

Tougher regulations sought on drill operations

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By Don Hohey, Pittsburgh Post-Gazette

Tighter state regulation and stricter oversight are needed to protect the state's water resources, private rural water supplies and the environment from rapidly growing Marcellus Shale gas drilling operations in the state, according to a new report by the Pennsylvania Environmental Council.

The 47-page report, scheduled for release in Harrisburg today, said Pennsylvania's Legislature and regulators must act quickly to prevent environmental degradation like that caused by other extractive industries -- lumber, oil, gas and coal -- in the past, and minimize the risk of drilling accidents and public health hazards.

The report calls for the state to create a Marcellus Shale Development Task Force that would identify and recommend use of best drilling practices found in other unconventional natural gas fields -- Colorado's regulations adopted early in 2009 are specifically cited -- to better regulate Marcellus Shale wells that are drilled a mile or more underground, each well using up to 7 million gallons of water containing toxic chemicals to fracture the shale and release the gas it contains.

"The Marcellus Shale is a once-in-a-generation energy and economic opportunity for Pennsylvania," said PEC president Don Welsh, in remarks that were to be delivered at a noon news conference today. "We have deep historical and fiduciary responsibility to get this right for the citizens of this commonwealth as well as future generations who will inherit the environment currently entrusted to us."

The 450 million-year-old Marcellus Shale formation underlies three-fourths of Pennsylvania and parts of New York, West Virginia, Maryland and Ohio, and it contains 250 trillion to 500 trillion cubic feet of natural gas, a 50-year supply.

Developing it could bring billions of dollars into the state and create thousands of jobs -- about 1,500 Marcellus Shale wells are in the state are now. State and industry officials say another 35,000 to 50,000 wells could be drilled by 2030. But inadequate state regulation and enforcement could produce severe environmental consequences, the report said.

Other report recommendations include more rigorous review of drilling sites during the permitting process; greater safeguards for private well water supplies; greater authority for the Department of Environmental Protection to regulate large quality water withdrawals for drilling from rivers, lakes and streams; more frequent inspections and monitoring of well drilling and nearby surface and ground water; and a temporary moratorium on the leasing of additional gas wells in state forests.

Expanded DEP authority for large water withdrawals is especially important in the western part of the state, which does not have interstate commissions like those operating in the Susquehanna and Delaware River basins to oversee water withdrawals, said John Walliser, PEC's vice president of legal and governmental affairs.

"The stakes in developing the Marcellus Shale -- both economic and environmental -- are far too great to take a 'business as usual approach,'" Mr. Walliser said in remarks prepared for the news conference. "There is broad consensus statewide that we have to do this right, and the recommendations outlined in this report provide the starting point for doing just that."

The PEC report also calls on the state Legislature to require that revenues from any severance tax eventually enacted on Marcellus Shale gas extraction be used to manage the industry, its environmental impacts and for enforcement. A severance tax could generate an estimated \$200 million a year, according to the Rendell administration.

The state also should work with the gas drilling industry, the report says, to address concerns about gas drilling and extraction under state parklands, and establish a new trust fund that would replace the current well bonding program that is "woefully inadequate" to cover the costs of closing wells that have stopped producing in cases where the well owner defaults on its obligations.

Lou D'Amico, president and executive director of the Pennsylvania Independent Oil and Gas Association, said Monday that he had not seen the report. Kathryn Klaber, president of the Marcellus Shale Coalition, a gas industry advocacy group, did not return phone messages requesting comment. Both groups have well-established positions opposing a severance tax and additional regulations that, they say, could slow Marcellus Shale well development.

The PEC report will be delivered today to members of the state General Assembly, Department of Environmental Protection Secretary John Hanger and key DEP staff. It is based on information gathered from drilling experts, industry executives, community leaders and elected officials at a two-day policy conference held at Duquesne University in May.

"No one truly knows what the full extent of the local impacts from Marcellus Shale operations will be. That's why it's critical to be mindful of the potential impacts and their associated costs now before drilling operations expand significantly," Mr. Walliser said.

"There's no reason why everyone -- the industry, the commonwealth, communities and landowners -- can't benefit from the development of this extraordinary resource, provided we take the proper steps at the beginning to ensure we don't leave behind a legacy of environmental and economic destruction for future generations."

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