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## The Marcellus Watch

*Note: The following is the first in a series of columns by Peter Mantius of Burdett -- a financial, legal and political reporter at the Atlanta Constitution for 17 years and former editor of two business weeklies in the Northeast -- on matters relating to the Marcellus Shale.*

### Headlong Horseheads

By Peter Mantius

BURDETT, Oct. 16 -- As expected, trustees of the Village of Horseheads gave their final approval Oct. 15 for Schlumberger to build a gas drilling staging center that will service natural gas drilling within a 300-mile radius.

The unanimous decision ends almost nine months of intense debate and represents a setback for local residents who pleaded with village trustees to require a formal environmental impact statement for the project. The trustees declined.

Schlumberger, a Fortune 500 company that serves the oil and gas industries in 80 countries, is expected to begin construction immediately on the 90-acre site in a Horseheads industrial park.

In earlier packed public hearings on the project, the voices of environmental caution outnumbered the voices of economic development – but not by much. Both sides were fiercely committed.

Project supporters noted that Schlumberger planned to add 400 new jobs. They also noted that the company recently beat out Corning Inc. in a recent Newsweek ranking of environmentally conscious companies.

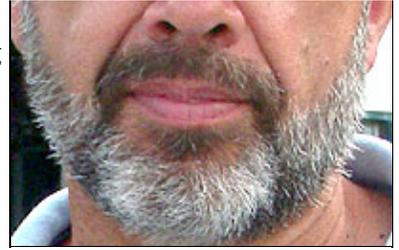
But the greens worried that toxic chemicals and explosives



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will be stored on the site that sits next to an elementary school and above an aquifer that supplies Elmira's drinking water.



In the end, the lure of new jobs and tax revenues edged out health and safety concerns. The trustees didn't want to take the chance that the Houston-based drilling giant would pack up and move to another community even more starved for economic attention.

So what does any of this have to do with Watkins Glen, or Montour Falls or Odessa?

Plenty.

The same battle lines that formed in Horseheads will soon be forming in Schuyler County – and in most Southern Tier communities that happen to sit above the Marcellus Shale, North America's largest natural gas field.

Marcellus gas reserves are imbedded in rock thousands of feet below the surface of upstate New York, Pennsylvania and Ohio. Up until recently it's been too expensive to mine. But advancements in a horizontal drilling technique called hydraulic fracturing (fracking, for short) put it in easy reach.

Thanks to fracking, the Marcellus Share has replaced a region in Texas as the country's largest reservoir of recoverable natural gas.

So now we face a natural gas boom in and around Schuyler County.

Oil patch engineers, drillers and drivers from companies like Halliburton are already pouring into Pennsylvania. The rush into the Southern Tier has only been delayed by Gov. David Paterson's moratorium on gas drilling, pending the approval of the state's generic environmental impact statement on gas drilling.

The draft of that impact statement was just released (<http://www.dec.ny.gov/energy/58440.html>), and the public has until Nov. 30 to comment on it. Once it's approved – most likely by early next year – energy companies will sweep into Schuyler to offer leases and begin drilling.

There's not much standing in the way. Federal and state rules on fracking aren't exactly hard-hitting.

For example, toxic chemicals used in the process are exempted from the U.S. Clean Water Act and don't have to be disclosed – though a bill in Congress would change that.

Meanwhile, the state's draft environmental impact statement says hydraulic fracturing has been in use for at least 50 years, and Department of Environmental Conservation “does not recommend any additional regulatory controls.”

That conclusion ignores the fact that modern fracking involves forcing enormous volumes of water and sand – plus chemicals – into wells to break the gas loose from solid rock. The technique, which was enough of a breakthrough to make Marcellus Shale suddenly exciting to the energy industry, wasn't perfected until recently. The drillers surely appreciate the state's extremely light touch.

But that leaves local communities to fend for themselves when the messier aspects of the latest water-intensive drilling techniques are brought to bear on local cow pastures. What's messy?

Truck traffic, for one thing.

Buried in the state's 800-page generic environmental impact statement are its estimates of the number of truck loads required to service a single crushed rock pad containing eight wells. Schuyler County can expect to have dozens of such pads when the gas drilling boom hits its stride in the next year or two.

Each pad will require between 5,850 and 8,905 truck loads of fracking water, sand and equipment, the state estimates. That's for EACH PAD. Are Routes 14 and 414 ready for all those trucks? Note to wine tour limos: get out of the way. And how will the intersection of Fourth and Franklin streets in Watkins Glen work out as the county's nexus for industrial trucking?

Consider, also, the amount of water needed in fracking. The state estimates that each 8-well pad will need between 3,200 and 4,800 tanker truck loads of fresh water. Where's that water going to come from? Seneca Lake?

And then there's the chemically contaminated and super-salty wastewater that comes out of the wells after fracking. Each pad will need 1,600 to 2,400 tanker truck loads for that, the state guesses. And where will they take it?

Not Pennsylvania. That state's already grappling with a fracking fluid wastewater disposal problem because its waste water treatment plants aren't designed to handle it. So they're looking at brine pools.

Schuyler County can expect the same, though some people will be uneasy that the pools are in Seneca Lake's watershed.

As for economic issues, Schuyler can expect to wrestle with even thornier problems than Horseheads'. For example, how can Seneca Lake be protected from such an enormous volume of fracking wastewater? How will the winery and tourism industry be affected? Do they even know what's coming at them?

Unquestionably, the gas boom is going to benefit a number of sectors, including heavy equipment, engineering, trucking and some real estate (rentals and raw land). Construction and heavy equipment workers from around the region showed up in force at public hearings in Horseheads, cheering for Schlumberger's plan. New drilling will provide even more work.

And many Southern Tier landowners stand to earn big money from future gas leases. In light of the huge potential now seen for Marcellus gas, expect the going price for those leases to surge. In Tioga and other counties, landowners have banded together to negotiate extremely favorable deals. For example, the driller Fortuna has reportedly offered a group of landowners near Binghamton leases for \$5,500 per acre, plus 20 percent royalties. For a farmer struggling to make ends meet, that represents a very hefty payday.

On the other hand, retirees who have bought homes in Schuyler County because of its scenic beauty and relaxed atmosphere may see the value of those investments dip as the character of the area undergoes a fundamental change.

No one understands better than Ellen Mchugh that gas drilling will produce winners and losers. Mchugh, a Horseheads pediatrician, told her village trustees Oct. 13 they were being shortsighted to brush aside calls from Horseheads residents for a full environmental impact statement for the Schlumberger site.

There's a school next door, and she treats kids, so she has concerns. Never mind that Mchugh is married to a dairy farmer, and that she and her husband expect to cash in on gas leases on their 500-acre farm. While she admitted she stands to gain from the gas drilling boom, she said she couldn't see giving the Schlumberger plan a premature green light.

"I'm not saying it can't be done safely," she said. "But it's a mistake not to ask for a full environmental impact statement."

*Peter Mantius (pmantius@gmail.com) is a semi-retired journalist who lives in Burdett.*

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**Photo in text:** Peter Mantius

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© The Odessa File 2009  
Charles Haeffner  
P.O. Box 365  
Odessa, New York 14869

E-mail [publisher@odessafile.com](mailto:publisher@odessafile.com)