

Bad Bills Would Kill Progress on Natural Gas Exploration

Last Update: 3:39 pm

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From Independent Oil and Gas Association of New York:

The Independent Oil & Gas Association of New York urgently called on lawmakers to reject any and all bills that would further delay or halt the expansion of natural gas exploration in New York State.

The Assembly Environmental Conservation Committee today is taking up ten bills that New York's oil and gas industry asserts are either already addressed in current law or permitting processes, based on false assumptions and misinformation, or would put an unnecessary and unfair burden on operators and landowners.

"These bills would be a major setback and detriment to the industry," said Brad Gill, executive director of IOGA of NY. "They are premised in fear and false information spread by the organized obstructionists who routinely and adamantly oppose progress of all kinds, and who have very little understanding of our industry."

At issue is the Marcellus Shale formation, which is believed to be America's largest natural gas deposit. It carries the potential to greatly increase both New York's and the nation's energy independence, while vastly improving economic recovery and job creation. Horizontal drilling and hydraulic fracturing are currently on hold in the Marcellus Shale while the state Department of Environmental Conservation rewrites the rules governing natural gas exploration. Those rules, known as the Supplemental Generic Environmental Impact Statement, have been under review for more than two years and are expected to be released in the fall.

Legislation currently under consideration in the Assembly could potentially delay or kill the New York's natural gas industry and prohibit landowners from maximizing the value of their land.

Specifically, IOGA of NY opposes the following:

- A.8748: Establishes additional prohibitions, liability and fees to domestic natural gas production. The bill is overlapping and unbalanced, and it fails to recognize the long standing and safe history of natural gas drilling in New York State.
- A.9414: Would extend to landowners liability from damages resulting from natural gas operations. This bill would severely inhibit landowners' willingness to lease lands and retroactively affect wells already in production and their landowners. This bill would result in an unusual standard of liability, under which no other similar industry in the state is currently subject.
- A.10088: Regarding the on-site storage and removal of flowback water. The issues raised in this bill are already regulated by state and federal law. New technology allows some flowback to be reused. Removing it from the site on an expedited basis will defeat the goal of minimizing the use of freshwater.
- A.10090-A: Would prohibit the on-site storage, for more than 45 days, or the on-site disposal or burial of drill cuttings and drill cutting samples from natural gas wells. Current state regulation, which includes state permitting requirements and enforcement proceedings, covers the disposal of drill cuttings. The pending SGEIS will include a new series of requirements.

- A.10091: Regarding the use and disclosure of hydraulic fracturing fluids. Ingredients used in hydraulic fracturing fluids already are made public and the DEC draft SGEIS would require it.
- A.10092: Would require an environmental impact statement for any natural gas or oil drilling involving the use of hydraulic fracturing fluid. This bill presumes hydraulic fracturing is new to New York. It is not. In addition, the EPA has concluded the process poses no threat to water sources.
- A.10490-A: Establishes a moratorium on hydraulic fracturing pending the issuance of a report by the U.S. Environmental Protection Agency. This is an unnecessary bill that creates further delays in the SGEIS. The EPA has already studied hydraulic fracturing and has deemed it safe.
- A.10641: Prohibiting fracturing and horizontal drilling to extract oil or natural gas on state park, recreation and historic lands. A.10641 would debilitate the purpose of Article 23, which was enacted "to promote the growth, development and proper regulation of oil and natural gas resourced in New York State.
- A.10633: Would allow local governments to enact or enforce certain laws and ordinances. Existing state Environmental Conservation Law capably protects the public interests.
- A.10956: Pertaining to the altering of compensation to integrated royalty owners in the Marcellus Shale. This bill would result in a disincentive for landowners to lease their land.

The economic potential of natural gas extraction in New York is extremely promising. A Petro Enterprises, Inc. study compared the ongoing economic benefits of natural gas exploration in the Barnett Shale region in Texas to the potential benefits in New York's portion of the Marcellus Shale. According to Petro, activity in the Barnett through 2007 brought upwards of \$8 billion in economic uplift to the region. This amounts to approximately \$1.14 billion for every 1,000 wells drilled. Using the same ratio of annual economic benefit to wells drilled, projected uplift for New York State would amount to about \$92 billion over a 30 year period.

Additionally, an updated Penn State study stated that activity in the Marcellus in Pennsylvania is expected to create 212,000 jobs by 2020 and \$1.8 billion in state and local tax revenues over the next 18 months.

"New York and New Yorkers will have similar success, but only if legislators do not stop progress. It's clear these bills must not be moved from committee to a full vote of the Assembly," Gill added. "They are ill-conceived and unfair at best, and potentially devastating to landowners and operators at worst."