

From: Tracy Prevratil
Sent: Thursday, September 20, 2012 4:57 PM
To: Robert Hallman; Thomas Congdon
Subject: FW: Meeting Request - Mr. Hallman & Mr. Congdon
Attachments: Constitution Pipeline Meeting Request Hallman and Congdon Sept 2012.pdf

Tracy Prevratil
Confidential Assistant
NYS Executive Chamber
Albany, NY 12224
518.473.5442-office
518.473.2344-fax

From: Lori Greenough [<mailto:lgreenough@mwmlobby.com>]
Sent: Thursday, September 20, 2012 3:50 PM
To: Tracy Prevratil
Subject: Meeting Request - Mr. Hallman & Mr. Congdon

Tracy,

Please see the attached meeting request.

Thanks!

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
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From: Lori Greenough [<mailto:lgreenough@mwmlobby.com>]
Sent: Thursday, September 20, 2012 3:50 PM
To: Tracy Prevratil
Subject: Meeting Request - Mr. Hallman & Mr. Congdon

Tracy,

Please see the attached meeting request.

Thanks!

Lori A. Greenough

Lori A. Greenough
Legislative Coordinator
Marsh, Wassermann & McHugh, LLC
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MARSH, WASSERMANN & MCHUGH, LLC
KERRY D. MARSH, ESQ. • EDWARD H. WASSERMANN, ESQ. • PATRICK J. MCHUGH

September 20, 2012

Robert Hallman
Deputy Secretary of Energy & Environment
New York State Capitol
Albany, NY 12224

Dear Bob:

You may recall that a few months ago you joined Tom Congdon, by phone, for a meeting with my client, Dan Merz, of the Williams Company and me to discuss Williams' progress in constructing its lateral natural gas pipeline through the Rockaway's into the National Grid Infrastructure. During that meeting we touched briefly on the Constitution Pipeline, another Williams project, which at the time was still in its early planning stages. With Constitution now moving through the permitting process, we would like to meet with you and Tom once again to further discuss this 121-mile pipeline, which is planned to be constructed in the vicinity of Interstate I-88.

While we will certainly make ourselves available to accommodate your schedule, let me first offer the following possible dates to meet with you in Albany:

- In the morning of Thursday, September 27th, or;
- Any day during the week of October 8th.

Joining me for the meeting will be, Larry Hoeltscher, Williams Vice President; Mark Hager, Williams Manager of Government Affairs and Matt Swift, Project Manager for the Constitution Pipeline.

We look forward to meeting with you on this very exciting project. In the meantime, if you have any questions, please do not hesitate to call.

Sincerely,



Patrick J. McHugh
Marsh, Wassermann & McHugh, LLC



Jack P. Williams, Jr.
President

August 3, 2012

The Honorable Andrew M. Cuomo
Governor, State of New York
New York State Capitol
Albany, NY 12224

Dear Governor Cuomo:

XTO Energy Inc. (XTO), a subsidiary of Exxon Mobil Corporation, appreciates your efforts to make safe and responsible shale gas development in New York a reality, and your recognition that tremendous economic and employment benefits can be realized without threatening public health or the environment. As your Administration works toward finalizing New York's governing regulations, I'd like to assist your efforts by highlighting a few concerns that have surfaced as XTO has begun planning for possible future development investments in New York.

XTO is the largest producer of natural gas in America, and operates in most the major shale plays. We have a great deal of experience in leasing, planning and developing shale gas formations in the United States. Since the beginning of 2010, we have drilled 1445 wells in seven shale plays and eight states. We know, firsthand, that shale gas resources can be developed safely and responsibly. XTO holds leases to 43,000 acres prospective for shale gas development in Broome and Delaware Counties. Ninety-five percent of our acreage lies within the jurisdiction of the Delaware River Basin Commission (DRBC); most lies outside the New York City watershed.

Numerous studies have demonstrated the economic, jobs and public revenue potential shale gas development can bring to New York, as evidenced by the significant industry investment occurring in other states. Like any industrial process, shale resource development is not without risk, but oil and gas companies are in the business of managing those risks every day. XTO's extensive expertise and experience in resource development and environmental management leaves us with little doubt we can help New York safely develop this new mineral sector of its economy.

