

# PITTSBURGH TRIBUNE-REVIEW

## Marcellus Shale infrastructure inadequate, energy exec says

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A lack of pipelines, storage capacity and processing plants could seriously limit natural gas production in Pennsylvania's Marcellus Shale region, industry experts said Tuesday.

"The opportunity for Marcellus Shale production growth can be overwhelmed by a lack of infrastructure," said Scott Soler, managing director of Houston-based private equity firm Quantum Energy Partners.

He was one of more than a dozen speakers at the Marcellus Midstream Conference and Exhibition that drew about 750 to the Westin Convention Center Hotel, Downtown. It was sponsored by Hart Energy Publishing LLLP of Houston.

Soler said an estimated \$10 billion must be spent on pipelines, processing and storage facilities within five years to keep up with projected production.

The Marcellus Shale formation encompasses about 63 million acres in seven states, including most of Pennsylvania. Estimates indicate the formation holds enough recoverable natural gas to satisfy all U.S. needs for 23 years.

Bentek Energy LLC, of Evergreen, Colo., projects Marcellus production of 4 billion cubic feet to 6 billion cubic feet per day by 2014, compared to about 2.2 billion cubic feet per day last year.

The industry has begun construction of or announced more than 30 pipeline expansion projects in the Northeast, according to Bentek. The projects would add more than 12 billion cubic feet per day of total pipeline transportation capacity to markets and interconnections in the region.

One project was announced Monday. Dominion Resources Inc. said it plans to gather, process and transport up to 300,000 cubic feet per day of Marcellus natural gas produced in Pennsylvania, West Virginia and Ohio.

Richmond, Va.-based Dominion plans to locate new facilities to process and break down gas into its various liquid and gaseous components in North-Central West Virginia.

The company plans to ask federal regulators for permission to convert an existing interstate pipeline in Ohio and West Virginia to carry just-produced gas with its many components intact, allowing Marcellus producers to tap directly into the line.

Dominion's announcement comes about a month after it agreed to sell its Appalachian exploration and production business to Consol Energy Inc. for

\$3.475 billion, a deal that is expected to close by the end of this month.

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