

# NY Gas Lawyer: Drilling Unlikely before Late 2013

SARATOGA SPRINGS, N.Y. (AP) — An environmental review and new regulations for shale gas development are likely to be finished by the end of February, but additional obstacles will delay production until late next year even if Gov. Andrew Cuomo gives drillers a green light, an industry lawyer said Wednesday.

"We think we see a light at the end of the tunnel," Tom West told members of the state Association of General Contractors at their annual meeting, noting that the Department of Environmental Conservation filed for a 90-day extension on completing new drilling regulations last week rather than letting proposed regulations expire.

The agency had until Nov. 29 to finalize regulations proposed a year before. Environmental groups urged the Cuomo administration to let the deadline pass and restart the process, which would add many more months to an environmental review process that started in 2008. The state has had a moratorium on shale development since the review began, while thousands of wells have brought an economic boost to Pennsylvania communities in the gas-rich Marcellus Shale region that also underlies southern New York and parts of Ohio and West Virginia.

West said low gas prices, the high cost of complying with New York's stringent new regulations and fear of litigation are likely to dampen industry enthusiasm in the state, at least for the short term. He noted that environmental groups have vowed to challenge the state's environmental review in court and seek a stay on issuance of permits while the litigation progresses.

A DEC spokeswoman didn't immediately comment Wednesday.

West urged the contractors' group to intervene in the litigation and oppose a stay on permits.

Mike Elmendorf, president of the contractors' group, said members are frustrated by the slow pace and repeated delays in DEC's regulatory process for shale gas development.

"We have members who have a large part of their workforce going to Pennsylvania because there are jobs there when there aren't jobs in New York," Elmendorf said. "Businesses in the Southern Tier have benefited from the shale gas boom across the border in Pennsylvania, but we shouldn't be eating the leftovers. We should be at the table."

Mike Atchie, a spokesman for Chesapeake Energy, said shale gas development brings business to companies involved in engineering, welding, road building, landscaping, fencing, trucking, aerial mapping and excavation, as well as suppliers

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of cement, sand, pumps, compressors, electrical equipment and solar panels.

Chris Iversen, president of Iversen Construction Corp. in Ontario County, asked if the work would be long-lasting or if there would be a boom-and-bust cycle. Energy companies moved much of their activity from Pennsylvania to Ohio and other areas this year in search of higher-priced "wet gas," which includes petroleum products not found in the "dry gas" of the Marcellus region.

"We plan to be in this area long-term," Atchie said. "Our time frame for drilling in the Marcellus will be decades."

Shale gas development requires high-volume hydraulic fracturing, or fracking, of horizontally drilled wells thousands of feet deep. A high volume of chemically treated water mixed with sand is injected into wells to break up the underground shale and release the gas. Regulators and the industry say the method is safe when done according to state rules, but environmental groups and some scientists say not enough research has been done on air and water contamination or other health and environmental issues.

The DEC says it has addressed health concerns in its own study that outside experts are reviewing, but the agency has refused to publicly release any information about that study.

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