XTO strongly supports robust state regulatory and enforcement capabilities as the best means of assuring the public that sound operational practices will be applied by all operators. We support science-based regulations to protect the environment and communities in which we operate, but costly regulations that do not provide the commensurate risk reduction have proven to hinder economic development. We regularly make decisions about where to invest capital and pursue development, with significant consideration placed on the rationality, stability and costs of regulation.

As we plan for potential additional investment in New York, we have found certain aspects of the state's proposed regulations, operating in concert with existing "conforming" unit rules, to be fundamentally problematic and unduly expensive. Left unaddressed, these rules will negatively impact future investment by XTO to develop New York's shale natural gas resources. We are primarily concerned with the following provisions:

Prohibitive regulatory barriers to development

Current Department of Environmental Conservation (DEC) rules require development to occur on "conforming" units that must be uniform in shape and abut other units. Each unit can be up to 640 acres in size, and the initial horizontal exploratory well must be approximately centered in the unit. The proposed regulations contain provisions that would impose a variety of new setback requirements on a well pad's location. The conforming and setback rules would make it difficult to locate well pads on many of our leases where the topography is challenging, effectively removing a portion of our acreage from development. Cost-effective development and responsible environmental management would be inhibited. While a process to form "non-conforming" units exists, its application to a horizontal well program is untested.

Additionally, current and proposed rules impose timeframes that are incompatible with prudent planning and efficient shale resource development. All horizontal infill wells necessary to satisfy the statutory policy objectives must be drilled, apparently from a common pad, within three years from commencement of the initial unit well, and the draft rules would limit wells to four per pad per year. Under these time and operational constraints, development in New York would be uniquely rushed, concentrated and inefficient – suboptimal not only from the operator's point of view but also for landowners and the local community.

Simply put, we intend to approach our New York opportunities like all others – beginning with geologic study of the underlying shale. The manner in which we currently envision laying out units and wells to comply with the proposed regulatory approach could prove to be suboptimal after further understanding the underlying geology. The knowledge gained from drilling a few initial exploratory wells may require us to completely revise our initial planning and proposed units.

The interplay of existing and proposed rules would significantly expand the number of pads and wells required. Environmental footprints, community impacts and operational costs would be substantially increased. Drill rigs would have to be moved more often, resulting in thousands of additional truck load trips.

In order to address these issues, we suggest the following adjustments:

- Requirements to complete horizontal infill wells within three years and to drill only four wells per pad per year should be eliminated, in order to accommodate geological study and efficient development. If developmental time and annual well constraints are imposed, the initial exploratory well on a unit should not start the "countdown."
- The requirement to center an initial exploratory horizontal well should be eliminated, in order to maximize well pad location flexibility to account for local topographical realities.
- The process for approving "non-conforming" units should be eliminated and replaced with a requirement that an explanation for the need for a non-conforming unit be provided in the initial permit application which can then be considered and approved by the agency.
- The manner in which proposed setback requirements from wetlands, structures, game lands, etc., interact with the existing conforming rules should be carefully examined as they restrict the possible surface sites; the setback distances should be eliminated or considerably reduced.
- We have been advised the requirement to drill horizontal infill wells to meet the statutory purposes within three years is not intended to preclude additional development wells within the unit, and the "common pad" language is not intended to preclude the establishment of additional pads on units. If such is the case, then the regulatory language should expressly state and clarify these interpretations.

Regulatory uncertainty and instability

Recent media reports suggest a type of "home rule" provision may be under consideration. Such a provision would make the regulatory environment inherently unstable. In such a case, New York's regulations would not only be costly, but also uncertain, which will further degrade the competitiveness for multi-million dollar development investments. The regulations should not contain any "home rule" type provision.

Delaware River Basin Commission harmonization

Once New York's regulations are finalized, the DRBC draft regulations should be harmonized with state rules. As noted, about 95% of our acreage falls within DRBC boundaries. The DRBC has proposed an additional layer of expensive, duplicative regulations, and common sense requires DRBC deference to comprehensive state regulations. We have expressed these concerns to the DRBC and to other member states, and look forward to working toward a mutually agreeable solution after New York's final regulations are released.

