



Volume 9

# Industrial Gas Drilling Reporter



August 19, 2010

James L. Simpson, Senior Attorney  
Lauren E. Graham, Watershed Intern

## **INTRODUCTION**

Since the summer of 2008 Riverkeeper has tracked the prospect of industrial gas drilling in New York State. While gas drilling in New York is not new, what is new is the magnitude, scope, and location of the proposed drilling method of high-volume hydraulic fracturing. Indeed, industrial gas drilling throughout the Marcellus Shale and other shale reserves has the potential to impact the environment and communities dramatically.

Riverkeeper's *Industrial Gas Drilling Reporter* compiles information from around the country associated with this activity – from New York's ongoing environmental impact study to reported drinking water contamination in states where industrial gas drilling already occurs.

Our goal is to educate our members and the general public on this important and dynamic issue, and to help concerned citizens make informed decisions as this process moves forward.

This is Volume 9 of Riverkeeper's *Industrial Gas Drilling Reporter*. Visit our website to review Volumes 1 - 8: <http://www.riverkeeper.org/campaigns/safeguard/gas-drilling/>.

NOTE: Links to all websites in this volume are current as of the release date. Should a link not work, please cut and paste the link into a web browser.

## **TABLE OF CONTENTS**

<b>Fractured Communities</b> .....	4
Lessons from other shale reserves including: Accidents and Explosions; Road Impacts; Op-Ed Pages; Political Issues; Landowner Issues; Compulsory Integration; Rallies and Protests; EPA Hearings; Air Pollution; and other impact stories	
<b>Legislative Update</b> .....	14
The status of federal, state, and local regulations	
<b>Industry News</b> .....	16
Recent announcements and news about the gas drilling industry	
<b>SEQRA Update</b> .....	18
<b>New Reports and Studies</b> .....	19
A collection of recent reports and studies	
<b>Take Action – How the public can get involved</b> .....	19
<b>Background – Marcellus Shale, Hydraulic Fracturing and Impacts</b> .....	21

## **Acknowledgements**

This volume of Riverkeeper's *Industrial Gas Drilling Reporter* was prepared by James L. Simpson, Senior Attorney and Lauren E. Graham, Riverkeeper Intern. We are grateful for the support and assistance from Craig Michaels, Watershed Program Director, William Wegner, Riverkeeper Staff Scientist, Jeannine Cahill, Riverkeeper Legal Intern, and our many environmental partners.

Riverkeeper is grateful for the support and generosity of our members, and to the New York Community Trust, and the Scherman Foundation, Inc. for support of our Watershed Program.

Cover photograph of a well site during active Marcellus Shale drilling in Dimock, PA. This photograph was taken during a tour of Dimock that Riverkeeper took with the Natural Resources Defense Council and Catskill Mountainkeeper on June 3, 2010. Credit: James L. Simpson, Riverkeeper. Copyright Riverkeeper, Inc. June 2010.

Riverkeeper is an independent environmental organization dedicated to protecting the Hudson River, its tributaries, and the New York City drinking water supply. For more information about us please visit [www.riverkeeper.org](http://www.riverkeeper.org).

Riverkeeper is a member of the Clean Drinking Water Coalition, comprised of environmental signatories to the 1997 New York City Watershed Memorandum of Agreement.

*Riverkeeper is a founding member of the Waterkeeper Alliance ([www.waterkeeper.org](http://www.waterkeeper.org)) an international organization that works with over 190 Waterkeepers to protect waterways around the globe.*

© 2010 Riverkeeper, Inc. All rights reserved.

## **FRACTURED COMMUNITIES**

### **INDUSTRIAL GAS DRILLERS COMMITTED 1,435 VIOLATIONS IN 2 1/2 YEARS**

The Pennsylvania Land Trust Association issued a report in August citing over 1,400 violations of Pennsylvania state oil and gas laws that occurred while drilling in the Marcellus Shale. According to the group, over 65% of the violations were classified as “having or likely to have an impact on the environment.”

Download the report: <http://www.conserveland.org/violationsrpt>

[http://www.northcentralpa.com/feeditem/2010-08-02\\_marcellus-shale-drillers-amass-952-violations-likely-harm-environment](http://www.northcentralpa.com/feeditem/2010-08-02_marcellus-shale-drillers-amass-952-violations-likely-harm-environment)

### **Accidents and Explosions**

#### **CHESAPEAKE WELL CONTAMINATES DRINKING WATER IN PA**

Three drinking water wells in Bradford County, PA tested positive for methane. A lid exploded off one well and the Pennsylvania Department of Environmental Protection (PA DEP) served Chesapeake Energy with a Notice of Violation. Bubbling could be heard in the wells. Chesapeake is now supplying the affected families with drinking water.

<http://www.pressconnects.com/article/20100813/NEWS01/8130379/Methane-found-in-northeastern-Pennsylvania-wells>

#### **YET ANOTHER PA OIL & GAS WELL EXPLOSION – THIS ONE FATAL**

Two industrial gas drilling workers were killed in an explosion at an oil well northeast of Pittsburgh. The well was not drilling into the Marcellus Shale, and the exact causes of the accident are under investigation.

<http://www.app.com/article/20100723/NEWS06/100723072/2-killed-in-gas-well-explosion-in-western-Pa->

[http://www.philly.com/philly/wires/ap/news/nation/20100723\\_ap\\_2killedingaswellexplosioninwesternpa.html](http://www.philly.com/philly/wires/ap/news/nation/20100723_ap_2killedingaswellexplosioninwesternpa.html)

#### **FIRE AT CHESAPEAKE WELL**

The PA DEP is investigating the cause of a July 13 fire at a Chesapeake Energy-operated separator tank.

