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New York "Light Years" Behind Pennsylvania in Reaping Marcellus Shale Benefits

By Lou Crocco On November 29, 2011

Officials in New York's natural gas drilling industry say it will likely be 2013 before drilling is permitted in the Marcellus Shale.

Drilling in New York is banned while officials there finalize an environmental regulatory scheme. Drilling in the Marcellus Shale began in 2008 in Pennsylvania.

"We're looking at three rules from three different regulatory bodies," said John Holko, president of Lenape Resources, Inc., a natural gas driller based in New York. "One is over 1,500 pages long. They say they'll get through all this by 2012, but realistically, we're into 2013 before we can actually begin drilling."

Holko said the New York regulatory process has put the industry "light years" behind Pennsylvania.

"I keep losing employees to Pennsylvania," he said. "Can't blame them. There's no work here. If I could get my taxes and lease money back, I would pack up and move the entire company to Pennsylvania."

New York's Department of Environmental Conservation (DEC) is halfway through four Marcellus Shale hearings in locations across the state. The remaining two are scheduled for November 29 at Sullivan County Community College and November 30 at Tribeca Performing Arts Center in New York City.

After that, staff will review the comments and finalize the regulations before the state decides whether to begin issuing permits.

Even with the new regulations, the cost—especially for some of the smaller drillers—might be prohibitive.

Brad Gill, executive director of the Independent Oil and Gas Association of New York, said that New York's moratorium on drilling has hurt the small business community. He said the proposed regulations would do further harm by adding up to \$1 million to the development cost of each well.

"Energy companies across the state have been safely operating, with prudent environmental oversight, for decades," Gill said.

Another set of drilling rules from the Delaware River Basin Commission (DRBC) was expected to be adopted on November 21 in Trenton, N.J. However, the meeting was postponed when members failed to agree on a regulatory scheme.

Pennsylvania Gov. Tom Corbett said he was disappointed in the decision to cancel the meeting.

"Pennsylvania is ready to move forward now," Corbett said. "The final regulatory package would ensure that natural gas is developed in a manner that protects our water resources and holds operators to the highest standards in the nation. It is the result of a nearly two-year regulatory process, which has previously been delayed to allow sufficient time to address remaining issues raised by members of the DRBC."

Corbett noted that the regulatory requirements of the DRBC would be in addition to those already required by Pennsylvania state law. These state standards include stringent requirements governing the location, construction and operation of natural gas wells; water use and wastewater treatment requirements; and vigorous permitting, inspection and enforcement efforts.

The DRBC, which monitors the drinking-water supply of 15 million people—including Philadelphia and half of New York City—has representatives from the federal government and New York, New Jersey, Pennsylvania and Delaware.

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