

## VOICES ON MARCELLUS SHALE SPEAK

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WAYNESBURG — The director of government affairs for Consol Energy told members of the House Democratic Policy Committee Tuesday, “We are judged by our weakest link. One incident tarnished the whole industry.”



Photo courtesy of the Observer-Reporter

Gary Slagel made his remarks to the committee consisting of 16 state representatives gathered at Waynesburg Central High School to hear comments on Marcellus Shale issues.

State Rep. Bill DeWeese, D-Waynesburg, requested the hearing and served as the co-chairman. The hearing focused largely on the recently released report of the Governor’s Marcellus Shale Advisory Commission.

Everyone who spoke acknowledged that the current regulations of the oil and gas industry have flaws. Slagel, who was the only industry representative in attendance, said his company is more than happy to adapt to additional regulations to appease residents and government.

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When questioned on the industry’s stance on impact or severance fees, Slagel said he could only speak from the perspective of his company and a reasonable and fair tax or impact fee would be agreeable. However, he said there is a misconception that a tax or fee would fix the budget problems in the commonwealth. Slagel said it has been proven it would not.

He remained on the hot seat, addressing state representatives concerning on-site water treatment, drilling-related fears among their constituents and transparency of actions by the industry.

By the end of 2011, Slagel said his company will have drilled 115 wells in Southwestern Pennsylvania and it plans to annually drill 100 to 120 wells.

House Bill 1674, introduced by state Rep. Deberah Kula, would permit counties to subject oil and natural gas to a real estate tax paid by drilling companies. The oil and natural gas would

be assessed separately from the surface property assessment so property owners on whose land wells are located would not be responsible for paying the tax.

It also would prohibit oil and gas producers from recovering any portion of the tax from the royalty owner through a deduction, reallocation or any other means.

The revenues would stay in the county where they were collected and none of the money would go to the state under this legislation.

This tax would essentially reverse the effect of a 2002 court case in Fayette County in which the General Assembly had not explicitly recognized gas and oil as taxable interests.

Central Greene School District Superintendent Jerome Bartley was asked by Rep. Scott Conklin from State College if Bartley had calculated how much money the school district had lost since this 2002 ruling.

"Let me put it this way. If the tax was still what it was in 2001, we would probably be calling Fox Chapel and Mt. Lebanon the poor districts today," Bartley responded.

Greene County Commissioner Pam Snyder acknowledged both the good and bad that Marcellus drilling has brought to Greene County. On the plus side, she noted jobs and money spent in the area. On the negative side, she cited an increase in driving under the influence cases, environmental issues and increased housing problems. [Click here for Commission Snyder's Testimony.](#)

She said she is in favor of an impact fee or severance tax that would address some of the issues brought on by Marcellus and any future drilling.

"I implore you today to find a way to make it work for us, not against us," Snyder said, requesting legislation be in place before the Utica field is drilled, rather than trying to address additional problems after drilling has begun.

Morgan Township Supervisor Shirl Barnhart noted that his township was forced to shell out roughly \$85,000 in additional operational costs as a result of Marcellus. Barnhart said the township has had to address traffic safety issues, damage to roads and more.

Barnhart told the committee he believed all municipalities should have the authority to control what is going on within their boundaries since they know what the true impact is there.

Also addressing the committee were Martin Niverth, former manager of the Greene County Conservation District, and Pamela Judy, a Carmichaels resident and property owner, who spoke on environmental impact.

Judy said she believes her family's ongoing health issues have been caused by four compressor stations on a nearby property. A 24-hour state Department of Environmental Protection ambient air-quality study in June found 16 chemicals, including benzene, styrene and toluene, among others. Judy told the committee the symptoms she and her family have experienced are all listed as conditions these compounds can produce.

Niverth championed the work of lawmakers in neighboring West Virginia who are working to regulate the industry without smothering it by looking at the health, safety and quality of life of their citizens.

"We need a holistic view in the region, and we need that applied to centralized water treatment," Niverth said. "Let's be proactive the next time, not reactive."