

Natural Gas Drilling Will Not Affect Everyone Equally

The Marcellus Shale has been represented by the gas industry as the cure-all for the Upstate New York economy, a rising tide that will lift all boats. In reality, some will gain while many others will lose if intense drilling using high-volume hydraulic fracturing takes place.

Who Benefits	Who Does Not Benefit
Gas Companies	Majority of Adults in the Community
Large Rural Land Owners	Local Governments
Bar/Restaurant Owners	Hunters/Fishermen
Some Retail Stores	Outdoor Enthusiasts
State Tax Revenues	Tourists
US Natural Gas Supply*	Agriculture, Wineries
	Wildlife
	Sustainable Local Economy

*Increases by 2.5% [1]

New York must pay attention to what has happened in other communities where this kind of intensive gas drilling has taken place, in order to avoid the same types of problems:

A comparative study of 26 rural counties in the Western US [2] found that counties that relied on gas extraction for economic growth did **not** do well. Compared to other counties, gas-reliant counties had:

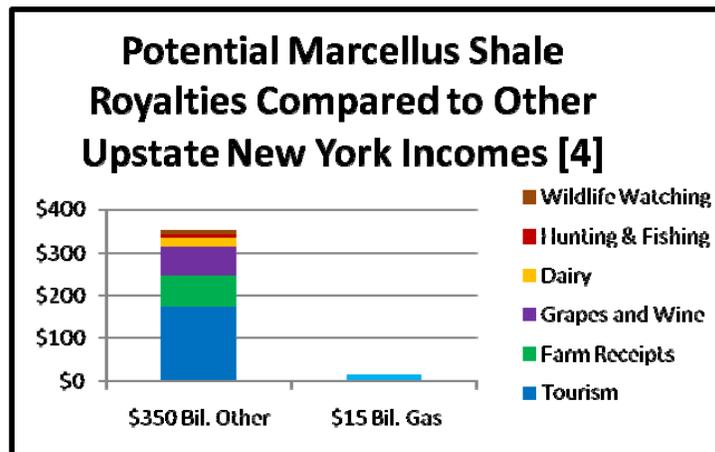
- economies that grew more slowly
- less economic diversity and resilience
- lower levels of education in the workforce
- a greater gap between high- and low-income households
- less ability to attract investment and retirement dollars

There is no free lunch: price increases caused by gas development in a community result in slower growth in other sectors of the local economy. [3]

Likely adverse economic impacts that are being ignored:

- Land clearing for well pads and pipelines, as well as reduced plant growth due to ozone and other air pollutants, will mean lower crop yields and lower agricultural income.
- Organic farmers and wineries will have more trouble selling their produce, due to both the real and the perceived contamination from chemicals used by the gas industry.
- Decreased revenue from tourism, hunting and fishing, and wildlife-watching, and lower property tax revenues due to declining property values.
- Increased expenses due to the costs of repairing roads and bridges, combating higher crime rates, and providing emergency responses to spills, fires, explosions, and leaks—even though rare, these things WILL occur.
- Reduced worker productivity due to impaired health/increased sickness from environmental pollution.

There is no free lunch: income from gas drilling will be offset by other economic impacts.



Local municipalities should have the right to control where and how rapidly gas development occurs within their jurisdictions.

Sociological studies of communities where intense gas development has occurred [5] show that there is:

- a changed social structure, causing long-term residents to report lower satisfaction with their community and quality of life
- significant inflation (especially in housing and rent), driven by the influx of transient, out-of-state workers
- increased demand on medical facilities: evidenced by more medical visits and ambulance trips
- a rising number of court cases, arrests, and crimes

Even in heavily leased areas, a relatively small proportion of the residents will benefit directly by receiving royalty payments:

In Tompkins County, 39% of the land area has been leased for gas drilling in the last 5 years. However, only 6% of the adult, non-college-student population own those leases.

In the rural Town of Caroline in Tompkins County, 54% of the land area has been leased for gas drilling in the last 5 years. Those leases are owned by less than 8% of the adult population.

The benefits of gas drilling go to a narrow sector. No one has examined how those benefits will spread out into the community that will face greater medical costs, damaged local economies and ecosystems, and higher taxes for additional industry-required services and infrastructure repair.

References:

- [1] Assuming 100 trillion cubic feet of recoverable Marcellus gas, 17% of which is in New York, and an annual natural gas consumption of 23 trillion cubic feet (the current consumption, as reported at www.eia.doe.gov).
- [2] Headwaters Economics. 2009. "Fossil Fuel Extraction as a County Economic Development Strategy: Are Energy-focusing Counties Benefiting?" http://www.headwaterseconomics.org/energy/HeadwatersEconomics_EnergyFocusing.pdf
- [3] Kay, David. Economist with Cornell Cooperative Extension. Comments on Draft SGEIS. http://www.tcgasmap.org/media/David_Kay_and_Jeffrey_Jacquet_Comments_on_Draft_SGEIS.pdf
- [4] Numbers originally gathered by John Schwartz, reanalyzed and replotted here by the Marcellus Accountability Project. Gas revenue assumes there are 100 trillion cubic feet of gas in the Marcellus shale reserve, approximately 17% of which is in New York; a gas price of \$7.50/1,000 cubic yards (1.5x current price); and a 12.5% royalty rate. Sources used by Dr. Schwartz:
 - (a) National Agricultural Statistics Services. See New York State and Cash Receipts link. \$3.65 billion annually over 20 years = \$73 billion from Marcellus Shale region
http://www.nass.usda.gov/Statistics_by_State/New_York/Publications/County_Estimates/index.asp
 - (b) Stuff about States. All New York State, select dairy products. \$1.95 billion cash receipts in 2004. Over 20 years, that totals \$39 billion for the whole state. Assume half of that comes from Marcellus drilling areas.
<http://stuffaboutstates.com/new.york/agriculture.htm>
 - (c) For all of New York, annual total Hunting and Fishing income: \$1.6 Billion, Wildlife Watching: \$1.6 billion. Source: U.S. Fish & Wildlife Service New York 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation. Scale to 20 years and assume one quarter comes from Marcellus drilling areas. <http://www.census.gov/prod/www/abs/fishing.html>
 - (d) New York Agricultural Statistics Service, op. cit: \$3.4 billion annually: New York's Grape, Grape Juice and Wine Industry Profile. Source: NY Agricultural Statistics, 2007-2008 Annual Bulletin, Table 34. Over 20 years, \$68 billion from Marcellus Shale region.
 - (e) "Tourism Impact in the Adirondacks." The Marcellus Shale counties constitute about 17% of the \$51 billion spent in New York in 2007. That totals \$173 billion over 20 years from Marcellus Shale region.
http://www.adirondackbasecamp.com/2008/09/tourism-impact-adirondacks/Drilling_for_Natural_Gas_in_the_New_York_State_Marcellus_Shale
- [5] Jacquet, J. 2009. "Energy Boomtowns & Natural Gas: Implications for Marcellus Shale Local Governments & Rural Communities." NERCRD Rural Development Paper No. 43. <http://nercrd.psu.edu/Publications/rdppapers/rdp43.pdf>