Read the press release:

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=12844&typed=1>

## **PA DEP FINES EOG \$400,000, FAULTS UNTRAINED PERSONNEL FOR WELL BLOWOUT**

The PA DEPA fined EOG Resources \$400,000 and required to take nine corrective actions stemming from the June 3 blowout in Clearfield County. The PA DEP investigation found that the explosion resulted from a failure of EOG to follow proper well operating procedure. The fine covers expenses incurred by the PA DEP related to the investigation, not any environmental damage resulting from the incident.

Read PA DEP's press release:

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=12818&typeid=1>

The DEP banned EOG Resources and its contractor, C.C. Forbes, from conducting well completion for 40 days after the accident.

[http://www.philly.com/inquirer/front\\_page/20100714\\_400\\_000\\_fine\\_for\\_Marcellus\\_Shale\\_blowout.html](http://www.philly.com/inquirer/front_page/20100714_400_000_fine_for_Marcellus_Shale_blowout.html)

## **PA DEP FINES ATLAS RESOURCES NEARLY \$100,000 FOR SPILL**

The PA DEP fined Atlas Resources \$97,350 when hydraulic fracturing fluids at one of its sites spilled from a wastewater pit and contaminated a "high-quality watershed."

Read the PA DEP's press release:

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=13595&typeid=1>

<http://www.businessweek.com/ap/financialnews/D9HLEA300.htm>

## **ACCIDENTS WILL HAPPEN – ACID LEAK**

An acid leak from a holding tank at a Schlumberger regional facility in New Mexico caused a midnight evacuation of approximately 50 residents. Emergency calls reported burning eyes and throats, and police tried to keep people away from the acid vapor. Firefighters tried to dilute the nearly 2,000 gallons of acid with water, but it was too strong.

<http://www.krqe.com/dpp/news/chemical-leak-at-farmington-plant>

<http://www.krqe.com/dpp/news/environment/acid-leak-forces-farmington-evacuations>

### **FATAL BARNETT SHALE ACCIDENT**

A worker at one of Chesapeake Energy's drilling rigs in Texas died after an accident involving heavy equipment.

<http://www.star-telegram.com/2010/07/13/2333547/briefs-worker-crushed-by-drilling.html>

<http://www.wfaa.com/news/local/Worker-crushed-to-death-at-Arlington-gas-well-98368649.html>

### **PA DEP FINES TALISMAN FOR FLOWBACK SPILL**

The PA DEP fined Talisman Energy \$15,000 for spilling up to 6,300 gallons of flowback water in November 2009. The spill polluted a waterway.

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=13249&typeid=1>

### **PA DEP GIVES CABOT ANOTHER 60 DAYS TO FIX DIMOCK WATER**

In late July, the PA DEP gave Cabot Oil & Gas an additional 60 days to permanently fix the contaminated water supplies in Dimock, PA.

<http://www.portal.state.pa.us/portal/server.pt/community/newsroom/14287?id=12985&typeid=1>

## **Road Impacts**

### **NEW YORK TOWNS WORKING TO SAFEGUARD ROADS FROM GAS DRILLERS**

Some Sullivan County towns worked jointly to protect their roads from heavy industrial traffic. The towns worked with a company to establish an inventory of current roads and their conditions, and drafted road use agreements and laws. Using the system, one New York town proved that \$750,000 of road damage was from trucks used in constructing a large wind farm.

<http://www.pressconnects.com/article/20100726/NEWS01/7260372/Company+offers+gas+drilling+road+protection+service>

### **WEST VIRGINIA ISSUES NEW RULES TO PROTECT ROADS**

The West Virginia Department of Transportation increased bonds industrial gas drillers must pay from \$6,000 per mile to as much as \$100,000 per mile. Pennsylvania is considering a similar rule. The increased funds are needed to repair roads not designed for the intense truck traffic associated with industrial gas drilling.

<http://timeswv.com/westvirginia/x370357233/Gas-drillers-New-rules-on-road-repair-too-expensive>

<http://www.businessweek.com/ap/financialnews/D9HI4AU00.htm>

### **Op-Ed Pages – Slow Down and Police Drilling**

#### **PHILADELPHIA INQUIRER EDITORIAL: STATE MUST POLICE GAS INDUSTRY**

A Philadelphia Inquirer editorial urges PA to take more steps to limit environmental damage.

[http://www.philly.com/inquirer/currents/20100718\\_Editorial\\_Must\\_police\\_drilling.html](http://www.philly.com/inquirer/currents/20100718_Editorial_Must_police_drilling.html)

#### **NEW YORK COLUMNIST – NOT SO FAST ON DRILLING**

With lessons from the Gulf Oil spill still fresh, this Albany Times Union columnist urges New York to exercise caution with unproven drilling technologies. He also characterizes the recent New York Senate bill placing a moratorium on issuing permits until May 15, 2011 as “window dressing,” because New York cannot issue permits until the state finishes its environmental review which isn’t expected before the end of the year.

<http://www.timesunion.com/local/article/Let-us-beware-of-shortcuts-616215.php>

#### **BP SPILL A WARNING FOR DRILLING**

The spring and most of the summer passed before BP was able to put an end to the gushing oil from the pipe in the Gulf of Mexico. This Huffington Post article urges the public to be informed and vigilant about industrial gas drilling before a similar “on-shore drilling” accident threatens our waterways.

[http://www.huffingtonpost.com/kate-kelly/the-lesson-we-can-learn-f\\_b\\_677332.html](http://www.huffingtonpost.com/kate-kelly/the-lesson-we-can-learn-f_b_677332.html)

#### **GASLAND - PITTSBURGH POST-GAZETTE OP-ED**

A Pittsburgh Post-Gazette writer describes the “gaslighting” of Pennsylvanians in the speculation over Marcellus Shale natural gas.

