

# Gas-pooling law would greatly affect leasing by landowners

9/1/2010 3:32 AM

Pennsylvania landowners who decide not to lease their gas rights could lose the resource anyway if gas-pooling legislation for Marcellus Shale drilling is enacted.

In June, state Reps. Marc Gergely, D-Allegheny County, and Garth Everett, R-Lycoming County, announced their plans to introduce the Conservation Pooling Act, saying their goal was to minimize the surface impact of Marcellus Shale drilling while maximizing the full economic benefit for landowners.

The matter is certain to become a hot topic as lawmakers return to Harrisburg this month.

The idea of pooling - termed forced pooling by those who oppose it and fair pooling by those in favor - has raised issues of eminent domain and rights of landowners.

State Rep. Jesse White, D-Cecil, says he has heard good arguments both for and against pooling.

"It's always a balancing act, but at the end of the day the most fundamental right a person has is the right to enjoy the use of his property," he said.

He has not taken a position on the matter. State Rep. Bill DeWeese, D-Waynesburg, told the audience at Saturday's screening of anti-drilling documentary "Gasland" in Waynesburg that he believes the momentum in Harrisburg is against pooling.

State Rep. Tim Solobay, D-Canonsburg, said the matter is very complex.

"It's a fine line. It's everyone's right to make a determination about their property, but you want to make sure it's not going to cause a safety issue," he said, referring not only to reducing surface impacts but dangers that could be involved if a drilling company returned to an area years later to extract gas from a holdout property.

Solobay will address the Scenery Hill Land Owners at 7 p.m. Sept. 9. About 50 to 60 people make up the group, and its executive committee welcomes additional property owners from neighboring municipalities including South Strabane, Amwell, West Bethlehem and Somerset townships.

Chris Catanzarite, a member of the executive committee, said the group is hoping to negotiate a lease soon, fearing that gas companies may not be as willing to negotiate should gas-pooling legislation be enacted.

"Our issue with forced pooling is they have the technology to go around you," he said of their drilling methods.

But Matt Pitzarella, a spokesman for Range Resources, said when companies have to drill around a property, it tends to lead to multiple drilling pads and additional surface impacts.

Pooling promotes the orderly development of gas extraction, he said, and noted that it would force gas extraction companies to work together by sharing drilling costs or a working interest in a well. An

operator would have to lease 75 percent of a 640-acre unit in order to bring in the remaining 25 percent.

Pitzarella sees pooling as beneficial to landowners with stranded acreage who may otherwise never lease their land. The legislation would guarantee pooled landowners would not have any surface impacts, he said.

However, 30 groups have asked legislators to reject pooling, saying they believe it is tantamount to taking private property for private gain.

Clean Water Action's director, Myron Arnowitz, said the conservation promised is about gas, not the environment.

David Stauss, a spokesman with the Hanover Area Gas Group, fears gas pooling could limit landowner groups' ability to negotiate.

The group formed in order to protect the community by forcing gas extraction companies to follow more stringent regulations, he said. He believes pooling would also eliminate gas companies from bidding against one another, thereby reducing the amount in payments and royalties landowners would receive.

There has also been talk of giving gas drilling companies pooling while levying a severance tax on the gas extracted.

Travis Windle, a spokesman for the Marcellus Shale Coalition, said if legislators seek to follow every other energy-producing state in instituting a severance tax, then they should also note that those states also have fair pooling statutes on their books.

Pennsylvania does in fact have a pooling statute, but it applies only to vertical wells, said Pitzarella. Marcellus Shale wells are drilled horizontally.

Information on the Scenery Hill group is available by calling at 724-945-6573. David Strauss can be reached at 724-947-5778. For related stories, visit [www.observer-reporter.com/or/marcellus](http://www.observer-reporter.com/or/marcellus). Copyright Observer Publishing Co.