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Savage River Watershed Association

Marcellus Shale Follow-up # 14

Jan 24, 2013

Local News:

New Report Warns of Fracking's Hazards

Article written by Paul Roberts for *AppIndie* web newspaper Tuesday, 22 January 2013

A new report to be presented in Annapolis today by a western Maryland community group warns that developing the state's Marcellus shale is likely to be destructive to the region and challenges the gas industry's forecast of an economic boom. Jannette Barth, a private economist whose report also compares industry claims in several states against actual results, finds that widespread industrialization could permanently disfigure rural areas of Garrett and Allegany counties. "In the long-term," Barth writes, "the two counties may be worse off if shale gas development is permitted." Her fact-driven analysis starkly contradicts a year-old set of rosy predictions paid for by the gas industry. Local and state elected officials, along with business groups and large land-owners, have relied on the projections to push for drilling. They want an ongoing study of fracking by Gov. Martin O'Malley's administration to be expedited, in hopes that drilling can begin soon.

In her criticism of last year's report by Baltimore's Sage Policy Group, prepared for the Maryland Petroleum Council, Barth writes that "economic benefits are overstated and significant costs" are ignored. In addition, costs associated with standard "boom-and-bust" extractive development are not calculated, Barth says, adding that future generations of Maryland taxpayers are likely to bear the burden of those costs. The economist's findings will be distributed at a briefing before the state Senate's Economic, Health, and Environmental Affairs committee.

"We are very excited for the legislature to see the other side of the story," says Eric Robison, president of CitizenShale.org, which has conducted several public programs dealing with gas issues. "Dr. Barth's work confirms what we've been saying: that this industrialization will benefit few, offers no road-map for our region's economy, and puts at risk the wealth we currently have and value." Robison said that following the Senate briefing, CitizenShale.org will make Barth's report available on its website.

Full disclosure: I am a co-founder and board member of CitizenShale, and serve as the citizen representative on Gov. O'Malley's commission studying shale gas development. What I will try to do here, in addition to highlighting Dr. Barth's new report, is provide basic facts, without commentary, about details of the shale gas debate now starting its third year in Annapolis. This approach is needed because coverage by the state's urban media largely avoids the complex background on the issue. An exception to the lack-luster mass media coverage was a Daily Record piece on Jan. 18, in which issues associated with gas leasing were explored in detail.

Also set to appear at today's Senate briefing is the gas industry's lobbying and public relations arm, America's Natural Gas Alliance, probably best-known for prime-time "good news" messaging about gas-drilling. ANGA is represented by an Annapolis firm, Artemis Group. Some oil producers, such as Chevron, are also gas-drillers, so the Maryland Petroleum Council is the more usual public face of drilling. It is headed by Drew Cobbs, whose employer, according to state ethics commission filings, is the American Petroleum Institute in Washington, D.C. API is the main trade association and lobbyist for the nation's oil industry.

According to state ethics commission filings, API and oil and gas companies paid at least \$79,000 to the Baltimore/Annapolis firm of Harris Jones & Malone LLC over the last two legislative sessions. That firm focused its lobbying on the EHEA committee, where Sen. Joan Carter Conway has chosen not to allow the committee to vote and advance numerous pieces of legislation pertaining to the gas industry (including, as noted in the recent Daily Record article, a bill last year to impose certain requirements on "land-men" who secure leases which make drilling possible). None of this is against the law. A significant contributor to Conway's standing re-election campaign organization — as documented by ethics commission filings — is Lisa Harris Jones, whose \$840,000 in earnings put her on the capital's Top 10 List in 2011. She is founder and principal at Harris Jones & Malone.

The subject for today's briefing is a bill to be co-sponsored by Sen. Bobby Zirkin and Sen. Jamie Raskin, along with Del. Heather Mizeur in the House, that would place a legislative moratorium on gas development — if and until a battery of scientific studies prove that fracking is safe to humans and the environment, and beneficial to the economy. Previous bills, had they received a favorable vote on the committee that Conway chairs, would have gone to the full Senate for further consideration. If signed into the law, they would have required the industry to pay for those studies. Though an exact number is unknown, since Conway never allowed a vote, several senators on the committee are known to have a keen interest in gas-related issues. Sen. Karen Montgomery, for example, plans this year to sponsor legislation to ban fracking in Maryland. It, too, would originate in EHEA; it's too soon to know whether Sen. Conway will allow a hearing.

An important new development last week, in his announcement about the state's annual budget, was Gov. O'Malley's request for some \$1.6 million to fund the work of the state commission. The panel was originally expected to deliver a final report about fracking in August 2014. But the commission's work has been slowed by a lack of dedicated funding (which legislation stalled in Conway's committee would have funded). The oil industry and groups such as the Maryland Chamber of Commerce and the Garrett County Farm Bureau, which represents rural land-owners, steadfastly opposed the funding mechanism in bills proposed by Mizeur (and passed easily in the House in 2011 and 2012). I saw their representatives argue during testimony at legislative hearings that land-owners who had leased their property for gas development would ultimately end up paying. (I testified in support of Mizeur's bills.)

