

Vol. 12, No. 11 – May 26, 2010

## **Epstein's Mother's Note**

In the mid to late 1970s (and again in the 1990s, thanks to *Nick at Nite*), the sitcom "Welcome Back, Kotter," featured a running joke between the teacher, Mr. Kotter, and student and "Sweathog" Juan Luis Pedro Filippo DeHuevos Epstein. Epstein would hand his teacher notes excusing him from classes and assignments, which were always signed by "Epstein's Mother," but actually written by Epstein himself.

This week, the Marcellus Shale coalition released its own variation of Epstein's Mother's Note – a self-funded, self-vetted report by the Marcellus Shale drillers, painting the industry in the rosiest possible picture, while avoiding any and all discussion of the economic, social, and environmental costs that Pennsylvanians are paying for the drilling.

The report, which media accounts dubbed "confusing," was directly funded by the drillers to Penn State. With information provided solely by the drillers, the report carried this amazing disclaimer: *Neither the Department of Energy and Mineral Engineering at Penn State nor the Marcellus Shale Coalition, nor any person acting on behalf thereof, makes any warranty or representation, express or implied, with respect to the accuracy, completeness or usefulness of the information contained in the report nor that its use may not infringe privately owned rights, or assumes any liability with respect to the use of, or for damages resulting from the use of, any information, apparatus, method or process disclosed in this report.*

The coalition did not provide copies of the report at the press conference, but once reporters and others actually got a copy, it didn't take them long to see the holes in the so-called study. Some of the information is just plain wrong. The report says that development costs in the Marcellus are higher than elsewhere, while the drilling companies are telling their shareholders that drilling costs are so low, they can make a good profit even when gas prices are low.

The gas in the Marcellus Shale is more profitable because it is located close to market and half the cost of gas to consumers is the transportation cost. Yet the coalition claims that drillers will leave if Pennsylvania enacts a severance tax or strengthens clean water regulations. But

the gas is here and isn't going anywhere, so it is ludicrous to think they would leave Pennsylvania for a minor tax that is charged in nearly every other state with significant deposits.

A true study would have looked at the experience in those other states. Severance taxes have had practically no impact on production in Wyoming or Montana. One study of different severance tax rates in the Intermountain West found there is no evidence that different tax rates led to more or less investment from state to state.

So while the report claims glowing numbers of jobs created and indirect benefits to the drillers' host state, counties, and municipalities, it fails to account for any of the costs – many of which are borne by the citizens.

It does not mention damages to roads and bridges. PennDOT Secretary Allen Biehler said that drillers caused so much damage in Bradford and Tioga counties that roads needed to be closed because the drillers, who are responsible for repair, were unable to keep up with the damage. It does not mention damage to our social compact. Pennsylvania Police Commissioner Colonel Frank E. Pawlowski has reported more state policing costs as drugs, violence, and weapons arrests have increased due to the influx of out-of-state drilling crews, and local police are also having trouble enforcing truck weight limits. And it does not mention the massive impact drilling will have on our streams and drinking water supply, unless the current proposed DEP regulations become law.

There is no doubt that the natural gas lying deep in the Marcellus Shale presents a tremendous opportunity. We can use that cleaner burning natural gas to replace global warming creating petroleum and coal, as we make the transition to fully clean and renewable energy. And there is no doubt that there's a lot of money to be made from drilling. But it shouldn't all go to the multinational companies that are leading the Marcellus Shale coalition (or to campaign coffers).

The drillers are welcome here, but they must pay their fair share, and play by our rules. And we shouldn't let Epstein's Mother's note create any confusion about that.

---

*PennFuture Facts is available for reprint; authors are available for print or broadcast interviews.*