<http://www.post-gazette.com/pg/10190/1071417-153.stm>

### **Politics – NY Governor’s Race and PA Issues**

#### **NY GOVERNOR CANDIDATES’ VIEWS ON DRILLING**

New York gubernatorial candidates are beginning to weigh in on the future of gas drilling in the Southern Tier. Current Attorney General and reported front-runner, Andrew Cuomo, is taking a cautious stance on drilling – saying we need to study the environmental and health impacts before proceeding. The republican candidate, former Congressman Rick Lazio, is in favor of

drilling but would proceed in “an environmentally responsible way,” and would ban drilling in areas around the NYC watershed.

<http://www.theithacajournal.com/article/20100712/NEWS01/7120332/Gubernatorial+candidates+weigh+in+on+gas+drilling>

<http://www.stargazette.com/article/20100718/VIEWPOINTS01/7180316/1121/Drilling-debate-on-deck>

### **CUOMO SUPPORTS SAFE DRILLING**

Attorney General Andrew Cuomo supports safe gas drilling. Cuomo released his new energy policy document in early August, *Power NY, the New NY Agenda*, which states that “existing watersheds are sacrosanct and Andrew Cuomo would not support any drilling that would threaten the State’s major sources of drinking water.” The policy states that “any drilling in the Marcellus Shale must be environmentally sensitive and safe.”

Read Cuomo’s policy document (Marcellus info starts on page 91):

[http://www.andrewcuomo.com/system/storage/6/89/e/798/andrew\\_cuomo\\_power\\_ny.pdf](http://www.andrewcuomo.com/system/storage/6/89/e/798/andrew_cuomo_power_ny.pdf)

### **PA GOV. RENDELL ADVISORS WORKING FOR INDUSTRIAL GAS DRILLING INDUSTRY**

In July, Sarah Battisti became the third administrator to depart from the PA DEP to take a position with a natural gas company. Former state officials are banned from lobbying their former departments for a year.

[http://www.philly.com/inquirer/local/pa/20100713\\_Rendell\\_advisers\\_getting\\_jobs\\_with\\_shale\\_gas\\_firms.html](http://www.philly.com/inquirer/local/pa/20100713_Rendell_advisers_getting_jobs_with_shale_gas_firms.html)

### **FORMER PA GOVERNOR RIDGE TO BECOME \$1M DRILLING LOBBYIST**

The Marcellus Shale Coalition, an industry trade group, has hired former PA Governor Tom Ridge to help clean up the industry’s tarnished image. Ridge’s consulting firms will be paid almost \$1 million for one year. A Philadelphia Inquirer editorial says “there’s something obnoxious” about lobbying for an industry that poses serious environmental risks and has spent millions already to lobby against paying state taxes.

[http://www.philly.com/inquirer/local/pa/20100725\\_Natural-gas\\_companies\\_turn\\_to\\_Ridge\\_to\\_fuel\\_drilling\\_efforts.html](http://www.philly.com/inquirer/local/pa/20100725_Natural-gas_companies_turn_to_Ridge_to_fuel_drilling_efforts.html)

[http://www.philly.com/inquirer/opinion/20100730\\_Editorial\\_Shale\\_s\\_shill.html](http://www.philly.com/inquirer/opinion/20100730_Editorial_Shale_s_shill.html)



## **Landowner Issues**

### **LANDOWNERS MAY GET UP TO \$22 MILLION IN LEASE DISPUTE SETTLEMENT**

Range Resources may have to pay up to \$22 million dollars to landowners in a PA class-action lawsuit for miscalculating or improperly withholding gas royalty payments.

[http://www.pittsburghlive.com/x/pittsburghtrib/business/s\\_690600.html](http://www.pittsburghlive.com/x/pittsburghtrib/business/s_690600.html)

### **MINERAL RIGHTS IN ARKANSAS – HERE COME THE DRILLERS**

Many landowners in Arkansas may not know they do not own the mineral rights beneath their land, as was the case for these farmers when Chesapeake Energy told them they were putting a drilling rig on their land.

<http://www.arktimes.com/arkansas/shale-shock/Content?oid=1262788>

### **WEST VIRGINIA LAND OWNERS ADVISED TO USE CAUTION**

The National Association of Royalty Owners advised property owners not to be intimidated when gas companies approach them. They also advised property owners to address potential water contamination issues in their leases.

<http://www.theintelligencer.net/page/content.detail/id/540244.html>

### **LEASEHOLDERS WARNED ABOUT INCREASED INCOME TAXES**

Leaseholders are advised to be aware of increased taxes because of royalties and up-front payments. In addition, high monthly royalty payments may place leaseholders into a higher tax bracket.

<http://www.theintelligencer.net/page/content.detail/id/540210.html>

## **Compulsory Integration – Forced Pooling**

### **COMPULSORY INTEGRATION - FORCED POOLING**

Compulsory Integration – a strategy used by drilling companies to gain access to non-leased land within a drilling spacing unit – has entered the drilling debate. Under current New York law, a landowner may be required to allow drilling on his or her property if enough neighbors are in favor.

[http://www.syracuse.com/news/index.ssf/2010/07/how\\_drilling\\_companies\\_wont\\_ta.html](http://www.syracuse.com/news/index.ssf/2010/07/how_drilling_companies_wont_ta.html)

## **COMPULSORY INTEGRATION FORCES NY PROPERTY OWNERS TO LEASE LAND**

In New York, state law can require property owners to lease land to gas companies if a driller has already leased 60% of land within a 640 acre “spacing unit.” New York property owners should bear this in mind when contemplating signing a lease. Some landowners have signed leases reluctantly in order to avoid compulsory integration, and to maximize the amount of their royalty payments and other lease conditions. In Pennsylvania, drilling under non-leased property is trespassing, but special interests are hoping to change that soon

<http://www.pressconnects.com/article/20100729/NEWS01/7290381/No+drilling+lease?+In+some+ways++it+may+not+matter>

## **INDUSTRIAL GAS DRILLERS EXPECTED TO LOBBY HARD FOR FORCED POOLING IN PA**

The industrial gas industry’s primary objective during Pennsylvania’s severance tax debate is to get the right to “forced pooling” – the technique that allows drillers to gain mineral rights without leases if enough adjoining properties are leased. Some PA legislators have voiced opposition to the technique.

