## SCOUTS HIKE PINCHOT TRAIL

Seven Cubs Scouts from Pack 155 recently completed a five-mile day hike on the Pinchot Trail in Thornhurst. The hike began and ended at the parking area located on Thornhurst Road. During the hike, the Cub Scouts were able to visit a firetower located on top of Pine Hill and the views from this tower were spectacular. Shown here are, from left, first row, Brendon Austin, Joseph Sowga, Matt Cheskiewicz, Allison Jones, Mikayla Sowga and Emily Banta. Second row, Jacob Banta, Austin Sowga, Heath Jones and Dan Jones.

## GETTING ACQUAINTED

The Dallas Baptist Church Youth Group hosted a Bring a Friend Bash for students in grades 6 through 12 on October 8. Games were played and food and refreshments were served. Here, Jenny Dickerson plays a ball game at the get-acquainted event.

CHARLOTTE BARTIZEK/ FOR THE DALLAS POST

### Zumbathon held

Zumba instructor Gina Boyle, of Sweet Valley, participated in a "Party in Pink" Zumbathon on October 2 at S.W.E.A.T. Fitness Studio in Plains.


STORM DAMAGE?
ALL TYPES OF REMODELING
Roofing • Siding • Structural Repairs and Replacement • Drywall • Interior Damage
We Will Work With Your Insurance Company!
Prompt – Reliable – Professional
MICHAEL DOMBROSKI CONSTRUCTION
25 Years Experience
570-406-5128 / 570-406-9682
PA#031715 • Fully Insured


## PEOPLE BRIEFS

### Conrad completing internship

Wilkes University student Cory Conrad, of Dallas, is completing an internship for the fall 2011 semester.

A senior studying entrepreneurship, Conrad is completing an internship with Maslow Lumia Bartorillo Advertising Inc., of Wilkes-Barre.

He is the son of Mark and Therese Schiowitz and Phil and Virginia Conrad.

### Evans named center director

Angela Evans, RN, MSN, CRNP, FNP-BC, of Noxen, has been named director of the Misericordia University Health & Wellness Center on campus.

Evans began her nursing career with an associate's degree in applied science from Luzerne County Community College. She went on to earn both her bachelor's and master's degrees in nursing from Misericordia University and in May 2011, graduated from the Misericordia University Family Nurse Practitioner Program. She is currently pursuing her Ph.D. in nursing through Villanova University.

She and her husband, Dr. Darrell Evans, have two children, Kelly and Ryan.


FIRE AND ICE ON TOBY CREEK
MON - SAT HALF PRICE HAPPY HOUR 5-6 PM
Bar Only—Dining Room Excluded
TWILIGHT DINNER SPECIALS
Starting at
$9.95
Monday through Saturday 4:30-5:30 PM
Phone: 696-3580 www.FIREandICEonTOBYCREEK.com
RT 309, Trucksville - Just North of Sheetz (Former Yesterday's Location)



Senior Homecare By Angels

We Care Every Day, In Every Way
Experienced Senior care for total peace of mind
Errands
Shopping
Light Housekeeping
Meal Preparation
Friendly Companionship
Flexible Hourly Care
Respite Care for Families
Live-in Care
www.VisitingAngels.com
570-270-6700
America's Choice in Homecare.
Visiting Angels
LIVING ASSISTANCE SERVICES
Each Visiting Angels agency is independently owned and operated.



Join Us:
MEADOWS FALL CRAFT FAIR
WEDNESDAY, OCT. 19TH
10 a.m. to 3 p.m.
FEATURING:
• FREE ADMISSION
• WALGREEN FLU CLINIC
• SUPER VENDORS
• CRAFTS
• JEWELRY
• HOLIDAY TREASURES
• RAFFLE
• BAKE SALE
• LUNCH FOR PURCHASE
at the
MEADOWS NURSING AND REHAB CENTER
4 E. Center Hill Rd.
Dallas, PA
675-8600, x195
(across from Misericordia University)



## Marcellus Shale Tax Update

### Timing Can Reduce Taxes for Marcellus Shale Gas Landowners
by Scott P. Borsack, Esq.

There are many time worn sayings teaching us that acting too quickly or not quick enough can have negative consequences. The experience of landowners in the Marcellus Shale region have at times supported both sides of the coin. **When dealing with taxes, particularly estate, inheritance and gift taxes, the consequences for failing to act or not acting soon enough can be significant.** These taxes are all about value. **The higher the value, the greater the tax.** The more certainty in realizing the value, the fewer the discounts available to drive down the value.

