Study Tags 65,000 Jobs, $4.9B Boost to Ohio Shale

JULIE CARR SMYTH,Associated Press

COLUMBUS, Ohio (AP) — An academic team enlisted by Ohio's business sector released a study Tuesday that finds oil and gas drilling will mean more than 65,000 jobs and an almost $4.9 billion investment in the state's economy by 2014.

Findings of the eight-month study were released to the media and members of the Ohio Shale Coalition, a partnership of energy interests spearheaded by the Ohio Chamber of Commerce.

The group commissioned the study in hopes of displaying the benefits to Ohio's ailing economy of a boom in shale drilling, including the controversial practice of hydraulic fracturing, or fracking.

A team of economics, energy and geology experts from Cleveland State University, Ohio State University and Marietta College's Department of Petroleum put together the report.

It found that by 2014, about $4.9 billion would be invested in Ohio's economy by the industry; almost 66,000 jobs would be created or "supported" by industry growth; $433 million in local and state taxes would be generated; and energy companies would be paying wages and benefits totaling $3.3 billion.

Altogether, the industry will generate $1.7 billion for Ohio's economy this year, $5.8 billion next year, and nearly $10 billion in 2014, the research found. Gross state product could grow by 1 percent, a significant increase from the 0.6 percent average for the past 13 years.

"This really has the potential of being transformational," said Ned Hill, dean of the urban affairs college at Cleveland State University and one of the researchers.

State Rep. Robert Hagan, a Youngstown Democrat, said he is hopeful for the benefits that will come to his northeast Ohio region from the new industry — but the industry is moving too fast, and without checks and balances.

He announced Tuesday that he has gathered 1,500 signatures from his constituents — whose area has been struck by a series of 11 earthquakes potentially linked to high-pressure injection of fracking wastewater into the earth. The petitions seek legislative hearings on fracking. The practice stimulates gas production by blasting millions of gallons of chemically treated water into a well drilled horizontally through shale about a mile underground.

"We admit that it's moving, but we will not say that we are going to ignore the

safety factors, the environmental factors," he said.

Ohio Department of Natural Resources spokesman Carlo LoParo said the state is tripling the budget of its oil and gas division this year, due to increased drilling activity.

"We will have more than 110 inspectors and field staff in our oil and gas division to make sure all laws and environmental regulations are observed and enforced," he said. Money for that endeavor comes from fees assessed on the oil and gas industry, he said.

Employment projections contained in the report include both new and "supported" jobs, 16,000 in the service sector. That sector includes hotels, restaurants, doctors and other personal services. It anticipates 1,000 environmental compliance officers, construction jobs

Douglas Southgate, co-director of the Subsurface Energy Resource Center at Ohio State University, said the shale industry plays to Ohio's economic strengths, in the areas of manufacturing, plastics, and R&D.

Hagan, and fellow Democratic Reps. Mike Foley and Kenny Yuko are backing a proposal raising the state severance tax on recovery gas wells to 7 percent. The new rate would eventually raise proceeds from $2.6 million to $500 million. Some of that would be earmarked for local communities and alternative energy development.

Gov. John Kasich has called a moratorium within a 5-mile radius of a deep-injection well shut down after the Youngstown quakes, awaiting results of a state investigation into the cause. Deep-injection wells are for wastewater, and are not the same as wells for exploring or extracting oil and natural gas.

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Online:

Ohio Shale Coalition Study: http://tinyurl.com/6pq2kvk *[1]*

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http://www.chem.info/news/2012/02/study-tags-65000-jobs-49b-boost-ohio-shale

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