[http://www.timesleader.com/TheDallasPost/news/Baker\\_voices\\_opposition\\_to\\_‘forced\\_pooling’\\_08-01-2010.html](http://www.timesleader.com/TheDallasPost/news/Baker_voices_opposition_to_‘forced_pooling’_08-01-2010.html)

## **Rallies and Protests**

### **RALLIES AT NY DEC OFFICES PUSH FOR MORATORIUM**

On June 15, six coordinated protests took place outside New York Department of Environmental Conservation offices to push them to conduct more research on the impacts of hydraulic fracturing.

<http://www.ecocentrism.org/2010/07/06/more-science-please-some-new-yorkers-want-a-statewide-moratorium-on-hydraulic-fracturing/>

### **PETE SEEGER SINGS FOR THE ANTI-DRILLING CAUSE**

Folk singer and environmental activist Pete Seeger has revised the pro-drilling mantra “Drill, Baby, Drill” to “Spill, Baby, Spill” - capturing the reality of the dark side of industrial gas drilling.

Watch a video of Seeger here:

<http://www.nydailynews.com/blogs/dailypolitics/2010/07/when-drill-baby-drill-turns-to.html>

<http://www.publicbroadcasting.net/wamc/news.newsmain/article/0/0/1677864/WAMC.New.York.News/Activists.Call.For.Moratorium.On.Hydrofracking>

## **STRONG SUPPORT FOR THE MORATORIUM FROM A CENTRAL NY TOWN**

Residents of Skaneateles in central New York sent a clear message in support of the proposed moratorium or a complete ban on gas drilling at a recent public hearing. The pro-drilling sentiment was notably absent from the meeting, instead residents asked questions about the direct and indirect impacts of industrial gas drilling.

[http://www.cnylink.com/cnynews/view\\_news.php?news\\_id=1279309505](http://www.cnylink.com/cnynews/view_news.php?news_id=1279309505)

## **EPA Hearings**

### **EPA HEARING FRACKING CONCERNS**

The push for increasing regulations of industrial gas drilling is gaining momentum. The United States Environmental Protection Agency (EPA) heard from Pennsylvanians who argue that fracking is to blame for water contamination and environmental damages in their area. Drilling companies are finding it more difficult to dismiss public questioning about the safety of fracking.

<http://www.nytimes.com/2010/07/24/business/energy-environment/24gas.html?hp>

### **EPA HEARING IN PA DRAWS CROWD OF 1,200**

An EPA public hearing on hydraulic fracturing drew 1,200 people - mostly there to voice their opposition to drilling in the Marcellus Shale. Civic groups maintain that health and environmental risks should be seriously considered before any drilling commences, while pro-industry groups maintain that the hysteria is without merit.

<http://www.post-gazette.com/pg/10204/1074773-455.stm>

### **EPA HEARS BARNETT SHALE POLLUTION CONCERNS**

Residents of Arlington, Texas sounded off at the first EPA public hearing on hydraulic fracturing held in Forth Worth on July 8.

Watch a video clip of a local news station's coverage of the meeting:

<http://www.myfoxdfw.com/dpp/news/080210-epa-listens-to-barnett-shale-pollution-concerns>

## **Miscellaneous**

### **MOST IN NY SEE MORE RISK THAN BENEFIT FROM INDUSTRIAL GAS DRILLING**

A Cornell poll found that a majority of New Yorkers feel the risks from industrial gas drilling outweigh the economic benefits.

<http://www.theithacajournal.com/article/20100716/NEWS01/7160347/1001/news/Cornell-poll--Most-in-state-see-more-risk-than-revenue-in-gas-drilling>

[https://sri.cornell.edu/sri/files/esp/2010/Report%204-2010-Results\\_marijuana%20and%20drilling.pdf](https://sri.cornell.edu/sri/files/esp/2010/Report%204-2010-Results_marijuana%20and%20drilling.pdf)

### **GAS DRILLERS INJECTED DIESEL FUEL**

Earlier this year the U.S. House Energy and Commerce Committee revealed that Halliburton and BJ Services had used diesel fuel in hydraulic fracturing operations in at least 15 states from 2005 to 2007.

<http://www.examiner.com/energy-in-philadelphia/shale-gas-drillers-injected-diesel-fuel-into-the-ground-1>

### **PA DONE LEASING LARGE TRACKS OF STATE FOREST LANDS**

After leasing 139,000 acres of state forest lands for approximately \$354 million, PA announced there is no more land left to lease without damaging sensitive environmental areas.

<http://thetimes-tribune.com/news/conservation-department-says-no-state-forest-lands-are-left-for-gas-leasing-1.945006>

### **DRBC MEETING DRAWS LARGE CROWD ON BOTH SIDES OF THE ISSUE; DRBC TO HOLD HEARINGS**

Tensions ran high at a meeting of the Delaware River Basin Commission (DRBC) as pro and anti-drilling advocates stated their positions on strengthening the moratorium on drilling in the basin.

