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## With Marcellus gas off-limits in N.Y., smaller firms explore other drilling options

### Strategy could give a head start on fracking prospects

By G. Jeffrey Aaron • [jgaaron@gannett.com](mailto:jgaaron@gannett.com) • July 31, 2010, 6:20 pm

While the larger energy companies that formerly drilled for natural gas in the Trenton-Black River formation have abandoned those activities for the more favorable drilling rules in Pennsylvania, smaller companies are creeping back in to drill in the Southern Tier.

With names like Anschutz Exploration and Epsilon Energy USA and MegaEnergy Operating Inc., the drilling companies are not only continuing to explore the Trenton-Black River (TBR) formation, which lies at depths of 10,000 to 12,000 feet -- beneath the Marcellus and Utica shale -- they are also sinking their drill bits in the Oriskany sandstone formation.

Found just above the TBR, Oriskany sandstone was formed about 400 million years ago and runs roughly from [West Virginia](#) and into Pennsylvania and New York. Geologists estimate it holds about 11 billion cubic feet of gas.

While a good well in a sandstone formation like the Oriskany may produce between 500,000 and 1 million cubic feet of gas per day, a well in Marcellus Shale will likely produce 10 times that amount, geologists say.

Because of the difference in production rates, Chemung County Farm Bureau President Ashur Terwilliger says the drilling companies pursuing Oriskany riches are only doing so to get a head start in the race to develop Marcellus wells in this area.

Marcellus isn't the target formation today, he says, but drillers will have to go through the more shallow Marcellus Shale to get to the Oriskany. When that happens, wells could be adapted to tap the Marcellus gas.

But Bruce Martin, geoscience manager for Epsilon

Energy USA -- one of the companies interested in Oriskany -- said that might not be the case.

"It's sometimes easier to drill a new bore hole, but the costs will be the deciding factor," Martin said.

Talisman Energy USA, formerly Fortuna Energy and the dominant player in the Southern Tier's gas industry, announced in June 2009 that it was halting its Trenton-Black River drilling program.

At the time, Fortuna had drilled 65 TBR wells in New York that produced about 50 million cubic feet of gas per day. The company is now focusing on the Marcellus in Pennsylvania.

Matt Sheppard, spokesman for Chesapeake Energy Corp., said the company is also actively drilling into the Marcellus Shale formation and has about 20 drilling rigs in northern Pennsylvania.

Just because Talisman and Chesapeake are no longer interested in Trenton-Black River prospects doesn't mean all energy companies have headed south to Pennsylvania.

Since Jan. 1, 2009, the New York Department of Environmental Conservation has issued four drilling permits to Anschutz and two to Chesapeake Appalachia, a Chesapeake Energy subsidiary, for Trenton-Black River gas wells.

Chesapeake intended to convert an existing well

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along Keuka Lake into a disposal site for wastewater created by the hydraulic fracturing method of drilling, a plan which drew public outcry.

The firm withdrew its plans, stating that improvements in its water recycling/re-use program had reduced the need for the disposal site.

Meanwhile, DEC has also issued 11 permits for Oriskany wells in Chemung, Tioga and Allegany counties. The drilling companies include National Fuel Gas Supply Corp., which is active in Allegany County.

MegaEnergy has drilled into the Oriskany formation near Owego and Nichols.

A spokesperson said the wells are not producing, but the Colorado company is still exploring that formation as well as the Trenton-Black River formation.

The future of Epsilon's Oriskany program depends on the success of its existing wells in Van Etten and Barton, and how long New York keeps the lid on horizontal drilling and hydraulic fracturing in the Marcellus Shale, said Epsilon's Martin.

"We are looking at (how) Oriskany plays and Van Etten is one of our focus areas," Martin said. "Leasing is still tight because of the Marcellus, which everyone is still looking at very closely, but Oriskany gives us an upside because we can still do things beyond the moratorium."

Currently, DEC is not issuing permits for companies who do hydraulic fracturing -- the controversial practice in which a mix of water, sand and chemicals are blasted deep underground to break up the shale and release the natural gas -- until it completes its Generic Environmental Impact Study which will lay out safety standards and precautionary measures to be taken when drilling. The study is expected to be completed by the end of the year, according to the DEC.

Permits are being issued to drill horizontally, which is how Colorado-based Anschutz goes after gas trapped in the TBR.

Anschutz has finished a well on Yawger Road in Big Flats and is drilling a second well at the same location, said Rodney Wilson, whose company, R.W. Consulting, has been hired by Anschutz to handle

local drilling tasks.

There are also company wells capturing Trenton-Black River gas in Horseheads off state Route 13 and at The Center in Horseheads, an industrial park near Hanover Square.

Despite those activities, Wilson downplayed the effect Talisman's decision to abandon Trenton-Black River had on its competitors.

Instead, he said, it's more a matter of where the gas is and tolerating New York's permitting process.

"It's all a pain," Wilson said. "They are more lenient for Trenton-Black River, but with all the new rules and regulations, like the mandated stormwater control program I had to attend, the drilling end of my job is the last thing I do."

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Bronco Drilling Rig 11 on Yawger Road in Big Flats. (JASON WHONG / Staff Photo)

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