

WATER · LAND · LIFE CONSERVE

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In the waning days of 1987, the Conservancy completed the most complex transaction in its 56-year history with the acquisition and transfer of oil, gas, and mineral rights underlying Tionesta Research Natural Area (TRNA) in the Allegheny National Forest to the U.S. Forest Service.

This exceptional 2,100-acre natural area is a remnant of the virgin hemlock-beech climax forest that once covered six million acres of the Allegheny Plateau in Pennsylvania and New York. TRNA is located along the eastern edge of the National Forest, about five miles west of the community of Kane in McKean County.

In its press release announcing the acquisition of the oil, gas, and mineral rights from the Conservancy, the U.S. Forest Service described TRNA as "probably the largest, oldest, and most valuable tract of essentially virgin timber remaining in the eastern United States."

SURFACE ACQUIRED IN 1936

The federal government purchased the surface of the Tionesta tract in 1936 and dedicated the research area in 1940. On July 23, 1973, it was added to the National Registry of Natural Landmarks to further preserve the pristine quality of the forest.

Research natural areas are established to protect and maintain places with special or unique characteristics of scientific interest and importance. They are used for observation and research on plant and animal succession, habitat requirements of native species, insect and fungus depredation,

500-year-old trees in Allegheny National Forest

Tionesta Research Natural Area Oil, Gas, Mineral Rights Acquired

To protect the finest remaining virgin forest in the eastern U.S.



soil microbiology, and phenology (study of periodic biological phenomena such as flowering, breeding, and migration).

The Tionesta tract was among the first research natural areas established in this country and it has a long history of research activity. One study begun in 1942 has examined the natural development of understory vegetation in undisturbed conditions. Records have been maintained at five-year intervals ever since, providing one of the longest periods of continuous measurement of its kind. In all there have been over 30 scientific articles based on research performed in TRNA.

500-YEAR-OLD TREES

In addition to its virgin beech-hemlock climax forest, TRNA also has large specimens of black cherry and sugar maple. Some of the trees on the site are over 500 years old, so they were already young saplings even before Columbus discovered America.

When the U.S. Government purchased the Tionesta tract in 1936, it did not acquire the subsurface rights (oil, gas, and minerals) underlying the property. Private drilling for oil and gas began about 1948 in the northwest part of the natural area, where extremely good, recoverable reserves were found.

Development associated with oil and gas drilling such as construction of access roads and support installations, was not compatible with management objectives for the area which was to be preserved in its natural state.

In the winter of 1985, the U.S. Forest Service asked the Conservancy to acquire the oil, gas, and mineral rights so that this unique remnant of our natural heritage could be fully protected.

When the call for help came, assignment went to Tony Suppa, the Conservancy's director of land acquisition. During his 16 years with the Conservancy, this real estate veteran has been involved in some extremely complicated projects. Little did he know that the protection of TRNA was to occupy much of the next two years of his life and prove to be the most challenging project of all.

Initial research of the Forest Service files revealed that 91% of the oil, gas, and mineral rights underlying the natural area were owned by National Fuel Gas Supply Corporation of Buffalo, New York. The 9% minority interests were held by five other owners.

FIVE-YEAR MORATORIUM

By 1982, National Fuel Gas had 18 existing oil wells on the Tionesta tract. In a gesture of good faith, the company began a five-year self-imposed moratorium on additional expansion in order to give the Forest Service an opportunity to acquire the oil, gas, and minerals. However, in the ensuing years, the

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government was unsuccessful in reaching an agreement.

It is important to note that the 18 existing oil wells in the Tionesta tract are exceptionally productive. Typical wells in this part of Pennsylvania will provide an initial surge of oil and then fall off in productivity. By contrast, the National Fuel Gas wells at Tionesta have continued to produce large volumes of oil since they were first drilled. Also, this area is strategically linked to an enormous underground natural gas storage field used by the company. Given these facts, it was obvious that the Conservancy would have to come up with a very attractive offer to match the value of National Fuel Gas Company's holdings in TRNA.

Because of the high dollar value of the oil and gas reserves at Tionesta, the Conservancy did not have adequate funds for an outright purchase of these rights. We felt the best approach was to offer an exchange of oil, gas, and minerals in areas of Allegheny National Forest that were less sensitive from an environmental standpoint.

THE NEVADA CONNECTION

By early spring of 1986, the Conservancy had negotiated an agreement with a Reno, Nevada partnership to purchase 10,000 acres of oil, gas, and mineral rights in Allegheny National Forest. These were offered to National Fuel Gas in exchange for the oil, gas, and mineral rights underlying TRNA, which a government appraisal had valued at \$1 million.

In order to stay within the \$1 million valuation, we offered National Fuel Gas timber rights on some non-essential Conservancy lands in Elk County, a small tract of developed land along the Clarion River, and the balance in cash.

Under terms of the agreement, National Fuel Gas would retain operating rights to its 18 existing wells in the natural area. When these wells are depleted, they will be plugged, and associated roads and utilities abandoned.

WITH A LITTLE HELP FROM OUR FRIENDS

During the many months that these negotiations were taking place, the Conservancy was

also pulling out all political stops in Washington with western Pennsylvania congressmen and our two senators to make sure that the \$1 million federal appropriation would be approved to reimburse us for our investment in this project.

At the closing of the TRNA project on December 23, 1987, in Warren, Pa., the Conservancy transferred 91% of the oil, gas, and mineral rights to the U.S. Government. The remaining 9% of the rights will be acquired this year.

Tony Suppa carried the ball for the Conservancy during the entire Tionesta project—flying to Buffalo, New York to negotiate with National Fuel Gas executives and to Washington D.C. to keep government appropriations rolling, not to mention countless trips to Allegheny National Forest.

Following is an excerpt from a report Tony prepared on the Tionesta project:

"As we drove south following the closing, we felt a sense of pride and relief. It seems that no matter how complex, difficult, costly, controversial, or sensitive the work becomes, we are able

to work more closely together generate better ideas, to complement each other's talents, and to resolve the most challenging tasks. This is the third time we have rallied to accomplish what was considered impossible. It was Hickory Creek Federal Wilderness Area, and out of that, the acquisition of subsurface rights at Hearts Content. Now the famed Tionesta Research Natural Area has been protected for future generations. We are looking forward to the next project."

We are, too, Tony. Congratulations on a job well done. ■

Tony Suppa, Director, Land Acquisition

