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Ohio shale gas worth billions of dollars and 200,000 jobs

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CLEVELAND, Ohio -- Ohio's natural gas and oil reserves are a multibillion-dollar bonanza that could create more than 204,500 jobs in just four years, an **industry group** said Tuesday

The economic impact study, released on the eve of Gov. John Kasich's energy summit, attributed the jobs to leasing, royalties, exploration, drilling, production and pipeline construction to produce gas and petroleum from Utica shale, a rock buried more than a mile and a half underground.

The summit is designed to open discussions about Ohio's use of coal, natural gas and renewable energy technologies such as solar and wind as well as state-mandated energy efficiency rules.

Kasich has made it clear he thinks the state should allow shale gas development, if only because of its enormous potential for economic development.

His administration has insisted it does not oppose renewable energy technologies, currently more expensive than traditional power plants. At the same time, the administration holds that energy costs in the state must be kept as low as possible.

Shale gas production involves drilling deep wells and one or more horizontal shafts from each vertical well. By pumping a mixture of water, sand and chemicals under pressure into the horizontal borings, producers fracture the shale, releasing the gas and oil, which is then produced through the vertical well.

Environmentalists criticize the technology, arguing that the risk of methane infiltrating underground water reservoirs must be figured out before the big energy corporations run rough-shod through the state.

Jack Shaner, spokesman for the Ohio Environmental Council, said Ohio is not ready for the onslaught that Big Oil and Gas is preparing.

Despite the state's recent passage of a law requiring tougher drilling standards, the administration is still drawing up the actual regulations that drillers must abide, he said.

Shaner said the Ohio Environmental Protection Agency is still strengthening air quality standards for oil and gas fields, regulations that will be needed to combat air pollution if the boom envisioned actually happens.

"We could turn the Ohio Valley into Ozone Alley," Shaner said, explaining that the emissions would come directly from the hydrocarbon themselves.

The new jobs study, contained in a 92-page economic impact analysis, was prepared by economic research company Kleinfelder & Associates of Cleveland for the Ohio Oil & Gas Energy Education Association.

The conclusions are based on proprietary information obtained from large gas and oil corporations that jockeyed for months to lease mineral rights from rural land owners. Marietta College, Ohio State University, Central Ohio Technical College and Zane State College contributed to the data analysis.

Among the study's main conclusions:

- Over the next five years, oil and gas producers are expected to spend \$34 billion in exploration and development, pipelines, royalty payments to landowners and other leasing expenditures.
- New jobs would start slowly -- 4,614 jobs this year, increasing to 22,297 next year -- and then mushroom by tens of thousands from 2013 through 2015, culminating at an estimated 204,520 jobs by 2015.
- Wages, salaries and personal income attributable to the production would soar to an estimated \$12 billion per year, including \$1.6 billion in royalties, by 2015.
- Annual tax revenues, including income, property, commercial activity and "severance" taxes or royalties tied to the production would total \$478.9 million by 2015.

The Ohio Environmental Council, which has advocated a go-slow approach to shale gas, claims there is at least one U.S. Department of Energy study showing that methane from deep shale gas has migrated into water wells.

The group pointed Tuesday to another study that claims Ohio is already the beneficiary of jobs attributed to renewable energy and energy efficiency manufacturing.

The "Clean Economy" study, released in the spring, was done by the Brookings Institution with help from Battelle, the sponsor of this week's summit. The study claimed 105,306 Ohio jobs are attributable to new technologies. But that study also included mass transit jobs.

The Environmental Council has been part of an industry group that wants state regulators to allow industry to generate power from waste heat, a practice Ohio's utilities have resisted.

In another study done by industry and the council, the group estimated Ohio industries could generate 11 billion watts of power from waste heat, enough power to allow Ohio to export electricity.

The Kasich administration has been enthusiastic about this kind of power generation.

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