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THEIR VIEW

Marcellus Shale drilling drives economic growth

Kathryn Z. Klaber July 29, 2010 8:41am EDT

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While still in its infancy, the environmentally responsible development of clean-burning natural gas from Pennsylvania's portion of the Marcellus Shale formation continues to create tens of thousands of good-paying jobs and drive economic activity and growth during some of the most challenging economic conditions in decades.

The overwhelming benefits of the production from the Marcellus, which is considered by experts to have the potential to be the second largest natural gas field in the world (second only to one in Qatar), are benefiting all Pennsylvanians.

And while the first Marcellus well was developed in 2004, here's a snapshot of how far we've come in just a few short years and how we intend to achieve even more.

Last year alone, Marcellus producers paid almost \$1.7 billion to private landowners across the commonwealth. And in the next year and a half, our work is projected to generate more than \$1.8 billion in state and local tax revenues.

We're also proud of the jobs our industry continues to create. According to a recent Penn State study, almost 44,000 jobs in the commonwealth have been created as a result of Marcellus development. Penn State also predicts that in the next decade this work has the potential to create 212,000 jobs statewide.

Have you heard of the "Marcellus Multiplier"? It's not a featured flavor at Penn State's Creamery, although maybe it should be. Penn State academics determined that for every \$1 invested into Marcellus development, \$1.90 of total economic output is generated across the economy. The entire supply chain that supports our industry — small businesses, manufacturers, local suppliers, contractors — have come to know this economic impact as the "Marcellus Multiplier."

And while tremendous strides by almost every metric have been made, there's much more to do.

Leveraging the commonwealth's abundant natural gas reserves into even more jobs, more economic opportunity and promise and even more stable supplies of affordable, homegrown energy in a world-class way is a shared goal and commitment of ours.

Unfortunately, outdated state laws and regulations were put in place decades before current technologies were available to safely produce natural gas thousands of feet below ground.

That's why our industry is working with partners in Harrisburg and around the commonwealth to craft common-sense policies aimed at updating and modernizing the state's regulatory framework to ensure that critical capital investments continue to flow to Pennsylvania, allowing us to compete with other energy-producing states.

For instance, an odd and outdated state law requires shale gas producers to drill through the Marcellus and into the underlying formation called the Onondaga. After reaching this other formation, producers must cement this portion — where no energy is actually produced — before horizontally drilling into the Marcellus. Make sense to you? It doesn't to us, either, especially given that this additional and unnecessary rule results in essentially \$200,000 of wasted capital per well that otherwise could have been reinvested into the economy.

Fair pooling, which is on the books of almost every energy-producing state in the country except in Pennsylvania, brings efficiency to natural gas development and helps reduce surface disturbances. Recognizing that fair pooling provides economic and environmental benefits to Pennsylvanians, state Reps. Marc Gergely, D-Allegheny, and Garth Everett, R-Lycoming, have written the bipartisan "Conservation Pooling Act" in an effort to address these issues.

The industry is also working on solutions to uniform local zoning, which is essential to streamline the process and ensure transparency for landowners and local governments.

While work force and environmental safety are our top priorities, these commonsense policy initiatives will benefit our economy and our work force, state and local government budgets, landowners and the environment. Having a modernized framework in place will ensure the safe, steady and responsible development of the Marcellus while generating much-needed jobs, affordable homegrown energy supplies and long-term revenue streams across the commonwealth.

Kathryn Z. Klaber is president of the Marcellus Shale Coalition. To learn more, visit marcelluscoalition.org.



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