

The Pennsylvania Marcellus: Leading the Way in Clean, Abundant Natural Gas

*Marcellus Shale Providing Sustained Economic, Consumer Benefits,
Has Potential to Become Largest-Producing Natural Gas Field in the Nation*

The broad economic and job-creating impacts of Marcellus Shale natural gas production are well known in the five-state Marcellus region. Past research has shown that areas with major Marcellus production typically see lower unemployment, higher tax revenue, and more robust economic activity than those without shale gas development.

A new study conducted by researchers at The Pennsylvania State University and commissioned by the Marcellus Shale Coalition shows an even more dramatic and positive impact than previously known about this abundant, clean-burning fuel being produced in much of the Commonwealth of Pennsylvania.

In particular, the study – “The Pennsylvania Marcellus Natural Gas Industry: Status, Economic Impact, and Future Potential” – has concluded that at current rates, the Marcellus could become the leading supplier of natural gas in the United States within a decade. Taken in tandem with projections released earlier this year by the U.S. Department of Energy, the report shows that the Pennsylvania Marcellus potentially could produce nearly a quarter of America’s natural gas by 2020.

With Marcellus producers dedicated to protecting our most valuable resources – our air, water, and land – for our children and grandchildren, while operating with unprecedented transparency and a focus on community and work-force safety, it is clear that these historic findings underscore the longevity and sustainability of this resource for generations to come.

Following are key findings of “The Pennsylvania Marcellus Natural Gas Industry: Status, Economic Impact, and Future Potential”:

Historic Levels of Production

- By the end of 2010, estimates suggest that more than 1,405 Marcellus wells in Pennsylvania were producing almost 2 billion cubic feet of natural gas per day.
- The study finds that 2,300 Marcellus wells in 2011 in Pennsylvania could produce almost 3.5 billion cubic feet of natural gas per day.
- This production exceeds consumption of natural gas in Pennsylvania – meaning the Commonwealth is a net natural gas exporter.
- By 2015, the Pennsylvania Marcellus could produce more than 12 billion cubic feet per day, second only to Texas in natural gas production.
- Marcellus gas production could expand to 17.5 billion cubic feet per day by 2020, which would make the Marcellus the single largest producing gas field in the United States, if real natural gas prices do not fall significantly.
- The Pennsylvania Marcellus’ projected production of 17.5 billion cubic feet of natural gas per day (6.39 trillion cubic feet annually) could represent nearly a quarter of the United States’ annual natural gas production and consumption in 2020, according to U.S. Department of Energy estimates (source: DOE EIA AEO 2011: <http://bit.ly/nU5woD>)

Major Economic Benefits

- During 2010, the Marcellus gas industry increased Pennsylvania's economic activity by \$11.2 billion, generated \$1.1 billion in state and local taxes, and support nearly 140,000 jobs.
- The Marcellus industry could generate more than \$12.8 billion in economic activity during 2011. This would generate more than \$1.2 billion in state and local taxes and support more than 156,000 jobs.
- Estimated economic impacts have increased over past years due to the dramatic increases in productivity of Marcellus wells resulting from advanced technologies.
- The economic impacts will likely be even greater than current estimates, owed to the availability of low cost natural gas supplies, as well as natural gas liquids, which could stimulate the expansion of Pennsylvania's manufacturing capacity – including in the steel, glass, foundries, chemicals, fertilizers, and other natural gas intensive industries.

Consumer and Landowner Benefits

- Given a 12.6 percent reduction in natural gas prices due to higher Marcellus output, total energy expenditures for Pennsylvania consumer declined by \$633 million during 2010.
- Residential customer and household electricity and natural gas bills in Pennsylvania are \$245.1 million lower as a result of gas production from the Marcellus with \$217.4 million from lower natural gas bills and another \$27.7 million from lower electricity bills.
- In 2010 alone, natural gas companies paid over \$1.6 billion in these lease and bonus payments to Pennsylvania landowners.

The Marcellus Shale has transformed careers, communities, and a vast supply chain of small businesses that know firsthand the importance of natural gas to Pennsylvania, Ohio, West Virginia, Maryland, and New York – the states comprising the five-state Marcellus region. Soon, the United States will begin to understand the importance of the Mighty Marcellus to our economic and energy security for generations to come.