

Office of the Broome County Executive

Barbara J. Fiala, County Executive



Hearing Statement DSGEIS

Thank you. My name is Pat Brennan. I am the Deputy County Executive of Broome County. I'm appearing today on behalf of County Executive, Barbara Fiala. Barbara is adjusting to her recently replaced knee, and she is still confined to home. She has asked me to give this statement today.

Broome County has been very vocal on the issue of natural gas development of the Marcellus Shale. In 2008 the County made various recommendations to New York State DEC. All of those recommendations were designed to protect our environment by strengthening enforcement and oversight of natural gas development. Our prior statement to DEC addressed various issues such as regulation of drill pits, required gas well record keeping, casing regulations, adequate field inspection, waste water management and similar concerns. While DEC did not adopt all of our recommendations, it has addressed all the issues.

I think that's the point that has to be made today. I believe that the Draft Supplemental GEIS has done an excellent job in identifying and addressing the various environmental issues. Where necessary, it provides guidance for mitigating potential adverse environmental impacts. Now it is time to move forward within the context of the official state policy regarding development of natural gas.

I would like to take the opportunity to read into the record that official policy. It is established by the New York State Legislature:

It is hereby declared to be in the public interest to regulate the development, production and utilization of natural resources of oil and gas in this state in such a manner as will prevent waste; to authorize and **to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas may be had, and that the correlative rights of all owners and the rights of all persons including landowners and the general public may be fully protected . . .**

This official policy should be read in conjunction with the recently released draft NYS Energy Plan. That plan predicts that the demand for natural gas in NYS will be increasing in the coming decades. Plus "natural gas has become and will continue to be the fuel of choice for new and replacement generation in New York for the next several years due to its economic, operational and environmental advantages. In general, natural gas-fired generation plants have lower capital costs, are cleaner burning, are more energy- efficient, and have a greater degree of operational flexibility than other fossil fueled alternatives."¹ So this is our situation. One-- NYS is sitting on

¹ Natural Gas Assessment, NYS Energy Plan 2009, pg 11.

top of enormous reserves of natural gas. Two--the state's demands for natural gas will be increasing. Three--the official policy of the state is to manage development of natural gas to maximize recovery and protect the rights of owners. The answer seems obvious. Natural gas development must move forward now.

None of this guarantees that drilling, producing or piping natural gas is going to be 100% safe. As a state and as a nation, we do not strangle any industry with that demand. Certainly we have the right to impose very, very strict environmental controls on this particular industry because of the potential for damage to our environment. I think DEC has done that, and I compliment them. The current regulations coupled with the proposed permit conditions for horizontal drilling will make New York State one of the most aggressive jurisdictions in the country. It will not be perfect, but other jurisdictions will look to NYS for guidance

At this point, I think it is absolutely essential that we move forward. If this Draft Supplemental GEIS had been issued under the original time schedule, I think we would have already seen new capital investments in the southern tier. Instead capital investment dollars by natural gas companies are going to the Commonwealth of Pennsylvania. This is not just a rumor or anecdotal evidence. It is fact. One company recently told my administration that it has already created over 800 new jobs in Pennsylvania. Another company told my administration that it hoped to invest over 500 million dollars in development costs for the Marcellus. While most of the investment was initially targeted for NYS, all those dollars have now been moved to Pennsylvania.

We do fortunately retain some advantages in NY. The Marcellus Shale is proving to be a very productive field. Companies are experiencing dry wells at a rate of less than 1%. Production rates on new wells are higher than expected. A new interstate transmission line slices through the southern tier. The Marcellus is located near the population centers of the Northeast, and there is a price point advantage to developing natural gas so close to the end user. All these advantages suggest that we may still have the opportunity to enjoy some positive fiscal impacts.

Broome County has commissioned an Economic Impact Analysis of natural gas production. The report does not contain the predictions of a geologist or petroleum engineer. It does, however, estimate total fiscal impacts in Broome for ten years of drilling and production. If two thousand wells were developed in Broome, those impacts would include the following:

- Total spending from well drilling activities will be 7 billion dollars.
- Total economic activity from well drilling activities will be 7 ½ billion dollars.
- Total spending for gas production activities will be 1.8 billion dollars.
- Total economic activity for gas production activities will be over 2 billion dollars.

The positive projections are similar for new jobs, municipal tax receipts and overall economic activity. These projections are based upon the development of 2,000 wells. The authors of the

report indicate that they used a linear economic model. So, for example, if you would like to estimate the impact of 1,000 wells, the figures would be roughly 50%.

Unfortunately, when our Economic Impact Analysis report was released many people complained, because they felt that the estimated number of wells was too high. Other people criticized, because the report was not a full-bore cost benefit analysis. All of these criticisms miss the point. The point is that the development of the Marcellus Shale has the potential to create positive economic growth in New York State for decades. This opportunity arrives at a time when NYS is losing businesses. We cannot afford to chase this industry away. We must do the exact opposite. We need to capture these economic opportunities.

In closing, I would like to make a personal plea to the representatives at DEC. I have had the opportunity to meet and talk with many of you. I have been very impressed with not just your qualifications, but also your diligence, thoroughness and hard work in preparing this Draft Supplemental GEIS. I believe you have taken, as the law requires, a "hard look" at all the impacts of horizontal drilling.

At this point, however, it is time to move forward. It is time to end the delays. It is time to accept the fact that you will never satisfy some of the anti drilling advocates. It is time to let the real property stakeholders and the industry meet some of the escalating energy needs of NYS. It is time to follow the **official policy of the State of New York** and encourage development of natural gas resources.

Please do everything in your power to complete this process expeditiously. I recommend that the Draft Supplemental GEIS be issued in final form as quickly as possible. I recommend that New York State lift its informal moratorium on the issuance of horizontal well permits in the Marcellus and Utica Shale.

I will submit a written copy of this statement which will contain some additional technical comments.

Thank you.