



**Testimony of the Marcellus Shale Coalition
Environmental Resources and Energy Committee
June 16, 2010**

Good morning Chairman White and distinguished members of the Senate Environmental Resources and Energy Committee. My name is David Spigelmyer, Vice President of Government Relations for Chesapeake Energy and Marcellus Shale Coalition (MSC) Vice Chairman. With me today is Ralph Tijerina, Director of Health, Safety, Security, and Environment for Range Resources - Appalachia L.L.C. Mr. Tijerina is the Chair the Joint Safety Committee for the MSC and the Pennsylvania Independent Oil and Gas Association (PIOGA).

The MSC and PIOGA believe safety and environmental protection are the cornerstones to everything we do here in the Commonwealth. This industry is not new to Pennsylvania as we have drilled as many as 4,000 conventional oil and gas wells annually in the Commonwealth and have been doing so for in excess of 150 years. The fundamental technologies for drilling and fracturing natural wells have remained constant for about the past 50 years, with the exception of advances in horizontal drilling techniques that now enable us to drill horizontally, with multiple wells on a single drill pad. The use of this technology enables us to minimize the overall surface use by reducing the number of well pads necessary to develop the resource. As such, the use of multi-well drilling pads will lessen land disturbance by reducing the number of roads and gathering lines required to produce and collect the natural gas and move it to market.

However, that is not why we are here today and by no means do I want to minimize the importance of safe operations here in the Commonwealth. As I stated earlier, safety and environmental protection must be paramount to our daily operations. Secretary Hanger has recently stated his goal of developing world-class rules, for an industry that must be world-class here in Pennsylvania. The MSC and PIOGA are in full concurrence and are striving to meet that challenge. Today, the industry is working in partnership with the DEP to address well operation and construction standards, natural gas well safety, emergency response, and practices for monitoring and testing of water wells prior to and after the drilling of a natural gas well in Pennsylvania. We expect recommendations to flow from those working groups in July, as industry and DEP are now at the same table working on new standards of conduct for well operations in the Commonwealth.

First, let me say that the well incidents that have taken place over the last two weeks are unacceptable. The uncontrolled flow that occurred in Clearfield County, and a shallow

well fire that took place in Marshall County, West Virginia are not the norm and will not become everyday news here in Pennsylvania. We must do better and we will! Although these events are rare, we must refocus our attentions on safe and reliable operations. Today, we have drilled less than 1500 horizontal wells in Pennsylvania so this program of horizontal Marcellus operations is new to many across the Commonwealth. Becoming a world-class industry requires world-class operations and incidents of this nature cannot be tolerated as just part of business. The MSC has taken the activities of the last two weeks, are analyzing all the data available to determine where failures have occurred and we will learn from those mistakes to avoid similar incidents in the future. We are also gathering data from other shale developments across the United States to define the best well construction program for our Pennsylvania development activity. Marcellus production holds enormous promise for this Commonwealth and we cannot jeopardize that potential through less than top-level operations. We are committed to bringing the environmental, energy security and economic opportunities of Marcellus to consumers and communities across the Commonwealth in a safe fashion.

The Safety Committee was formed within PIOGA (IOGA at the time) at the end of 2008. An overall emphasis was placed on safety as more operators began to understand that equipment and operations required for drilling the Marcellus Shale would be more complex and larger in scale than for traditional drilling in Pennsylvania. The basic fundamentals of producing the wells are similar, but the time, effort and resources necessary for drilling and completion of a Marcellus well far exceed those required for a vertically drilled conventional well. As the MSC became more organized, a Joint MSC/PIOGA Safety Committee was formed in the first quarter of 2010. It made sense to join these efforts since many of the operators of the two organizations are active in both vertical and horizontal development operations.

The Safety Committee has been organized into subcommittees representing the different activities involved in Marcellus Shale development. These subcommittees are Construction, Drilling, Completions (includes water transfer, hydraulic fracturing and flowback), Production, Midstream (gas gathering and compression), and Crisis Management. Each subcommittee's work includes sharing of best management practices across the members of the organizations.

Members of the Safety Committee are comprised of staff from local operators, service companies, consultants, and representatives from various governmental agencies such as OSHA, DEP and Public Safety.



Training for first responders and other public officials has up to this point been provided primarily by individual operators upon request. No requests have ever been turned down. Industry has reached out to different organizations such as CCAP to provide a better understanding of our industry.

A good example of first responder training is the relationship our industry has developed with the Lycoming County Gas Exploration Task Force, who contacted IOGA at the end of 2008. Their request was for industry to educate them on our safety practices and emergency response procedures to help them understand the potential needs should an emergency situation occur. Over 50 representatives from Lycoming County's first responder community attended an initial briefing on the natural gas industry. Representatives were firefighters, Emergency Management Services, law enforcement officials and the education community. Since then, numerous public awareness and safety presentations have been provided to first responders in the North Central, Southwest and Northwest Pennsylvania regions. Representatives from PEMA, DEP, State Fire Marshalls and law enforcement have been given orientations on safety procedures in our industry. As a follow up to the earlier briefing, an emergency response exercise was conducted with numerous agencies in the Lycoming County region in the fall of 2009. It included over 80 participants from many first responders, agencies and hospitals in the region. Gap analyses were developed to determine what additional resources would be required should one of these groups need to respond to a well situation. Understanding well and pipeline operations was the basis of the training, as well as the setting of expectations for staff preparedness upon arrival to a working incident.

Numerous other first responder groups from various parts of the Marcellus Shale play have approached the Safety Committee requesting training and education seminars for first responders and public representatives. The Committee has recently decided that such training can best be organized in coordination with the State Fire Commissioner's office since they manage the Fire Academy, enabling us to provide training to first responders utilizing the adjunct trainers who work cooperatively with the Commissioner.

Several meetings have been held during the 2nd quarter between representatives of industry, the State Fire Commissioner's office and other agencies to set goals, develop appropriate training curriculum and to address the format for training. An important part of these discussions was to set appropriate expectations for first responders at the scene of an emergency. While first responders may need to manage a fire or other emergency at an unmanned facility such as a producing well, all parties to these discussions agree that emergencies at drilling or completion sites must be managed by the operator, as first



responders cannot be expected to understand the complexities of the situation or the on-site equipment.

Penn College of Technology in Williamsport has been a part of the discussion to provide both educational needs for workers in the industry and establish a fire fighting school for well site activities.

Responding to medical emergencies is another area in which responders need orientation training so they know what to expect upon arrival. The first of such efforts was a Crush Injury Seminar held last month for the medical community in Lycoming County.

Once again, as requests come in for understanding of our industry, all efforts are made to provide it. Most first responders are volunteers so the scheduling is either on night or weekends. This has not and will not be a deterrent in providing the resources necessary to administer the request. This training has been going on for years throughout the Commonwealth and was being conducted before any mishaps had occurred. Our goals are to provide the necessary training internally so incidents are minimized and to conduct the necessary training externally so any first responders can perform the function adequately without harm to themselves.

Thank you for your time and attention. We would welcome questions and discussion.

