

Land Letter

THE NATURAL RESOURCES WEEKLY REPORT



5. OIL AND GAS: Drillers petition Obama admin to loosen Allegheny NF restrictions (11/05/2009)

Phil Taylor, E&E reporter

Oil and gas industry officials, angered by what they believe are excessive restrictions on drilling in Pennsylvania's Allegheny National Forest, are increasing pressure on the Obama administration and Gov. Ed Rendell (D) to lift a moratorium on new permitting and allow industry more access to the vast Marcellus Shale formation underlying the forest.

The 2,000-signature petition, delivered last week to Washington and Harrisburg by the Pennsylvania Oil & Gas Association (POGAM), is the latest volley in a yearlong conflict between environmentalists, industry and the Forest Service over the fate of Allegheny and its privately held mineral resources.

"Unelected officials of the U.S. Forest Service have chosen to exclude the [Allegheny National Forest] region from participating in the nation's economic recovery," the petition reads, adding that oil and gas development "is an economic engine that annually puts tens of millions of dollars into the regional economy of northwest Pennsylvania and western New York."

Drilling in the 513,325-acre forest accounts for between 10 and 20 percent of Pennsylvania's oil and gas production. But maintaining that level of production, as well as exploring potential deposits in the Marcellus Shale, has been compromised by a purposely slow Forest Service permitting process, the petition says.



Oil and gas drillers are pressing the Forest Service to ease restrictions on permitting of new drill sites in Pennsylvania's Allegheny National Forest. Photo courtesy of Pennsylvania Oil & Gas Association.

"These actions have and will continue to result in the crippling of the regional oil and gas industry, the continued loss of good jobs, and severe social and economic harm to the communities and citizens of our region."

The petition comes a year after three environmental groups filed a lawsuit challenging the Forest Service's permitting of oil and gas drilling in Allegheny without first completing a National Environmental Policy Act review. Such reviews typically require public comment, consideration of alternatives and an analysis of an activity's social and environmental impacts.

Under a settlement agreement, the Forest Service said it would consider 588 pending drilling proposals under existing approval procedures, but future proposals -- including 2,427 wells anticipated to be drilled through 2013 -- would be subject to a more exhaustive environmental review that will not be finished until next April.

The delay has prevented the drilling of up to 300 wells already this year, said Steve Rhoads, president of the oil and gas association. Meanwhile, he added, nearly \$100 million in private investment has been idled, putting hundreds of jobs at risk during a recession that has already bruised the industry.

"In effect, they are shutting down the oil and gas industry in the forest," Rhoads said. "They are undermining the economic viability of these forest communities, and that is unconscionable."

Traditionally, authorization to access private mineral rights took about two to eight months, depending on the location and number of wells proposed in an application, according to Allegheny Forest Supervisor

Leanne Marten.

Rhoads said he expects NEPA reviews for future projects could take years and cause delays for independent drilling companies that will cost money and jobs.

In September, Forest Service officials announced that the current environmental review would not consider proposals for deep wells into the Marcellus Shale, which is estimated to hold trillions of cubic feet of natural gas.

"If someone decides they want to drill in Marcellus, they're going to have to wait a couple of years," said Rhoads.

At least six lawsuits have been filed in federal court in the past year by citizens seeking to protect mineral rights underneath the forest, Rhodes said.

One of those lawsuits, filed by Minard Run Oil Co. of Bradford, Pa., along with POGAM, the Allegheny Forest Alliance and Warren County, could result in a preliminary injunction against the Forest Service that would effectively prohibit it from implementing the terms of the April settlement.

Forest Service officials declined to comment on the petition, citing the ongoing litigation. Nor would members of several environmental groups that intervened on behalf of the Forest Service in the lawsuit.

'Split estate' quandary

The debate over drilling in the Allegheny revolves largely around the intended use of national forests and an unusual ownership structure that allots the forest's surface rights to the government while most of the mineral rights remain privately owned.

The "split estate," as it is called, has allowed at least 10,000 wells to be drilled in the Allegheny Forest, more than have been drilled on all of the other 154 national forest units combined, according to the nonprofit Allegheny Defense Project.

To service those wells, developers have carved an estimated 1,250 miles of roads into the Allegheny forest, and about 200,000 acres of the forest are subject to future development, according to the Forest Service.

But the piecemeal approach to permitting new wells -- in which the Forest Service issues drillers a "notice to proceed" rather than completes more substantive environmental reviews -- has created a tattered forest landscape resembling the work of a "drunken spider," said Andy Stahl, executive director of the nonprofit group Forest Service Employees for Environmental Ethics.

"Roads have just run helter-skelter all over this forest," Stahl said, spoiling picturesque views and the accompanying quiet visitors expect to find when they enter a national forest.

An estimated 800 additional miles of roads have been built since officials last surveyed the forest in 2003, said Ryan Talbott of the Allegheny Defense Project. The drilling companies "all seem to think they get their own road network," Talbott said. "There's no sense that this is a public resource."

Moreover, Talbott said, the road building has fragmented wildlife habitat and loosened soils, allowing sediment to run off into forest streams.

By considering all of Allegheny's future oil and gas wells in one broad environmental review, forest officials should be able to allow development to proceed in a way that will minimize harm to natural resources, Talbott said.

But according to Rhoads, the new Forest Service policies effectively ban energy development in a part of the state rich with oil and gas.

"They don't want drilling in the forest," Rhoads said. "They want it treated like a national park, that means no one does anything but recreate."

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