

Deep Drilling, Deep Pockets

The Political Expenditures of the Natural Gas Industry In Pennsylvania – 2014 Update

Introduction

About

The Marcellus Money project has been tracking the natural gas (or “fracking”) industry’s campaign contributions and lobbying expenditures in Pennsylvania since 2009, when the Marcellus Shale natural gas boom was moving into high gear. Pennsylvania was the center of public and private excitement and scrutiny over fracking practices and land leases, and the Marcellus Money project found that industry political action committees (PACs) and executives were continuously contributing to the campaigns of Pennsylvania candidates.

This 2014 update to the project re-focuses the period of analysis to 2007 Cycle 1 – 2014 Cycle 5 (previous releases included data from 2001 forward). The data and more information can be viewed online at www.marcellusmoney.org

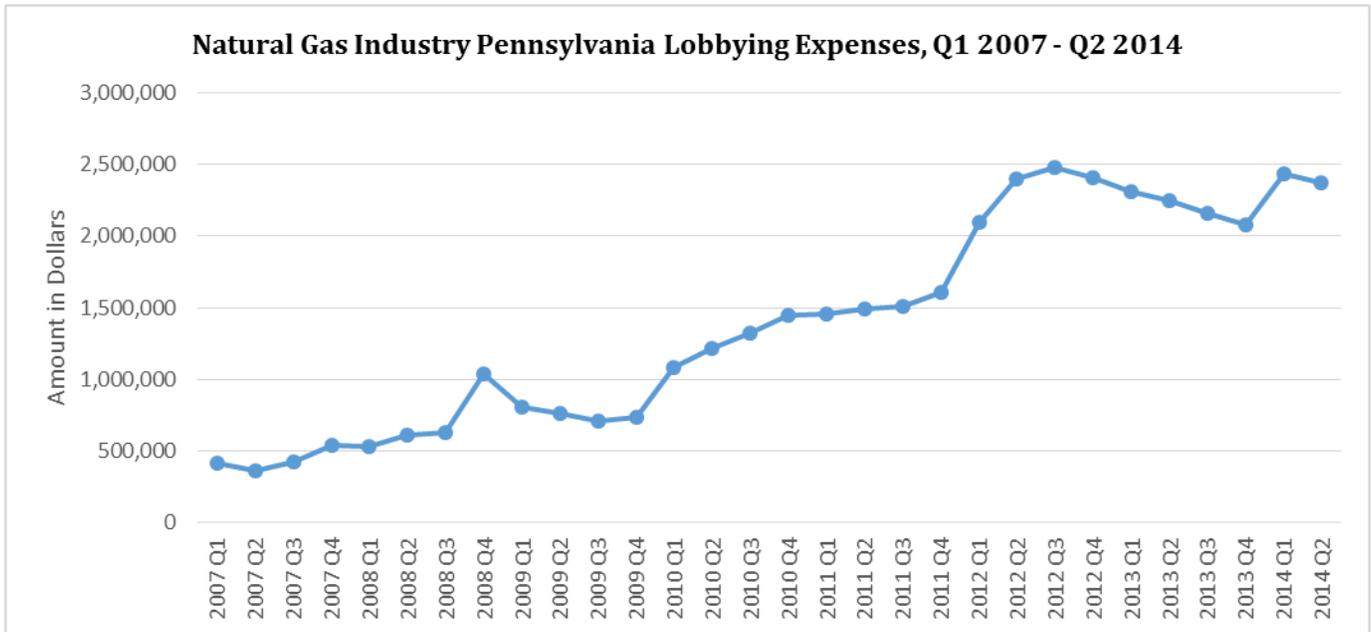
Findings

Key findings include:

- Since 2007, the natural gas industry has spent \$41 million lobbying Pennsylvania officials.
- Since 2007, it has also contributed \$8 million to Pennsylvania candidates and PACs.
- Half that \$8 million total has been donated by industry employees, while industry PACs contributed the remaining half.
- Over \$6.2 million of the total \$8 million has been donated to candidates, while Party PACs received \$1.4 million (\$1.2 million to Republican Party PACs, \$166,850 to Democratic Party PACs).
- Pennsylvania Governor Tom Corbett is the top recipient of natural gas industry contributions. He has received \$2,084,241 from the industry since 2007 – \$1.55 million from industry employees and \$526,652 from industry PACs. Governor-elect Tom Wolf received \$53,500.
- Top recipients #2-6 together received \$1.3 million in contributions from 2007 – present.
- The top 5 industry donors together gave \$2 million since 2007. Drilling CEO Terrence Pegula, who also owns the Buffalo Bills and Sabres, is the top contributor with \$667,000.