XTO has already provided input to the DEC through testimony at one of its public hearings, through several personal meetings, and through detailed comments by the Independent Oil and Gas Association of New York and the New York Petroleum Council. However, we wanted to convey directly the important issues which have surfaced as we undertake planning for possible further investment in New York. We would welcome the opportunity to meet with you or your staff to discuss these concerns and work toward viable solutions.

Again, thank you for moving forward with shale development in New York. XTO Energy is ready to help New York realize the economic benefits that many other natural gas producing states are enjoying.

Sincerely,




Jack P. Williams

cc: Larry Schwartz, Secretary to the Governor
Howard Glaser, Director of State Operations
Robert Hallman, Deputy Secretary for Energy and Environment
✓ Tom Congdon, Assistant Secretary for Energy and Environment
Joe Martens, Commissioner, Department of Environmental Conservation

Thomas Congdon

From: Chatham, Theresa <Theresa_Chatham@xtoenergy.com> on behalf of Williams, Jack P <Jack.P.Williams@xtoenergy.com>
Sent: Friday, August 03, 2012 4:12 PM
To: Thomas Congdon
Subject: Attached Letter
Attachments: Letter Tom Congdon.pdf

Jack Williams
President – XTO Energy
810 Houston St.
Ft. Worth, TX 76102
T: 817-885-1665
F: 817-885-1650



Mr. Jack P. Williams
President
XTO Energy, Inc.
810 Houston Street
Fort Worth, TX 76102

County _Other TX
Addressed to: Governor

Issue 1 38160 Natural Gas

Correspondence Number: [REDACTED]
Date Of Correspondence: 08/03/2012
Date Received: 08/06/2012
Date Entered: 08/06/2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





Jack P. Williams, Jr.
President

August 3, 2012

The Honorable Andrew M. Cuomo
Governor, State of New York
New York State Capitol
Albany, NY 12224

Dear Governor Cuomo:

XTO Energy Inc. (XTO), a subsidiary of Exxon Mobil Corporation, appreciates your efforts to make safe and responsible shale gas development in New York a reality, and your recognition that tremendous economic and employment benefits can be realized without threatening public health or the environment. As your Administration works toward finalizing New York's governing regulations, I'd like to assist your efforts by highlighting a few concerns that have surfaced as XTO has begun planning for possible future development investments in New York.

XTO is the largest producer of natural gas in America, and operates in most the major shale plays. We have a great deal of experience in leasing, planning and developing shale gas formations in the United States. Since the beginning of 2010, we have drilled 1445 wells in seven shale plays and eight states. We know, firsthand, that shale gas resources can be developed safely and responsibly. XTO holds leases to 43,000 acres prospective for shale gas development in Broome and Delaware Counties. Ninety-five percent of our acreage lies within the jurisdiction of the Delaware River Basin Commission (DRBC); most lies outside the New York City watershed.

Numerous studies have demonstrated the economic, jobs and public revenue potential shale gas development can bring to New York, as evidenced by the significant industry investment occurring in other states. Like any industrial process, shale resource development is not without risk, but oil and gas companies are in the business of managing those risks every day. XTO's extensive expertise and experience in resource development and environmental management leaves us with little doubt we can help New York safely develop this new mineral sector of its economy.

XTO strongly supports robust state regulatory and enforcement capabilities as the best means of assuring the public that sound operational practices will be applied by all operators. We support science-based regulations to protect the environment and communities in which we operate, but costly regulations that do not provide the commensurate risk reduction have proven to hinder economic development. We regularly make decisions about where to invest capital and pursue development, with significant consideration placed on the rationality, stability and costs of regulation.

As we plan for potential additional investment in New York, we have found certain aspects of the state's proposed regulations, operating in concert with existing "conforming" unit rules, to be fundamentally problematic and unduly expensive. Left unaddressed, these rules will negatively impact future investment by XTO to develop New York's shale natural gas resources. We are primarily concerned with the following provisions:

Prohibitive regulatory barriers to development

Current Department of Environmental Conservation (DEC) rules require development to occur on "conforming" units that must be uniform in shape and abut other units. Each unit can be up to 640 acres in size, and the initial horizontal exploratory well must be approximately centered in the unit. The proposed regulations contain provisions that would impose a variety of new setback requirements on a well pad's location. The conforming and setback rules would make it difficult to locate well pads on many of our leases where the topography is challenging, effectively removing a portion of our acreage from development. Cost-effective development and responsible environmental management would be inhibited. While a process to form "non-conforming" units exists, its application to a horizontal well program is untested.

