By Peter Mantius

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Marcellus Watch: Mythbusters tackle frack hype

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So far, they've responded with attack-mode sound bites rather than actual rebuttal to new evidence that gas drilling prospects for the Southern Tier have been over-promoted. After four retired professionals presented that evidence at Cornell University last week, a spokesman for the Independent Oil and Gas Association of New York arrogantly brushed them off.

"They're a joke," he told the Ithaca Journal. "They're really activists posing as educators."

Those who put their full trust in the industry's glossy pap don't need to read any further. For others who prefer a dose of reality, here's what the data suggest:

-- The vast majority of New York's Marcellus shale layer is too thin and too shallow to yield "economically recoverable" natural gas. Six counties do show limited promise. More than half of the landowners in Broome, Tioga and Sullivan can expect their wells to produce at nearly the average level of 1,540 studied wells across the Pennsylvania border. Smaller fractions of Chemung, Chenango and Delaware may match those levels. But drilling in the northern sections of those six best-case counties -- and the rest of the state -- is very likely to be uneconomical.

-- Even assuming New York State ends its moratorium on high-volume hydrofracking, there will be little gas drilling in the Southern Tier until the market price of gas rises substantially. That may take a decade, according to the Energy Information Administration -- sooner if the United States begins exporting gas in a big way.

-- When market prices do finally rise, most drilling will be conducted in a few communities near the Pennsylvania border by wildcatters that have found investors daring enough to try to beat unfavorable odds. There will probably be a few highly productive wells. They'll also be plenty of expensive low performers and dry holes that wreck company balance sheets (and farmers' property values). It will be like playing the casino. There will be jackpots, but the wildcatters will be betting against "the house." In this case, the house is the state's poor geology for drilling. That's why the major players (the smart money) are likely to continue to shy away.

It's no surprise that the peddlers of false hope feel threatened by the findings. Industry's PR flacks manufactured the "game-changer" myth to build the broadest possible political support and propped it up with a hefty ad budget.

They still pose as friends to the struggling farmer, hyping his potential gains while downplaying the risks to his property values. The peddlers still promise that gas drilling will transform deadbeat Southern Tier communities and generate jobs by the tens of thousands. The only reason none of that is happening, they rationalize, is the state's fracking moratorium.

The data and analyses that contradict them comes from Jerry Acton, a retired systems analyst at IBM and Lockheed Martin, and Lou Allstadt, a former executive at Mobil Oil. They are no joke.

Acton crunched public data that drillers in Pennsylvania supplied to state regulators on all 1,540 active gas wells in six counties on or near the New York border. He found a sweet spot of excellent wells in Susquehanna and Wyoming counties about 40 miles southwest of Binghamton. The best were drilled into thick layers of Marcellus shale at least 7,000 feet deep.

When he compared the median production figures for each county and for each of 81 towns within those counties, Acton noticed a compelling correlation. The thinner the Marcellus layer and the shallower the well, the lower the median production figure.

Moving west into Bradford, Tioga, Potter and McKean counties, production steadily deteriorated as the Marcellus layer rose and grew thinner. The geology of the westernmost counties studied (Potter and McKean) most closely matches the geology of the Southern Tier. He projected New York production figures based on that geology.

Other factors do affect well production, including the organic content of the shale and its thermal history. But Acton found they didn't correlate closely with production results in the wells he studied.

Allstadt, who once supervised all of Mobil's oil and gas exploration and production in North America, said Acton's analysis helped explain the actions of the industry's major players. Allstadt noted that the majors drilled dozens of test wells through New York's Marcellus and Utica shales before the moratorium. For the most part, they moved on to more promising sites in other states. Allstadt expressed concern that New York now risks getting stuck with wildcatters that drill on the cheap through one-well limited liability subsidiaries that can skip town, leaving their environmental messes behind.

Chip Northrup, an oil and gas investor from Texas who coordinated the forum at Cornell, argued that New York anti-drilling activists should not relax because drilling prospects are weak. He said they should pursue municipal bans on heavy industry that protect towns from fracking support activities, such as frack waste dumping and gas storage facilities.

"Most upstate towns won't get fracked, they'll just get dumped on," Northrup predicts. "If your town has no gas and does not prohibit such uses, then your town gets the hangover without the benefit of a night on the town."

• *Peter Mantius is a freelance journalist from Schuyler County who follows shale gas drilling issues. He is a former reporter at the Atlanta Journal-Constitution and former editor of two business weeklies in the Northeast. This is an opinion column.*