Lobbying

Since the beginning of 2007, the natural gas industry has spent over \$41 million lobbying Pennsylvania officials. \$23 million of that total amount has been spent since the beginning of 2012.



The ten industry organizations that have spent the most on lobbying expenditures since 2007 account for \$32 million of the \$41 million total.

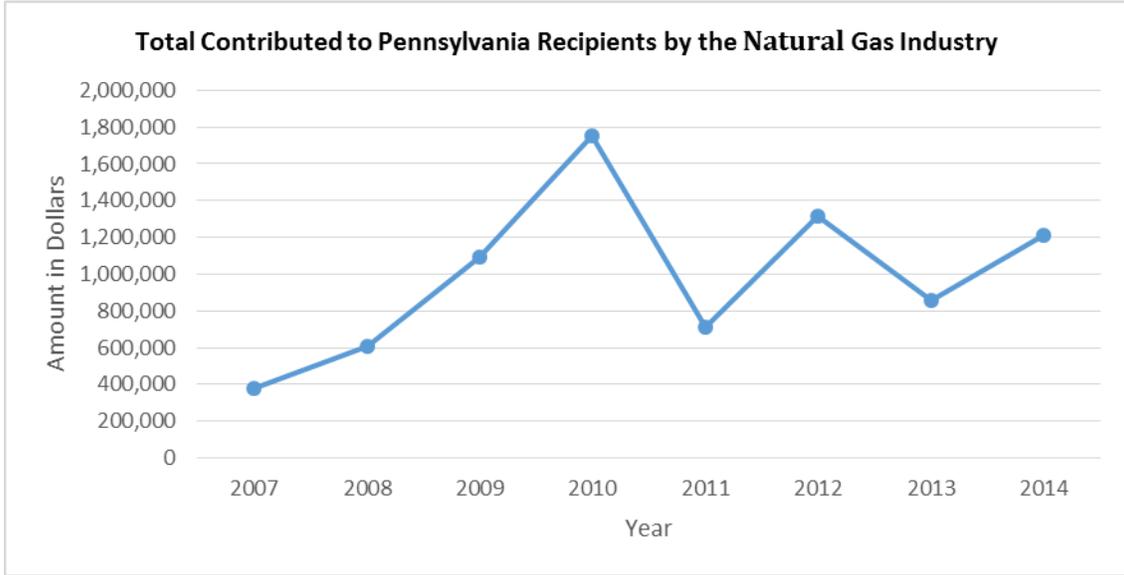
Total for Top Ten	<u>\$31,989,535</u>
Marcellus Shale Coalition	11,314,244
PPL	5,039,407
Range Resources	4,362,065
UGI	3,251,928
Chesapeake	2,102,150
EQT	1,970,801
Shell	1,201,373
Dominion	1,038,475
Exco Resources	956,359
Alpha	752,733

See the "Lobbying" tab in the datasheet available on MarcellusMoney.org for more detailed information.

