

Gas drilling pays big benefits

by BERNARD L. WEINSTEIN

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Twenty years ago, the Barnett Shale in North Texas was all but unknown. Today, it's the largest producing natural gas field in the United States with output exceeding 4 billion cubic feet a day. It has added a new dimension to the Texas economy, supporting thousands of jobs and generating millions in tax revenue for local governments and school districts.

Imagine such an energy-driven economic boom in New York.

A recent study prepared for the Fort Worth Chamber of Commerce found that drilling and production activity in the Barnett was supporting, directly and indirectly, more than 110,000 jobs across the region. And a study by this author a few years ago calculated that Barnett wells and related equipment had added \$6 billion to the local property tax base. In South Texas, where new oil wells are being drilled in the Eagle Ford shale, the unemployment rate has fallen to half the state average while sales tax receipts have jumped 70 percent.

This is not to suggest that the growth of shale gas drilling and extraction has occurred without controversy. In particular, concerns have been raised about the use of hydraulic fracturing, which uses a high-pressure mix of water, sand and chemicals to force gas out of rock formations. This process utilizes huge quantities of water, and the spent fluids must be disposed of properly in order to avoid surface-water contamination. Similarly, because all wells are drilled through the groundwater table, care must be taken to ensure that the well casing is sufficiently reinforced to prevent any migration of gas or fluids into the water supply.

Fortunately, accidents related to shale gas extraction have been extremely rare in the Barnett, with only a handful of surface water contamination incidents in the completion of more than 14,000 wells. In those cases, responsible companies have provided clean water and compensation to affected families. What's more, careful studies by the Environmental Protection Agency and the Ground Water Protection Council haven't revealed a single case of ground water contamination from shale gas drilling itself.

Today, most local drilling companies are utilizing "greener" fracking fluids and reprocessing them many times before final disposal into specially designated wells. In addition, the Texas Legislature recently passed a bill requiring oil and natural gas companies to disclose the contents of their fracturing mixture on a publicly accessible data base.

In terms of potential output and economic impact, however, the Barnett and Eagle Ford are dwarfed by the Marcellus Shale formation that stretches across large swaths of New York, Pennsylvania and West Virginia.

New York, with an effective moratorium on shale gas drilling, continues to hemorrhage jobs along its Southern Tier.

Pennsylvania, meanwhile, is already benefiting mightily from shale gas production. Several studies have documented the huge economic boost to the state in term of jobs, income and tax revenue. One study found that nearly 48,000 jobs related to Marcellus Shale activity have been created in Pennsylvania over the past year.

The experience of Texas has shown that oil and gas extraction from shale formations can be accomplished with minimal environmental degradation while generating huge economic and fiscal benefits.

Is producing, gathering, processing and delivering oil and natural gas from shale formations completely risk free?

Of course not. But these minor risks must be weighed against the huge economic and national security benefits that can be realized by fully developing America's and New York's energy resources.

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