[http://www.philly.com/inquirer/local/pa/20100715\\_A\\_meeting\\_on\\_Marcellus\\_Shale\\_drilling\\_turns\\_raucous.html](http://www.philly.com/inquirer/local/pa/20100715_A_meeting_on_Marcellus_Shale_drilling_turns_raucous.html)

[http://www.google.com/hostednews/ap/article/ALeqM5i5Sqjnb34\\_v-V3nZGrcBEm7APLbwD9GV4VV80](http://www.google.com/hostednews/ap/article/ALeqM5i5Sqjnb34_v-V3nZGrcBEm7APLbwD9GV4VV80)

### **PITTSBURGH CITY COUNCIL PASSES MORATORIUM ON DRILLING**

The city council of Pittsburgh, Pennsylvania issued a “Will of Council” resolution urging the state to follow New York and adopt a one-year moratorium on drilling in the Marcellus Shale.

<http://www.bizjournals.com/pittsburgh/stories/2010/07/19/daily21.html>

### **PITTSBURGH CITY COUNCILMAN WANTS TO BAN FRACKING**

At least one Pittsburgh City Councilman wants to ban industrial gas drilling within Pittsburgh city limits.

<http://www.businessweek.com/ap/financialnews/D9HKP3P82.htm>

### **OUT-OF-STATE GAS WORKERS MAX OUT TOWN'S MOTEL SPACE**

Gas industry workers are taking up motel rooms in Williamsport, PA, forcing fans and families of the Little League World Series to scramble for rooms.

<http://www.pennlive.com/news/patriotnews/index.ssf?/base/news/1279590904270850.xml&coll=1>

### **A FRACKING PRIMER**

This Reuters *Factbox* article provides a quick, digestible summary of the risks and issues involved with industrial gas drilling.

<http://www.reuters.com/article/idUSN2819900020100728>

### **LOUISIANA TO GET \$1 BILLION 175-MILE GAS PIPELINE**

Construction on a 175-mile gas pipeline from the Haynesville Shale in northwest Louisiana across the northern part of the state began in June. The mayor of the town touts gas drilling as a key to growth in his area.

<http://www.shreveporttimes.com/article/20100723/NEWS01/7230324/1060>

### **DRILLING IN WEST VIRGINIA EXPECTED TO INCREASE – AND SO ARE CONCERNS**

Industrial gas drilling in West Virginia is expected to increase. Locals are already seeing impacts from this process, including damaged roads and bridges – infrastructure not designed for the weight of vehicles and equipment associated with industrial gas drilling.

<http://www.wvpubcast.org/newsarticle.aspx?id=16109>

## **Air Pollution – Barnett Shale**

### **BARNETT SHALE AIR POLLUTION CONCERNS**

Even in a pro-drilling state like Texas, citizens concerns are mounting over the health and environmental impacts of the industrial gas drilling taking place in their backyard. Though some area residents are looking to the U.S. EPA to address infractions to the Clear Air Act, the road to regulation is a long and challenging one.

<http://www.nytimes.com/cwire/2010/08/02/02climatewire-fears-of-pervasive-air-pollution-stir-up-pol-89138.html>

### **FORT WORTH COMMISSIONS AIR POLLUTION STUDY AROUND DRILLING SITES**

The city of Fort Worth, Texas has just commissioned a \$650,000 independent study of air pollution around industrial gas drilling sites – a big boost for advocates who have pushed for more study and research into the environmental impacts of drilling. The study commences in August and the first test results are expected in March 2011.

<http://www.star-telegram.com/2010/08/03/2381925/fort-worth-clears-way-for-air.html>

### **SCIENTIST WORRIED ABOUT AIR IMPACTS**

A researcher worries that concerns about hydraulic fracturing impacts to water are overshadowing significant potential impacts to air quality.

<http://thetimes-tribune.com/news/as-water-worries-mount-researcher-says-marcellus-shale-poses-risk-to-air-1.912761>

### **TEXAS AIR MONITORING UNDER-REPORTED BENZENE RELEASES**

The mayor of Dish, Texas, who was recently featured in Josh Fox's documentary *Gasland*, disputes the state's assessment of the levels of chemicals present in the air over his town. Mayor Tillman commissioned his own independent study which concluded that benzene levels were triple what was originally reported by state monitors. The state is trying to understand the cause of the false readings.

<http://www.texastribune.org/texas-environmental-news/environmental-problems-and-policies/dish-mayor-states-air-monitor-gives-false-readings/>

[http://www.startelegram.typepad.com/barnett\\_shale/](http://www.startelegram.typepad.com/barnett_shale/)

## **LEGISLATIVE UPDATE**

### **NEW YORK STATE SENATE PASSES DRILLING MORATORIUM BILL**

With overwhelming bipartisan support, the New York State Senate passed a bill establishing a moratorium on hydraulic fracturing in New York State until May 15, 2011. The 48-to-9 vote sends a strong message that the NY Assembly should pass this bill when they return to session in September.

<http://www.businessweek.com/ap/financialnews/D9HCT98G0.htm>

<http://www.reuters.com/article/idUSTRE67358R20100804>

### **NY SENATOR WHO OPPOSED DRILLING MORATORIUM HAS TIES TO INDUSTRY**

New York State Senator George Winner owns stock in companies doing business in the Marcellus shale and his law firm represents the gas drilling industry. Senator Winner gave a strong speech opposing the bill, which the Senate passed overwhelmingly.

[http://www.nydailynews.com/ny\\_local/2010/08/05/2010-08-05\\_pol\\_pushing\\_for\\_gas\\_drilling\\_has\\_firm\\_ties.html](http://www.nydailynews.com/ny_local/2010/08/05/2010-08-05_pol_pushing_for_gas_drilling_has_firm_ties.html)

Read the Daily News Editorial:

[http://www.nydailynews.com/opinions/2010/08/07/2010-08-07\\_hes\\_a\\_winner\\_ny\\_loses.html](http://www.nydailynews.com/opinions/2010/08/07/2010-08-07_hes_a_winner_ny_loses.html)

### **PETE SEEGER SINGS FOR MORATORIUM**

Folk icon Pete Seeger led a crowd in a sing-along outside the New York Senate chamber in Albany on July 20 as legislators debated passing a moratorium on industrial gas drilling.

