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## Rendell willing to negotiate a gas 'pooling' law

By MARC LEVY

### HARRISBURG, PA.

Gov. Ed Rendell is insisting on certain environmental protections and landowner compensation requirements before he signing any bill that forces Pennsylvania landowners to sell their below-ground natural gas rights to a drilling company.

Rendell's top aides said this week that discussions on a measure being sought by the booming natural gas industry are in the early stages, although the pace of talks is expected to pick up in the coming weeks before the Legislature returns to Harrisburg in September.

The so-called pooling law is a top priority for the gas industry, which is pouring billions of dollars into the Marcellus Shale -- a massive rock formation underlying New York, Pennsylvania, Ohio and West Virginia -- in a modern-day gas rush.

The process used to harvest much of that gas -- hydraulic fracturing, or "fracking" -- has invited scrutiny after investigations of its use elsewhere to determine whether it has contaminated residential drinking water.

No pooling bill has been introduced in the Legislature yet, although a couple bills are being drafted and such laws are common in other states. Pennsylvania even has a pooling law, although it is unused, outdated and applies to a different gas formation below the Marcellus Shale.

Still, debate on a pooling law has the potential to become heated, with proponents saying it benefits the public good and opponents saying it is tantamount to government taking away property rights to benefit private companies.

Rendell's environmental protection secretary, John Hanger, said any bill the governor signs must contain explicit requirements for distance between well sites and promise "full, fair" compensation to the anyone whose gas was forced into a pool with other neighboring landowners who already sold their rights voluntarily.

"Those are the two absolute requirements for the administration to be supportive," Hanger said Tuesday.

The larger public purpose that justifies forcing a gas-rights sale agreement on a landowner is the environmental and community benefit that comes from limiting the density of well drilling and land clearing necessary to extract the gas, Hanger said.

Drilling would not occur on the land of someone whose below-ground gas is forced into a pool. Rather, well bores extending horizontally, sometimes 4,000 feet to 5,000 feet, from a vertical well drilled more than a mile deep would extract the gas from beneath their land. In theory, a vertical well would be drilled only on the land of someone who sold their below-ground gas rights voluntarily.

Hanger said he's willing to discuss details with industry representatives, but suggested that any law should dictate

that, based on the horizontal reach of a well, no well sites should be within approximately 10,000 feet of each other. It is likely, however, that multiple wells would be drilled on the same site, perhaps 15 feet away from each other.

"While we're not ready to say precisely what the spacing requirement should be, we have an idea of what technology is doing underground ... and that seems to create significant opportunity at the surface to space these wells out," Hanger said.

On compensation, Hanger said landowners who are forced into a pool ought to get an attractive royalty payment. State law guarantees landowners a minimum one-eighth royalty from the production of oil and gas on their land.

Pooling laws in other states typically allow a state authority to force a holdout landowner into a pool with neighbors who wish to sell their mineral rights in a block to a drilling company. The state authority determines how the holdout is to be compensated for the gas.

Members of the gas-drilling industry complain that holdout landowners can end up forcing a company to create more drilling sites to extract gas from below the land of everyone who voluntarily sells their below-ground gas rights.

Opponents of such a law, including environmental advocacy groups, say it could be a tool to abuse landowner rights or to limit a landowner's ability to negotiate a better deal from a drilling company.