Campaign Contributions Made

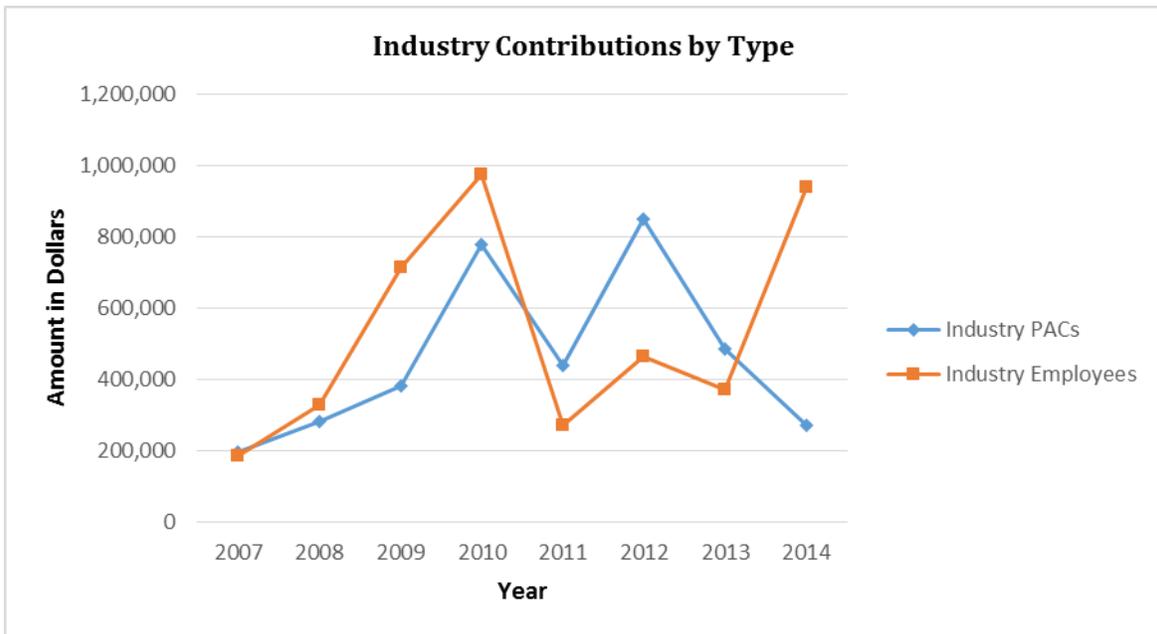
Total

Since the beginning of 2007, the natural gas industry has given \$8 million in campaign contributions in Pennsylvania.



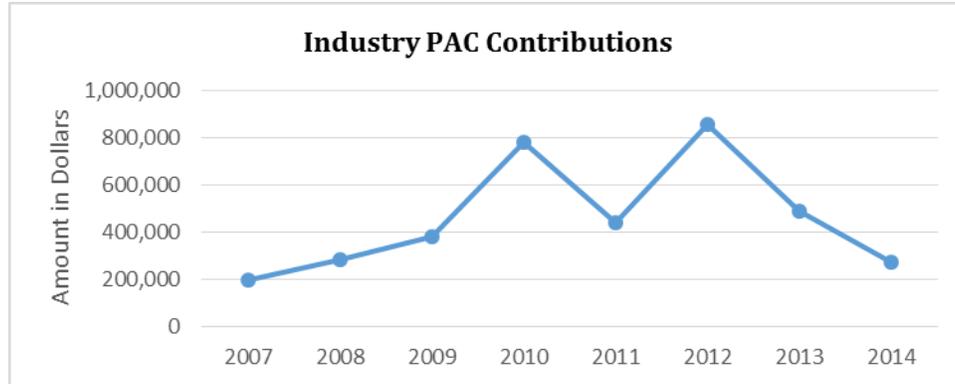
By Industry PACs v. Employees

\$4 million of that \$8 million total has been donated by industry employees, while industry PACs contributed \$4 million.



Industry PAC Contributions

Total - Industry PACs have contributed \$4 million since 2007.



Top 5 - The top 5 industry PACs have together given \$1.9 million since 2007.

Row Labels	2007	2008	2009	2010	2011	2012	2013	2014	Total
Consol	19,250	39,300	40,700	99,700	55,950	144,950	89,650	98,000	587,500
Chesapeake		3,000	58,690	78,500	50,450	92,700	4,500	60,650	348,490
Range			37,100	81,089	47,610	78,750	42,200	58,675	345,423
UGI	35,100	69,475	55,125	38,150	32,624	43,540	28,300	20,125	322,439
NiSource	24,300	33,660	25,400	45,900	20,475	42,200	51,175	62,900	306,010

Industry Executives

Industry executives have outsized influence - The top 5 donors together gave \$2 million since 2007.

1. Terrence Pegula - \$667,000. Pegula is head of East Resources and owner of both the Buffalo Bills and Sabres. Under Pegula, East Resources sold much of its acreage to Shell in 2010 for \$4.7 billion, but the company still retains other assets.¹ \$580,000 of Pegula's contributions have been to Governor Corbett.
2. Morgan K. O'Brien - \$454,163. O'Brien is head of distributor and midstream operator Peoples Gas, headquartered in Pittsburgh. Peoples Gas was a subsidiary of Dominion until 2010.²
3. John Hess - \$372,844. CEO of New York-based Hess Corporation.
4. Trevor Rees-Jones - \$298,844. Head of Pennsylvania-based Chief Oil & Gas.
5. John Mork - \$210,000. Head of the Denver-based Energy Corporation of America.