Additionally, current and proposed rules impose timeframes that are incompatible with prudent planning and efficient shale resource development. All horizontal infill wells necessary to satisfy the statutory policy objectives must be drilled, apparently from a common pad, within three years from commencement of the initial unit well, and the draft rules would limit wells to four per pad per year. Under these time and operational constraints, development in New York would be uniquely rushed, concentrated and inefficient – suboptimal not only from the operator's point of view but also for landowners and the local community.

Simply put, we intend to approach our New York opportunities like all others – beginning with geologic study of the underlying shale. The manner in which we currently envision laying out units and wells to comply with the proposed regulatory approach could prove to be suboptimal after further understanding the underlying geology. The knowledge gained from drilling a few initial exploratory wells may require us to completely revise our initial planning and proposed units.

The interplay of existing and proposed rules would significantly expand the number of pads and wells required. Environmental footprints, community impacts and operational costs would be substantially increased. Drill rigs would have to be moved more often, resulting in thousands of additional truck load trips.

In order to address these issues, we suggest the following adjustments:

- Requirements to complete horizontal infill wells within three years and to drill only four wells per pad per year should be eliminated, in order to accommodate geological study and efficient development. If developmental time and annual well constraints are imposed, the initial exploratory well on a unit should not start the "countdown."
- The requirement to center an initial exploratory horizontal well should be eliminated, in order to maximize well pad location flexibility to account for local topographical realities.
- The process for approving "non-conforming" units should be eliminated and replaced with a requirement that an explanation for the need for a non-conforming unit be provided in the initial permit application which can then be considered and approved by the agency.
- The manner in which proposed setback requirements from wetlands, structures, game lands, etc., interact with the existing conforming rules should be carefully examined as they restrict the possible surface sites; the setback distances should be eliminated or considerably reduced.
- We have been advised the requirement to drill horizontal infill wells to meet the statutory purposes within three years is not intended to preclude additional development wells within the unit, and the "common pad" language is not intended to preclude the establishment of additional pads on units. If such is the case, then the regulatory language should expressly state and clarify these interpretations.

Regulatory uncertainty and instability

Recent media reports suggest a type of "home rule" provision may be under consideration. Such a provision would make the regulatory environment inherently unstable. In such a case, New York's regulations would not only be costly, but also uncertain, which will further degrade the competitiveness for multi-million dollar development investments. The regulations should not contain any "home rule" type provision.

Delaware River Basin Commission harmonization

Once New York's regulations are finalized, the DRBC draft regulations should be harmonized with state rules. As noted, about 95% of our acreage falls within DRBC boundaries. The DRBC has proposed an additional layer of expensive, duplicative regulations, and common sense requires DRBC deference to comprehensive state regulations. We have expressed these concerns to the DRBC and to other member states, and look forward to working toward a mutually agreeable solution after New York's final regulations are released.

XTO has already provided input to the DEC through testimony at one of its public hearings, through several personal meetings, and through detailed comments by the Independent Oil and Gas Association of New York and the New York Petroleum Council. However, we wanted to convey directly the important issues which have surfaced as we undertake planning for possible further investment in New York. We would welcome the opportunity to meet with you or your staff to discuss these concerns and work toward viable solutions.

Again, thank you for moving forward with shale development in New York. XTO Energy is ready to help New York realize the economic benefits that many other natural gas producing states are enjoying.

Sincerely,



Jack P. Williams

cc: Larry Schwartz, Secretary to the Governor
Howard Glaser, Director of State Operations
Robert Hallman, Deputy Secretary for Energy and Environment
Tom Congdon, Assistant Secretary for Energy and Environment
Joe Martens, Commissioner, Department of Environmental Conservation

Thomas Congdon

Subject: Patrick McHugh- William Rockway Lateral re: Proposed Constitution Pipeline
518-436-6000

Location: 245 Conference Room

Start: Fri 4/20/2012 11:00 AM
End: Fri 4/20/2012 11:30 AM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Robert Hallman
Required Attendees: Thomas Congdon