<http://www.timesunion.com/local/article/Sing-baby-sing-for-drill-delay-584578.php>

### **INDUSTRIAL GAS DRILLERS SPEND \$1M TO LOBBY AGAINST DRILLING BILL**

Industrial gas drilling companies have spent more than \$1 million in 2010 to lobby politicians and legislators to oppose the moratorium on gas drilling in New York.

<http://www.recordonline.com/apps/pbcs.dll/article?AID=/20100728/BIZ/7280362>

### **CHESAPEAKE ENERGY ON TRACK TO SPEND OVER \$1M IN 2010 LOBBYING NY LEGISLATURE, GOVERNOR**

According to Common Cause, Chesapeake Energy spent \$600,000 during the first four months of 2010 lobbying the New York State legislature and governor in its opposition to proposed legislation placing a moratorium on drilling in New York. Chesapeake was the only energy company on the list of New York's top 50 lobbying spenders for 2009. In all, the gas industry has seen a six-fold increase in lobbying since 2007.

Read the *Common Causes* report, *Deep Drilling, Deep Pockets* here:

<http://www.commoncause.org/atf/cf/%7Bfb3c17e2-cdd1-4df6-92be-bd4429893665%7D/DEEP%20DRILLING.PDF>

<http://www.theithacajournal.com/article/20100726/NEWS11/100726035/1001/news/Gas-industry-ups-lobbying-spending-in-New-York>

## **INDUSTRY NEWS**

### **TALISMAN URGES NY TO TAX GAS INDUSTRY TO PAY FOR MORE REGULATION**

Talisman, a major leaseholder in Pennsylvania and New York, is urging New York State to increase the per-well drilling fees to finance a more robust regulatory system.

<http://www.theglobeandmail.com/globe-investor/tax-us-police-us-talisman-urges-ny/article1668600/>

### **CABOT PULLING OUT OF WAYNE COUNTY, PA AND SULLIVAN COUNTY, NY**

Cabot Oil & Gas Corp. announced they are selling 9,000 leased acres in Wayne County, PA, almost 5,000 acres in Sullivan County, NY, and almost 13,000 in West Virginia. The announcement came after the Delaware River Basin Commission instituted a drilling moratorium in the Delaware River watershed.

<http://thetimes-tribune.com/news/cabot-pulling-out-of-wayne-county-over-natural-gas-drilling-moratorium-1.918142>

### **ENDURING RESOURCES SEEKS \$1.4 BILLION FOR SHALE PLAY**

Denver-based gas explorer Enduring Resources is seeking buyers for assets in the Eagle Ford Shale in South Texas.

<http://www.businessweek.com/news/2010-07-20/enduring-resources-seeks-buyers-for-1-4-billion-shale-field.html>

### **TRICAN TO PROVIDE ENVIRONMENTALLY FRIENDLY FRACKING FLUIDS IN MARCELLUS**

Trican, a Canadian well servicing company, announced a two-year, \$100 million contract to utilize its “EcoClean” fracturing fluid technology. According to Trican’s Annual Report, these non-toxic fluids “are designed to protect water wells and aquifers during treatments.”

<http://www.digitaljournal.com/pr/83625>

Read Trican’s Annual Report: [http://www.trican.ca/pdf/annual\\_reports/Annual%20Report%20-%202009%20\(FINAL\).pdf](http://www.trican.ca/pdf/annual_reports/Annual%20Report%20-%202009%20(FINAL).pdf)

### **PIPELINE COMPANY SECURES \$400 MILLION TO EXPAND IN MARCELLUS**

Caiman Energy secured \$400 million in private equity funding to expand its operations in the Marcellus Shale.

<http://www.bizjournals.com/dallas/stories/2010/07/19/daily3.html>



### **ATLAS PIPELINES PARTNERS RAISES \$682 MILLION TO EXPAND IN MARCELLUS**

Atlas Pipeline Partners L.P. announced it agreed to sell gas gathering assets in Oklahoma for \$682 million so it could expand in the Marcellus Shale.

[http://www.philly.com/philly/business/homepage/20100728\\_Atlas\\_Pipeline\\_sells\\_unit\\_to\\_focus\\_on\\_Marcellus.html](http://www.philly.com/philly/business/homepage/20100728_Atlas_Pipeline_sells_unit_to_focus_on_Marcellus.html)

<http://pittsburgh.bizjournals.com/pittsburgh/stories/2010/07/26/daily31.html>

### **RANGE RESOURCES TO DISCLOSE CHEMICALS USED IN FRACKING**

In July, Range Resources announced that they would begin a voluntary disclosure of the contents of its fracking fluid to state regulators and the public.

Read a press release from their website at: <http://www.rangeresources.com/>

<http://www.fool.com/investing/general/2010/07/15/a-class-act-in-shale-gas.aspx>

### **RANGE RESOURCES TO DOUBLE MARCELLUS OPERATIONS**

Range Resources announced it plans an additional \$210 million capital investment in its Marcellus operations, effectively doubling its production.

<http://www.star-telegram.com/2010/07/28/2368491/range-to-plow-210-million-more.html>

### **RANGE RESOURCES POSSIBLE ACQUISITION TARGET FOR \$20 BILLION**

Forbes is reporting that while Range Resources plans to spend \$1 billion in 2010 to raise its Marcellus production to 200 million cubic feet per day (and wants to double it in 2011), it is still short of capital and may be looking for a prominent buyer in the range of \$20 billion.

