

State poised to regulate Marcellus Shale drilling

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By Laura Olson, Post-Gazette Harrisburg Bureau

HARRISBURG -- Some federal lawmakers say the bulk of drilling oversight should be at the state level, and their General Assembly counterparts appear eager to take on that task.

But the state politicians at last week's Marcellus Shale industry conference gave only hints as to which shale-related changes will be included in the revamped proposals that emerge during the fall legislative session.

Some form of revenue source for strained local governments, combined with some tighter rules for drillers, drew nods of agreement -- but the details, as earlier this year, still seem murky.

The biggest consensus from leaders of the state House and Senate on a panel at the Marcellus Shale Coalition's event in Philadelphia was that shale oversight will be a major conversation piece in the coming weeks.

Senate Majority Leader Dominic Pileggi, R-Delaware, said that, with the governor's Marcellus Shale Advisory Commission report released in July and its 96 policy recommendations now public, he's "optimistic" a comprehensive drilling bill could be signed into law this fall.

"We really need to deal with the entire range of issues that are generated by this industry," he said, adding that an impact fee is "potential achievable" among those.

The makeup of those regulatory changes will be significant, given the unlikely odds for increased gas drilling oversight by federal environmental officials.

The U.S. Environmental Protection Agency drew few laurels during a roundtable discussion of Pennsylvania congressmen during the conference.

Some, like U.S. Rep. Tim Murphy, R-Upper St. Clair, pointed to manpower as a key reason for states to do most of the day-to-day management. Rep. Jason Altmire, D-McCandless, was more philosophical, telling the audience that "we don't need a top-down regulatory approach."

Encouraging economic investment was one area where they did see a role for the federal government.

"We want the jobs in Western Pennsylvania," said U.S. Rep. Mark Critz, D-Johnstown. "How do we take advantage of the opportunity that exists, not just to move gas down pipelines, but what comes next, the ethane cracker to separate out the wet gas, and whatever comes after that."

One economic policy change that could come from both the state and federal levels is the promotion of natural gas use, through tax credits for converting vehicles.

Legislation has been introduced at both levels, and the concept drew support at both panels of lawmakers.

One key state-centric idea this fall will be working out differences between House and Senate versions of a bill regarding oversight of natural gas gathering lines, Mr. Pileggi said.

Separate bills passed each chamber earlier this year, each giving the state Public Utility Commission authority to inspect natural gas pipelines. Supporters cite the growing web of gathering lines as a safety concern and say a clear regulator is needed to ensure they are operating properly.

Creating some level of standardization for local drilling ordinances, which drillers say are too varied and cumbersome, is a hot-button item that still could be in the mix. Mr. Pileggi acknowledged that state involvement in local zoning is "a difficult balance," although he expressed mild support. House Minority Whip Mike Hanna, a Democrat from rural Clinton County, noted that the practice was used in the agricultural industry.



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Another controversial topic, while it re-emerged in the commission's report, appears to be out of discussions. The idea of pooling smaller plots of land into a larger drilling site, potentially against a landowner's wishes, is too thorny for the fall, they said.

And as for the long-awaited severance tax?

Despite passionate views on each side, the Senate GOP leader on the panel urged that other drilling issues shouldn't be impeded any longer by arguing over taxes versus fees.

"We know very clearly where the governor is on that," Mr. Pileggi said. "We need 26 votes in our chamber, 102 votes in the House chamber, and the governor's signature. So we need to work within those parameters and be realistic."

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