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Guest Speaker: Shale poses industry test

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INDIANA — "Game-changer" and "revolution" are two words being thrown around to describe the Marcellus shale, a natural gas industry spokeswoman said.

And, the potential impact that shale drilling can have -- on the economy, on communities, on the environment -- just underscores the importance for the industry to get it right, especially with the entire world watching.

That was the message of Kathryn Klaber, president of the Marcellus Shale Coalition. Klaber was the guest speaker at the 98th annual membership luncheon of the Indiana County Chamber of Commerce last Friday at the Indiana County Country Club.

Founded in 2008, the Marcellus Shale Coalition (MSC) consists of businesses of all sizes that have a stake in the drilling boom expected because of the shale, which Klaber said is the second largest natural gas field in the world with about 500 trillion cubic feet of gas projected to be deep in the ground.

"We've got an entirely different way of finding any energy source than we had several decades ago," Klaber said. "Unconventional natural gas production, which refers to getting natural gas from the tight shale rock as opposed to open pockets or more porous areas in the sub-surface, was considered unworkable just a few years ago."

Technological advancements in the past few years with horizontal drilling and hydraulic fracturing have made it possible for drilling companies to get natural gas from the shale rock, Klaber said. The Marcellus shale rock formation goes as deep as 9,000 feet below the surface and covers about 60 percent of Pennsylvania's total land mass.

That means the Marcellus shale can potentially lead to an economic boom in areas across the state, including Indiana County. The county currently has 18 wells drilled, but that number will certainly increase, Klaber said.

Penn State University researchers, Klaber said, have concluded that for every dollar a Marcellus producer invests in drilling in the state, it generates \$1.90 back to the local economies. Those researchers also determined that shale drilling will help create 88,000 jobs in Pennsylvania by the end of the year.

The overall importance of the shale will be a test for the drilling industry to make sure the job is done right, Klaber said.

"All eyes are on us. Not just Harrisburg, not just Washington, D.C., but really across the globe," she said. "There are things that we are doing now in this state that are attracting the attention of Wall Street and attracting the attention of the international energy community as to whether we can get this right -- whether we can do it right from an environmental perspective, whether we can do it right from a political perspective and whether we're really ready to stand up to this challenge."

Klaber added that there are no second chances for getting it right.

"The way I see it, we've got an opportunity to get this historic opportunity right," Klaber said, "and I can really, very confidently speak for the industry as to how the folks that are in this industry every day are committed to doing that."

That's why, Klaber said, the MSC worked with former governor Tom Ridge to come up with a set of guiding principles to define what the coalition meant by "getting it right."

Among those principals is to strive to attract and retain a talented and engaged local workforce.

Klaber said her group has launched a job portal on its website, marcelluscoalition.org.

"At any one time, we're finding 700 or so open jobs in Pennsylvania," she said. "That's by no means the full industry. That just happens to be companies that are members of the Marcellus Shale Coalition."

Klaber added that geology and petroleum engineering majors are in high demand right now for companies because of the Marcellus boom.

The other guiding principals spelled out by the MSC include:

- Providing the safest possible workplace for employees, with contractors and in the communities in which the industry operates.
- Continuing to improve practices and seek transparency in operations.
- Being responsible members of the communities in which the industry works.
- Encouraging spirited public dialogue and fact-based education about responsible shale gas development.
- Conducting business in a manner that will provide sustainable and broad-based economic and energy-security benefits for all.

Also included in the MSC's principals is to provide state-of-the-art environmental protection across the operation.

There are many committees within the coalition that are dedicated to environmental issues from water sources to waste management and recycling,

said Klaber, who graduated with an environmental science degree from Bucknell University.

In a meeting with media before the luncheon, Klaber dismissed the idea that the hydraulic fracturing process, sometimes called "fracking," is the biggest environmental concern.

The fracturing process, which involves pumping water and chemicals underground at high pressures to fracture rock formations and allow the gas to flow more freely, has been blamed in some communities for contaminating drinking water.

"What gets a lot of attention is the hydraulic fracturing process. Well, the regulators and others who study this very carefully (say) that is not the biggest risk. It's very difficult, and in fact, has never been shown that from 8,000-feet down a process is contaminating drinking water," Klaber said. "We're focused on where the real challenges are, which is making sure you don't have any spills, and there's no surface interactions with the compounds we use."

Also before the luncheon, Klaber said her group would be open to a possible severance tax on natural gas. Pennsylvania is currently the only state without one.

"The industry hasn't been against that tax, but it has to be extremely competitive," Klaber said. "We want to make sure that we are not scaring away these investments and that Pennsylvania is seen as the best place to do this kind of work, from an environmental standpoint, from a tax-policy standpoint and from a public relations standpoint."

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