



# Inside Energy

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**RE: Governor's Shale Gas Delay Costly and Baseless**

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Natural gas production is the real deal for job creation. Seventy-two thousand new jobs have been created in Pennsylvania alone. Now Delaware, with no direct job potential, wants to slow economic development to placate powerful environmental lobbyist. Once again, the poor and middle class will pay the bill.

Plentiful natural gas is coming from new wells in Pennsylvania and neighboring states. The price for natural gas has dropped from \$15.00/mft<sup>3</sup> to \$3.00. This lowers manufacturing costs, electricity prices, and heating costs saving Delaware homeowners money and makes our manufacturers more globally competitive. Natural gas may also replace expensive foreign oil in part of our vehicle fleet. Delaware will see great indirect economic benefit.

Environmental groups claim their opposition is simply to delay new gas production in the Delaware River Basin while regulations are refined. Read their blogs. The goal is to delay long enough to allow them to prohibit drilling permanently. The goal of this powerful lobby is clear, conventional energy prices must double so expensive alternate sources such as solar, fuel cells, and offshore wind can compete when we eventually tire of paying massive government subsidies for them. Low natural gas prices wreck that plan.

Governor Markell, as a voting member of the Delaware River Basin Commission (DRBC), has refused to support approval of new regulations for a natural gas drilling technique known as hydraulic fracturing or fracking. Water and sand are forced into wells in shale formations to form micro-cracks to allow gas to flow. Over one million wells drilled over the last sixty years have used fracking. The new twist is to combine fracking with horizontal drilling to minimize the number of well heads needed.

The Governor has based his decision on two issues; a short review period for last minute changes to the DRBC regulation, and unfinished state regulatory changes. A closer look shows these issues do not provide a sound basis for delay.

The proposed regulations have been worked on for the last year and a half with ample time for public review. It is odd our governor would be concerned the timing is rushed. He pushed the Fuel Cell Act through the state House and Senate in just nine days with few details available about the real cost. The Fuel Cell Tariff was then rushed through the Public Service Commission allowing only days for public review of complicated contracts before the final PSC vote for approval. Substantive changes were still being made the morning of the vote. Hundreds of public comments opposing the tariff were ignored. The reason for the rush was the questionable potential to create nine hundred new jobs in an industry that can sell nothing without massive government subsidies. The DRBC rules would un-questionably create over seven thousand new American jobs in Pennsylvania alone with no government subsidies needed.

The Governor also complained Pennsylvania and New York have not signed into law a number of regulatory recommendations made by the Pennsylvania Marcellus Shale Advisory Commission. The commission made ninety-six specific recommendations but only about a dozen had implications for interstate issues such as well setbacks, water withdrawal rates, and wastewater handling. Those dozen recommendations have been adopted in full by the DRBC and state approval is merely a duplicate effort. Most of the other recommendations had to do with issues such as in-state job training, transportation improvements, and the streamlining of the permit process.

The same document listed two-hundred state and federal regulations already in place to control the oil and gas industry. Remember, oil drilling started in Titusville, Pennsylvania in 1859 and natural gas was being drilled in New York even earlier in 1821. This is not exactly a new industry. Governor Markell wants to wait for state regulations to be complete but they never will be. In fact, one of the final Marcellus Shale Advisory Commission recommendations was for a periodic review process to constantly improve the regulations.

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