<http://blogs.forbes.com/energysource/2010/07/30/how-long-before-range-resources-makes-a-deal/>

### **RELIANCE INDUSTRIES CONTINUES SHALE EXPANSION WITH \$392M ACQUISITION**

Reliance Industries continued its expansion by acquiring a 60% stake in Carrizo Oil & Gas. Reliance paid approximately \$6,200 per acre for this deal.

<http://www.bloomberg.com/news/2010-08-05/reliance-industries-to-buy-60-interest-in-shale-acreage-in-pennsylvania.html>

### **EOG RESOURCES SELLING 180,000 ACRES OF OIL AND GAS RIGHTS**

EOG announced its intent to sell significant amount of acreage, including 51,000 acres in Bradford County, PA -- this represents one-quarter of its Marcellus acreage.

[http://www.philly.com/philly/business/homepage/20100807\\_EOG\\_selling\\_nearly\\_a\\_quarter\\_of\\_its\\_Marcellus\\_acres.html](http://www.philly.com/philly/business/homepage/20100807_EOG_selling_nearly_a_quarter_of_its_Marcellus_acres.html)

### **THE NEXT GAS RUSH? - NOT SO FAST**

Investors are tuning in to the growth potential of the gas drilling industry, motivated by the characterizations that the U.S. is sitting on “The Saudi Arabia of Natural Gas”. However, pending fracking legislation and growing concern about water contamination gives investors a moment of pause.

<http://www.istockanalyst.com/article/viewarticle/articleid/4304155>

### **BIG FRACKING DEALS**

This investor’s article details how the world’s largest oil and gas companies are becoming very interested in industrial gas drilling.

<http://www.investingdaily.com/tes/17664/big-fracking-deals-investing-in-shale-gas-production.html>

## **SEQRA UPDATE**

The public comment period closed on New York State’s Draft Supplemental Generic Environmental Impact Statement (DSGEIS) on December 31, 2009. Since that time, New York State DEC has been reviewing the over 14,000 public comments it received – New York law requires DEC to respond to each comment, and make necessary changes to the DSGEIS based on those comments. DEC has not announced when it will release the Final SGEIS; New York cannot issue permits for horizontal drilling using hydraulic fracturing until DEC issues the Final SGEIS.

### **GOV. PATERSON DEMANDS “OVERWHELMING EVIDENCE” DRILLING IS SAFE**

Governor Paterson said that he won’t allow industrial gas drilling in New York until there is “overwhelming evidence” that nothing will happen to drinking water supplies. He said the decision whether to issue permits will be based on scientific evidence.

<http://www.businessweek.com/ap/financialnews/D9HIRT80.htm>

## **REPORTS AND STUDIES**

### **NEW STUDY TO QUANTIFY ENVIRONMENTAL IMPACTS OF DRILLING**

Officials at the National Energy Technology Laboratory hope to track the impacts of industrial gas drilling at active wells. The study will establish baseline data and then track the impacts. Range Resources has agreed to the use of one of its sites for testing.

<http://www.statejournal.com/story.cfm?func=viewstory&storyid=84388>

### **HINCHEY SEEKS \$1M FOR WATER STUDY OF DELAWARE RIVER BASIN**

Congressmen Maurice Hinchey (D-NY), Rush Holt (D-NJ) and Joe Sestak (D-PA) are seeking \$1 million to fund a study of the impacts of water withdrawals from the Delaware River Basin. The number of wells in the Delaware River Basin is expected to increase in the coming year, and because 15 million people rely on the water from the Delaware River Basin, the study aims to understand the cumulative environmental and health impacts of massive water withdrawals for use in industrial gas drilling.

[http://www.house.gov/apps/list/press/ny22\\_hinchey/morenews/07232010delriverbasinstudy.html](http://www.house.gov/apps/list/press/ny22_hinchey/morenews/07232010delriverbasinstudy.html)

## **TAKE ACTION**

### **NEW YORK CITY COUNCIL MEMBERS TO HOST TOWN HALL MEETING – August 24**

New York City Council Speaker Christine Quinn and Councilman Jim Gennaro, Chair of the Environmental Protection Committee, are hosting a Town Hall meeting to discuss natural gas drilling in New York State. They are providing New York City residents the opportunity to comment on U.S. EPA's study examining the health and environmental impacts of industrial gas drilling.

**Where:**

Borough of Manhattan Community College (BMCC)  
199 Chambers Street  
New York, NY

**When:**

Tuesday, August 24 from 5pm to 8pm

**To Register:**

(212) 788-6871or [events@council.nyc.gov](mailto:events@council.nyc.gov)

## **EPA POSTPONES NEW YORK HEARING UNTIL SEPTEMBER**

U.S. EPA first announced moving its scheduled New York hearing from Binghamton to Syracuse, and then postponed the meeting until September. EPA will officially announce a new date soon, but some sources indicate EPA may now have 2 hearings in Binghamton, NY on September 13 and 14.

<http://www.theithacajournal.com/article/20100817/NEWS11/8170347/1001/news/EPA-meeting-on-hydraulic-fracturing-study-may-get-second-day>

<http://www.nbcnewyork.com/news/local-beat/EPA-Postpones-Hearing-on-Natural-Gas-Drilling-in-NY-100386849.html>

For more information on EPA's study and how you can comment:

[http://water.epa.gov/type/groundwater/uic/class2/hydraulicfracturing/wells\\_hydroout.cfm](http://water.epa.gov/type/groundwater/uic/class2/hydraulicfracturing/wells_hydroout.cfm)

## **JOIN THE "DON'T FRACK WITH NY" FACEBOOK PAGE**

Riverkeeper's blog, Don't Frack with NY, up-to-date stories related to fracking in New York, and has a section for citizens to tell Andrew Cuomo not to frack with New York's water. Join the campaign to ban industrial gas drilling within New York City's Watershed – the source of unfiltered drinking water for over 9 million New Yorkers.

