

News Release

Impacts of Marcellus Shale Subject of Public Meeting

Recently, the Wayne County Oil and Gas Task Force and the Penn State Cooperative Extension co-hosted a public presentation, entitled “Economic and Community Impacts of Marcellus Shale”. The event, which took place at the Wayne County Park Street Complex, had approximately 32 people in attendance.

Edward Coar, Task Force Chairman, gave a brief demonstration of the new Wayne County Oil and Gas Task Force website, (www.wcpaoilandgastaskforce.info). The updated website includes information on recent news and events, natural gas exploration activity in Wayne County and links to numerous websites.

Dave Messersmith, Penn State Cooperative Extension, and Chairman of the Wayne County Oil and Gas Task Force Outreach sub-committee, introduced Timothy W. Kelsey, PhD., State Program Leader, Economic & Community Development, Penn State University. Dr. Kelsey’s main introductory and background points were:

- The Marcellus is the second largest natural gas field in the world (USGS)
- There is 1.46 trillion dollars of recoverable gas in PA
- The approximate ‘landowner’ share per well is 2 million dollars

Dr. Kelsey stated that this is a resource based economic development and when it’s gone, it’s gone. He pointed out that that it is important to make the right decisions now to ensure the community would at least be as well off when the play’s lifespan is over. Dr. Kelsey pointed out that this is very much dependent on how many dollars stay local.

There are three distinct phases of natural gas development, according to Dr. Kelsey. The *Development* phase consists of the well siting and construction, drilling, fracturing and some reclamation of disturbance. It is short-lived and very labor intensive. The *Production* phase is the time period when the wells are active and producing, consisting of a small steady labor force. The *Reclamation* phase involves the reclamation of the well sites when they are no longer active.

Dr. Kelsey pointed out that we do not know how long the production phase of development will last. We don't have a long enough experience with shale gas in Pennsylvania to determine this.

The spatial nature of development is also a consideration. Natural gas development involves much more than just the well pads themselves according to Dr. Kelsey. There are broad community wide impacts. There are support locations, water withdrawal sites and storage areas. There will be many different companies and workers involved.

Another consideration is where do the dollars go when the workforce is operating in the local community. Approximately 70% of the workforce is a Pennsylvania worker. This number has been increasing over time as more and more residents receive training, according to Dr. Kelsey.

Dr. Kelsey spoke about the lessons that can be learned from other states that have experienced drilling booms. There is a large amount of research literature available on energy boomtowns. Studies suggested that some communities are better off after the boom than they were before the boom, but not all. Communities that were better off displayed some common characteristics such as:

- Have strong local leadership and community involvement
- Entrepreneurial support systems to allow adaptation
- Actively monitor and respond to issues

So far, Pennsylvania counties with Marcellus activity have more hiring, lower unemployment and higher average wages. Tourist destination businesses reported there was either no change in activity or, in some cases; there was an increase in activity reported. There were higher state tax collections (sales tax, income tax) in counties with more than 150 Marcellus wells. This is in contrast to counties with fewer than 150 wells or no wells at all, which experienced declines in collections - consistent with current economic problems. Sales tax collections are important because they are generally a marker for retail sales activity, according to Dr. Kelsey. This is an indication that there is more money circulating in those counties with a large amount of Marcellus drilling activity. There is also an opportunity to create economic opportunities and employment in those types of businesses and industries that will utilize the gas in their processes.

Among the challenges that communities can experience are the loss of workers to the gas industry. Dr. Kelsey cited the example that driver's with CDL licenses are very much in demand by the gas industry, which has resulted in challenges to non-Marcellus businesses that also require these drivers. Another challenge being experienced is a higher cost of living due to higher inflation rates and rent increases.

In closing, Commissioner Brian Smith noted that there are many issues that County and local officials will need to deal with going forward. He stated, as a community we need to take advantage of the positives and protect against the negatives. He commended the people who took time to attend the meeting, as we all need to learn both sides of the issue through education and taking advantage of listening to speakers such as Dr. Kelsey.

In a reference to an earlier statement that eventually the natural gas will be gone, he reminded those present of the history of Wayne County and its past industries, which eventually disappeared or are not the major player they once were. These industries included the logging, tanneries and dairy industries, all of which were a major contributor to the economy and the work force at one time. Through time, these industries evolved and new opportunities presented themselves. But the key to economic success is to embrace changes and opportunities and as a community, take advantage of the positives and protect against the negatives. Commissioner Smith explained how he and his fellow commissioners are keeping abreast of the many issues surrounding this new industry on a daily basis. He again complimented and thanked the people who came to the meeting.

For additional information on the meeting visit the Wayne County Oil and Gas Task Force (www.wcpaoilandgastaskforce.info) and click on "Events".

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