



Statement of the Marcellus Shale Coalition

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Thank you for the opportunity to submit this testimony to the Senate Republican Policy Committee on the impact of Marcellus Shale Drilling on employment opportunities. As you may know, the Marcellus Shale Coalition (MSC) is a multi-state organization, founded in 2008 to advance the responsible development of natural gas from the Marcellus Shale geological formation that underlies much of Pennsylvania as well as portions of New York, Ohio, Maryland, Kentucky and West Virginia. Working with state and federal regulators, elected officials and the general public, the MSC is a resource whose mission is to educate, engage and promote natural gas as a clean, job-creating resource with tremendous economic and environmental benefits. The members of the coalition are dedicated to developing this resource safely and efficiently.

This year, the MSC again commissioned economists from the Penn State College of Earth and Mineral Sciences Department of Energy and Mineral Engineering to examine the economic impact of the Marcellus Shale, releasing the study, *The Economic Impacts of the Pennsylvania Marcellus Shale Natural Gas Play: An Update*, this past spring. This analysis puts in perspective just how big the Marcellus is and the energy and economic impact responsible development will have on the Commonwealth.

According to this research, at full development, the Marcellus will be the second largest natural gas field in the world. In terms of production of natural gas here in the United States, Pennsylvania will be second to Texas. This year, the Marcellus is on pace to produce roughly 1 BCFE (billion cubic feet equivalent) per day, and by 2020 that number will jump to 13.5 BCFE/day. In the coming years, this increased production will make Pennsylvania a net exporter of gas, meaning the Commonwealth will be natural gas independent. Not only is this a positive impact in terms of energy security for Pennsylvania and the nation, over time, natural gas consumers will see this benefit reflected in their utility bills.



According to the Pennsylvania Department of Environmental Protection (DEP), through October 2010, more than 2,150 Marcellus wells have been drilled in Pennsylvania since 2005. The top ten counties, in terms of Marcellus wells drilled are:

- Bradford County – 444
- Tioga County - 350
- Washington County – 295
- Greene County – 177
- Susquehanna County – 150
- Lycoming County – 129
- Westmoreland County – 96
- Fayette County – 74
- Clearfield County - 61
- Butler County - 54

The responsible development of natural gas from the Marcellus has a tremendous impact on the local and state economies. According to the analysis conducted by MSC companies, each Marcellus well is about a \$4 million investment while each mile of pipeline represents a minimum \$1 million investment. When you multiply these numbers out over a few decades, thousands of wells and pipeline miles, you can see the magnitude of this investment.

Exploring for, drilling, processing and transporting natural gas requires goods and services from many sectors of the economy, we call this the Marcellus Multiplier. This is the stimulation and engagement of many businesses that all work in concert to develop natural gas and the circulation of dollars in the economy.

You can see the impact of the Marcellus Multiplier every day in Pennsylvania. From small businesses catering meals to the well site, hotels that provide lodging for rig workers, to the local businesses that are hauling water and other materials to the well site, and the construction companies that are developing the well pad and rebuilding and repaving the roads – the development of the Marcellus Shale touches just about every segment of Pennsylvania’s economy. These activities involve businesses ranging from engineering firms, rail, barge and trucking companies, steel companies, aggregate suppliers, cement producers, and many, many more.

Dollars are also circulated in local economies before any drilling activity takes place. In partnership with mineral owners, producers pay lease and bonus payments for the right to develop the resource thousands of feet below the earth’s surface. To put this in perspective, the study conducted by Penn State researchers found that in 2008 alone, natural gas companies paid more than \$1.8 billion in lease and bonus payments to Pennsylvania land and mineral owners.

The impact of the development of natural gas from the Marcellus cannot be understated. Economists estimate that by the end of this year, nearly 90,000 jobs will have been created in



Pennsylvania as a result of responsible shale gas development. The Marcellus Multiplier is clearly at work here. By 2020, it is estimated that 212,000 jobs associated with the natural gas industry will be added to the Pennsylvania economy.

To show the impact this industry has had on Pennsylvania, look no further than the unemployment rates in Marcellus counties. According to the U.S. Department of Labor's Bureau of Labor Statistics, the unemployment rate in Pennsylvania stands at 8.1 percent (as of November 5, 2010). This is well below the national average of 9.2 percent. As you may know, Rural Pennsylvania Counties have historically experienced higher unemployment rates than the state average. Take a look at some of the counties with high numbers of Marcellus wells and then examine their unemployment rates compared to the state rate of 8.1 percent:

- Bradford County – 6.6%
- Tioga County – 7.0%
- Washington County – 7.2%
- Greene County – 6.8%
- Susquehanna County – 7.6%

While the industry is committed to hiring and training local talent to fill many of these jobs, as the industry is still very much in its infancy, in some cases we have to import trained talent from out-of-state. This however is a short-term solution to our workforce needs. Many companies have partnered with career and technical schools to train a workforce that one day will occupy many of these jobs, reducing the need for imported talent.

How do Pennsylvanians find jobs associated with the Marcellus industry? The MSC has launched a job portal dedicated to connecting job seekers with its member companies operating throughout the Marcellus region. The site – MarcellusCoalition.org/site/jobportal.html, - offers in-depth descriptions of the broad range of jobs available in the industry, as well as current openings and employment opportunities.

The continued safe, responsible development of natural gas from the Marcellus Shale can have a truly transformational effect on Pennsylvania's economy. Areas of the Commonwealth that always lagged behind the rest of the state in economic terms may now have an opportunity to be among the economic drivers of our economy. The members of the Marcellus Shale Coalition are proud to be a part of this transformation.

The promise of the continued growth of the Marcellus industry and its multiplier impacts depend, in large part, on the competitive landscape of the Commonwealth compared to other areas of the nation. There are numerous shale plays being developed in the U.S. There is only



so much capital to go around. In order to keep attracting capital to continue creating jobs for Pennsylvanians and stimulating the economy, we urge you to strive to nurture a public policy environment that encouraged competitive economics while promoting the safe and responsible development of this abundant resource for generations to come.

Thank you.