

Ky. Voices: Gas boom generates unfair criticisms

BY ANDREW V. MCNEILL

July 1, 2013

The biggest energy transformation in our lifetimes is the recent upswing in U.S. oil and gas development. Production has surged in states like North Dakota, Texas and Pennsylvania, delivering new economic opportunities, new jobs and decreased reliance on foreign sources of energy.

Kentucky has over a 100-year history in oil and gas development. Natural gas development is primarily centered in Eastern Kentucky while oil production is found in eastern, western and southern parts of the state.

Kentucky Oil and Gas Association's recent economic impact research revealed oil and gas is a \$1 billion annual industry in Kentucky with more than 9,000 people working and investing in production and aligned services. The average annual salary in oil and gas is over \$55,000.

We have over 14,000 natural gas wells and produced over 3 million barrels of oil in 2012. Oil and gas severance contributed \$34 million in severance taxes last year and over a 10-year period has generated \$364 million in severance revenues for state and local budgets.

The surge in U.S. oil and natural gas production has been a game changer. Domestic production has reached a level unseen in decades, and, in 2012, production grew by one million barrels per day — faster than any other country in the world. Such production has weakened OPEC's grip over global oil markets, as member countries look for other customers to compensate for reduced U.S. demand.

While Kentucky hasn't seen development on the scale of the Marcellus Shale in Pennsylvania, our independent producers continue to invest and explore in the state. We are seeing an uptick in well permits for 2013. We've got some momentum behind us and feel that Kentucky's industry is moving in the right direction.

Opponents of the oil and gas industry are making a great effort to demonize hydraulic fracturing, the technique required to unlock oil and gas. They repeat stories about flaming faucets, poisoned water, toxic chemicals and hazardous pollution — all without merit.

For example: That infamous flaming faucet, featured prominently in the documentary *Gasland*? Colorado regulators investigated the incident and found that it was "not related to oil and gas activity." And yet this example — among many others — continues to be deployed in an effort to undermine our industry.

Critics raise questions about the volume of water used in fracturing. The U.S. Department of Energy has found fracturing accounts for less than 1 percent of water demand where fracturing occurs — less than local car

washes and golf courses. At the same time, companies in Pennsylvania are moving toward recycling and reuse of water for oil and gas development.

The suggestion that "fracked gas" in pipelines is somehow more toxic than what flows through other pipelines is also misguided. Hundreds of miles of gas pipelines operate safely throughout this region, and the gas produced from shale wells (be it dry gas or its associated liquids) is no different from what's produced from conventional wells.

The truth is that hydraulic fracturing has been utilized safely for over 60 years, and there has never been a single proven case of drinking water contamination.

Last year, Lisa Jackson, then the head of the Environmental Protection Agency, said; "In no case have we made a definitive determination that the [fracturing] process has caused chemicals to enter groundwater."

The Department of Energy, state regulators, scientists from Harvard to MIT and officials from the Clinton, Bush and Obama administrations have all stated that fracking can be, and is being ,done safely.

KOGA and Kentucky's oil and gas operators welcome a thoughtful discussion about how our industry works, the contribution we make to the state's economy and how we can collaborate to fashion policies to ensure the safe development of our resources. We're committed to informing that dialogue with supported facts and ask that others who engage the discussion approach it with the same commitment.

At issue: June 6 commentary by Roger Rawlings, "Will Kentucky just go along with a toxic gas pipeline?" and June 23 commentary by Sister Claire McGowan, "Ky. pipeline carrying leftovers of fracking poses too much risk"

Andrew V. McNeill is executive director of the Kentucky Oil and Gas Association.