In previous discussions in this space we have explored the very significant **estate and inheritance taxes which can be due shortly after death for the landowner who does not properly and timely plan.** Some will choose to wait until it is absolutely clear that their natural gas royalties have significant value. Others will assume that the rush to sign landowners to leases by large exploration companies must mean that someone knows something about the future value of the gas trapped below the surface. For those who act before the subsurface riches are brought through the pipelines running past their property, the opportunity to reduce or eliminate taxes is very real. Wait until the determination of value is as simple as plugging numbers into a mathematical equation and opportunities are lost. In this case, factoring risk into the equation can yield a positive result. **The time to plan is when risk is at its height.**

In our last installment, we looked at a 400 acre parcel with five wells that might yield royalty values of more than $25 million. Until a well is actually drilled and fractured, all that anyone can do is guess about actual production. However, when a well is drilled and natural gas extracted, most of the guess work is over. Geologists can provide estimates of likely production over the life of a well once initial production is determined. **Waiting until the guess work is over and value is clearly understood could be costly.** As much of $16.95 million in taxes could be due if a transfer of rights is made in 2013 and thereafter.

Additionally there are **a host of risks associated with the extraction of natural gas all of which impact upon the value of royalty rights.** Some of those risks evaporate once production begins. For example, **the landowner has no control over when exploration begins,** and once it begins at what pace it is undertaken. Some exploration companies withhold drilling activities until several years after a lease is signed, and then not at capacity for some time. The exploration schedule can not be predicted. Until exploration begins no one can be sure about the yield of a well. There is **pricing risk of the commodity,** here natural gas. As the price in the marketplace fluctuates, so does the value of the royalty right. There are **political risks** to be considered as well. Drilling activity could be curtailed for any one of a number of reasons. New York State still has a drilling moratorium in place. What about **environmental issues,** ground water contamination and the potential problems which may be caused by water containing a witches' brew of substances used to "frac" a well? There are **transportation issues** to be considered. How likely is full scale exploration when the site is far from existing pipelines? How will royalty rights be affected by **additional taxes** that may be enacted in the future. **All of these issues impact upon the value of gas royalties.** In the aggregate these risks are greatest before production begins. Once a well starts to produce, many of these risks are addressed or eliminated.

Faced with the question of what a natural gas royalties are worth today before any exploration has begun, considering the host of risks which negatively impact value, a valuation expert might suggest that the right is worth less today than it would be when may of the risks are resolved. Waiting until production begins eliminates many of the risks which could reduce the estimated value of royalty rights. **The fewer the risks, the higher the value of the royalty right.** The current market value of royalty rights for a site with a best case scenario for value of $25 million could actually a fraction of that. **Wait until the property starts producing natural gas and those discounts are lost and the market value higher than it is today.**

**The time to plan is now, before your property starts in production.** In our next installment we will discuss some of the techniques and opportunities available to landowners now to deal with increasing royalty values.

**You are Invited to the Marcellus Shale Tax Concerns Seminar**
**Presented by Scott Borsack**

Join us for an informative free program addressing various income, gift, estate and inheritance tax concerns for Marcellus Shale landowners:

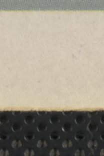
- How can you eliminate estate, gift and inheritance taxes through gifting?
- How should royalty rights be owned?
- How do estate, gift and inheritance taxes threaten you and your family?
- How have royalties values changed in the past 12 months?
- When are tax payments made?
- What tax provisions will expire at the end of 2012?

There is no charge for this educational program, but please register by calling **800.451.8189**
**October 2011 Seminar Dates and Locations**
**Register for either seminar by calling 800.451.8189**

Wednesday, October 26 at 7:00 pm
Sayre High School Auditorium, 333 W. Lockhart St., Sayre, PA 18840

Thursday, October 27 at 7:00 pm
Tunkhannock Middle School, 200 Franklin Ave., Tunkhannock, PA 18657

For more information, please visit **www.marcellusshaletax.com**.



Scott P. Borsack, Esq.
1650 Market Street
One Liberty Place, Suite 1800
Philadelphia, PA 19103
Phone: 215.864.7048

This event is Sponsored by: M&T Bank

M&T Bank

This communication and participation in this event is not an endorsement by M&T of any investment, business or planning strategy. M&T does not provide tax advice in connection with wealth management, wealth administration and insurance products and services. You should consult with your own tax adviser concerning the tax aspects of a particular action or activity.

Attorney Advertising. IRS Circular 230 Notice: To ensure compliance with certain regulations promulgated by the U.S. Internal Revenue Service, we inform you that any federal tax advice contained in this communication is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of (1) avoiding tax-related penalties under the U.S. Internal Revenue Code, or (2) promoting, marketing or recommending to another party any tax-related matters addressed