



Leading Marcellus geologist advocates forced pooling of gas over property rights

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PN By **DONALD GILLILAND, The Patriot-News**

Opponents of forced pooling — and that would include Gov. Tom Corbett — should watch the movie “**There Will Be Blood**,” according to the state’s leading **Marcellus Shale** geologist.

Terry Engelder explained that the concept — whereby drillers are allowed to remove natural gas from beneath properties of owners who refuse to lease their mineral rights — originated with Upton Sinclair's expose of the oil industry, "Oil!", which forms the basis of the 2007 Academy Award-winning film.

Speaking to the governor’s Marcellus Shale Advisory Commission on Friday, Engelder acknowledged up front that the concept bumps squarely up against traditional property rights.

But the benefits, he said, have been determined time and again to outweigh the risk of infringing on those rights.

Pooling is a common feature in the laws of nearly all the oil and gas states, including Pennsylvania.

Yes, Pennsylvania has a forced pooling statute — 50 years old — which makes it illegal to waste gas, said Engelder. But the law only applies to gas below the Onondaga Limestone. The Marcellus — and most of the other gas-rich shale formations in the state — are all above it.

At the moment, Engelder said, the state has the worst of all worlds.

While drillers cannot lay pipe under a property that has not leased its mineral rights, they can drill immediately adjacent to it and legally fracture the shale under that property and drain gas from it — without compensating the owner.

That’s the rule of capture.

What’s more, hold-out owners can prevent drilling into areas where gas has been leased, thereby denying those lease holders the royalties that could be generated from their property.

Engelder showed an example from Lycoming County where he estimated 5 billion cubic feet of gas and \$20 million in



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A towering gas-drilling rig
that was on a
Susquehanna County
property

revenue had been stranded by one hold-out landowner.

"This is not what the oil and gas conservation law of 1961 intended as an outcome," he said.

Engelder said pooling "maximizes the economic benefit, minimizes wasteful stranded gas, minimizes the environmental footprint and provides just and fair compensation" to all.

Lt. Gov. Jim Cawley did not comment, but he did announce that the Commission members have submitted more than 200 policy recommendations, which are now being reviewed by the working groups in preparation for the Commission's final report to the governor next month.

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