Meanwhile, though refusing to support that legislation, Garrett County's Annapolis delegation — Sen. George Edwards and Del. Wendell Beitzel — have teamed up with all six of the counties' elected commissioners to periodically urge the governor to expedite the

process. One piece of evidence drilling advocates sometimes cite was submitted to the General Assembly during the legislative debate in 2012. Many other studies the same company prepares can be seen on its website (www.sagepolicy.com). Claiming fantastic job potential for Maryland's gas industry, the paper came to be known as the Sage Report.

Jannette Barth attended Johns Hopkins University and has a Ph.D. from the University of Maryland. She has been an economic analyst for 35 years. She was formerly chief economist for the New York Metropolitan Transportation Authority and currently is principal of her own firm in the Hudson Valley of New York. For the last four years, she has studied and written about shale gas, testified at public hearings and in state legislatures, and done many media interviews. "I have no financial ties to the gas industry or to any environmental organization," she says, "and I have accepted no compensation for my work on this subject." Instead, Barth says, she chose to speak out because the gas industry spends such effort to mislead the public and policy-makers. As in the Sage Report, economic benefits are overstated and significant costs that should be factored in — development expenses that under-cut claims of overall economic benefit — are ignored. "Peer-reviewed economic research reaches vastly different conclusions than the industry-funded studies." Her report cites many articles, published in journals in which experts in the field review the research before publication.

I asked her what she expects the industry or its pundits will say about her critique of the Sage Report. "They will say something like, 'She is a voice against responsible job-creating gas drilling.'" Among Dr. Barth's specific criticisms:

- "The amount of gas to be produced and the length of time that the industry will be present in a region are important assumptions to get right when estimating economic impacts to a region." Sage uses a badly out-dated estimate of total Marcellus gas resources that, even at the time of its report, had been reduced by more than 75 percent in a much-publicized federal study released a few months earlier. I have written extensively on this point as well, in Oakland's weekly newspaper, after the Garrett County Chamber of Commerce published a "white paper" in Summer 2012 that used a higher, out-dated estimate of Maryland's resource. That resulted in revenue estimates 90 percent higher than the accepted government estimate. (The national Chamber is also an enthusiastic supporter of fracking.) According to the local chamber's estimates, total shale gas revenue would allow Garrett County to challenge Alaska in energy revenue. Exaggerations published elsewhere by one of the white paper's authors was in the trillions of dollars.
- "The casual reader may assume from the statement in the Sage Report that 420 full-time jobs will be created per well in western Maryland." Barth says: "This is far from accurate," because Sage fails to reveal that the same workers usually move from well site to well site. Similarly, will ANGA at today's hearing try what it has tried in Pennsylvania? In one report, ANGA marked down a new hire each time seven people took the same drill rig position in a calendar year — counting that not as one full-time job, but as seven.
- "When you consider the number of people in poverty, the unemployment rate, and median household income growth, gas-intensive counties in Texas don't appear to be doing well compared to the state as a whole." In another direct comparison, "A recent report from West Virginia shows that the expected 'game-changing' gas boom has not materialized there. In four years of shale gas drilling, only 916 jobs were created in

- West Virginia.” As recently as late 2011, according to state reports, the West Virginia county with the largest number of Marcellus wells had the highest unemployment rate.
- “The impact on property values is a great concern” in areas of gas development, “but has been omitted in the Sage Report.” On topic after topic, information that might be construed as “bad news,” and which would tend to cut against the stated positives, are simply avoided in the Sage Report. Barth also notes that some of Sage’s projections for Maryland come from the work of a university scientist, Timothy Considine, whose work funded by the gas industry, has drawn strong criticism recently in academic circles. As Bloomberg News reported last July, under the headline “Frackers Fund University Research That Proves Their Case,” gas industry money has thoroughly infiltrated university research. In the most notorious example, the University of Texas was disgraced after revelations that a faculty member who directed a fracking study took hundreds of thousands of dollars annually in his position on a gas corporation’s board of directors.

In her conclusion, Barth echoes calls heard at a public meeting last August in Garrett County for the state to undertake an economic impact study. “Marylanders should insist on a comprehensive, unbiased economic assessment prior to any decisions being made regarding shale gas development.”

As a member of the Governor’s Commission, I have sent letters to various state officials requesting such a study. I’ve also asked county government to pitch in. Hopefully the governor’s budget will free up the resources. But, as of right now, this is but one more example of critical information the state does not have.

Paul Roberts, a business owner in Garrett County, is a member of a special Governor's commission studying whether to allow shale gas development in Maryland. He also serves on the commission's legislative subcommittee. In the last two Maryland legislative sessions, he has championed measures to require industry to pay for scientific studies related to gas drilling and to reform leasing regulations.

Readers are encouraged to provide feedback on this AppIndie article at:
<http://www.appindie.org/index.php/our-blue-earth/89-our-blue-earth/3119-new-report-warns-of-frackings-hazards>

Possible Action:

Those interested in sending comments or questions to the **MD Marcellus Shale Safe Drilling Initiative Advisory Commission** may do so at: msac@mde.state.md.us



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SRWA is a group of local landowners and other citizens dedicated to preserving and enhancing the rural nature and natural resources of the Savage River watershed by assisting interested landowners and public land managers with environmental stewardship efforts and educational outreach.

*Board Members: Kenny Braitman, Annie Bristow, John Fritts,
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