<http://dontfrackwithny.com/>

<http://www.facebook.com/dontfrackwithny>

## **PA DEP ANNOUNCES WEEKLY "MARCELLUS EXAMINER"**

The PA DEP announced its release of a weekly Marcellus Examiner. This weekly e-newsletter covers many stories how the PA DEP is reacting to industrial gas drilling impacts, and how large multinational corporations are becoming involved in this activity.

Register to receive this newsletter here:

<http://www.ahs2.dep.state.pa.us/centrallistmanager/default.aspx?id=6>

## **BACKGROUND**

### **What is the Marcellus Shale?**

The Marcellus Shale is a layer of deep sedimentary rock, deposited by an ancient river delta, with the remains of it now forming the Catskill Mountains. The vast Marcellus Shale extends from Tennessee, through most of West Virginia, across Pennsylvania and eastern Ohio, and into the Southern Tier of New York, including the Catskills and the West-of-Hudson portion of the New York City Watershed. New York's portion of the Marcellus Shale is approximately 18,750 square miles.

### **What is Hydraulic Fracturing?**

Hydraulic fracturing allows drilling companies to extract natural gas from shale reserves such as the Marcellus. Natural gas is trapped within fractures between the grains of this fine-grained rock. Staged from a massive platform (towering hundreds of feet above ground), drillers drill down vertically into the shale, turn 90 degrees to drill horizontally (sometimes over a mile in length), and then inject water, sand and chemicals under high pressure. The pressurized water forms fractures in the rock, which sand and chemicals then prop open, allowing the gas to release.

### **What are some of the Environmental Impacts?**

There are many environmental impacts associated with hydraulic fracturing. Among them are water consumption; wastewater disposal; use of toxic chemicals; substantial truck traffic; air pollution; noise from the loud, twenty-four-hour operations; potential groundwater and well water contamination; deforestation; road building; and surface water runoff from these large industrial sites. The cumulative effect of these impacts may indeed transform entire communities – turning previously rural, agrarian areas – into “fractured communities.”

Hydraulic fracturing requires million of gallons of water. The water must be trucked in, stored on-site, and the wastewater disposed of properly (including brines, heavy metals, radionuclides, and other organics that come up with the gas). Even though the gas industry claims that toxic chemicals represent less than 1% of hydrofrack fluid, the U.S. Geological Survey explains that a typical 3 million gallon hydrofrack produces 15,000 gallons of chemical waste. In existing Marcellus wells outside of New York this waste is stored on-site in large holding ponds until trucks haul it away.

For a recent Q & A on environmental fears regarding industrial gas drilling, see:

<http://www.reuters.com/article/idUSN1721925220100217>

### **What is the New York City Watershed?**

The New York City Watershed, largely in the Catskills, is the source of tap water for over 9 million New Yorkers. The entire New York City Watershed comprises approximately 4.2% of the State's land,

yet supplies *unfiltered* drinking water to half the State's population. All surface water and stormwater runoff within the New York City Watershed drains into large reservoirs and travels via gravity through tunnels and aqueducts to the taps of 8 million New York City residents and 1 million upstate consumers. The 1,560 square mile system in the Catskills (1 million acres) includes six reservoirs and their drainage basins, hundreds of miles of aqueducts and tunnels, and is home to approximately 60,000 people. The New York City Watershed, including its infrastructure, is the State's greatest natural resource and the City's greatest capital asset.

Riverkeeper played an instrumental role in protecting the source of this tap water when it helped structure the 1997 Watershed Memorandum of Agreement, a landmark agreement that establishes ground-rules for protecting the City's water supply. This agreement set the stage for the City to continue to receive a waiver from federal laws otherwise requiring filtration. This waiver is known as the filtration avoidance determination (FAD). The FAD allows the City to avoid building a new \$10 billion water filtration plant, in exchange for strong watershed protection programs.

Possible gas drilling within the New York City Watershed, and in or near the Catskill Park, is one key reason why Governor Paterson ordered the New York State Department of Environmental Conservation to update its 1992 environmental impact study on gas drilling.

## **What is the Hudson River Watershed?**

The Hudson River Watershed spans approximately 13,400 square miles throughout 30 New York counties. The Hudson River flows 315 miles from the Adirondack Mountains to New York City and has a network of over 15,000 miles of freshwater tributaries. Although the Hudson River was once described as an open sewer, today it provides drinking water for at least seven towns and cities along its banks including the City of Poughkeepsie, Port Ewen, Highland, and Village of Rhinebeck. There are eight counties in the Hudson River Watershed that underlie the Marcellus Shale and ten that underlie the Utica Shale. As this process emerges in New York it is imperative to consider the possible wide-spread effects of contaminating the expansive water system and impacting the lives of residents who depend on its ecological integrity.

## **What About Other Important Environmental Areas?**

The Marcellus and Utica Shales underlie most of the Catskills and the Southern Tier of New York. This area is home to the "forever wild" lands of the Adirondack and Catskills parks, and the vast systems of creeks and rivers that comprise the upper Delaware River Basin, the Mohawk River, the upper Hudson, the Finger Lakes, and the renowned trout fishing streams of the Catskills. Numerous other state parks, preserves, and wetland areas provide critical habitat for fish and wildlife, serve a variety of ecosystem functions such as water filtration, and are also major tourist and recreational areas. These areas all warrant significant attention and no drilling should be allowed until proper rules and regulations have been promulgated to adequately address concerns of environmental contamination and negative impacts to the special character of these regions. Hydraulic fracturing should not threaten anyone's drinking water, whether it flows up from a local well or down from the cool, clear streams of the Catskills.