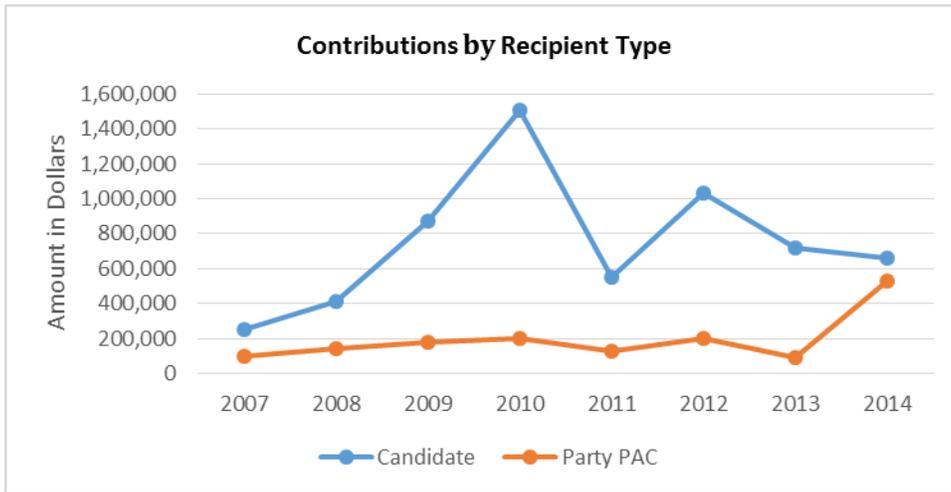
¹ <http://bills.buffalonews.com/2014/08/05/pegula-closes-1-75-billion-land-deal-drops-hint-needs/>

² <http://www.prnewswire.com/news-releases/peoples-natural-gas-assumes-operation-of-dominion-peoples-natural-gas-company-morgan-k-obrien-named-new-peoples-ceo-83333027.html>

Recipients of Contributions

Candidates v. PACs

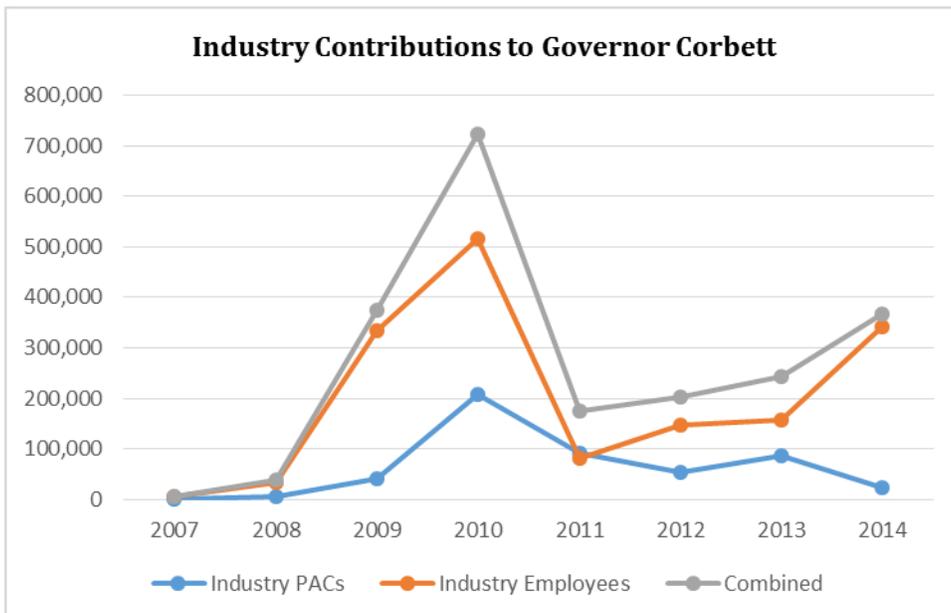
\$6.2 million of the total \$8 million has been donated to candidates, while Party Committees received \$1.435,544 (\$1.268,694 to Republican Party PACs, \$166,850 to Democratic Party PACs).



Note: of the \$575,633 going to Party PACs in 2014, \$475,000 was given in two contributions by two industry executives to the Republican Governors Association. (John Hess and Trevor Rees-Jones each made single contributions of \$237,844.50 in spring 2014.)

Top recipient: Governor Corbett

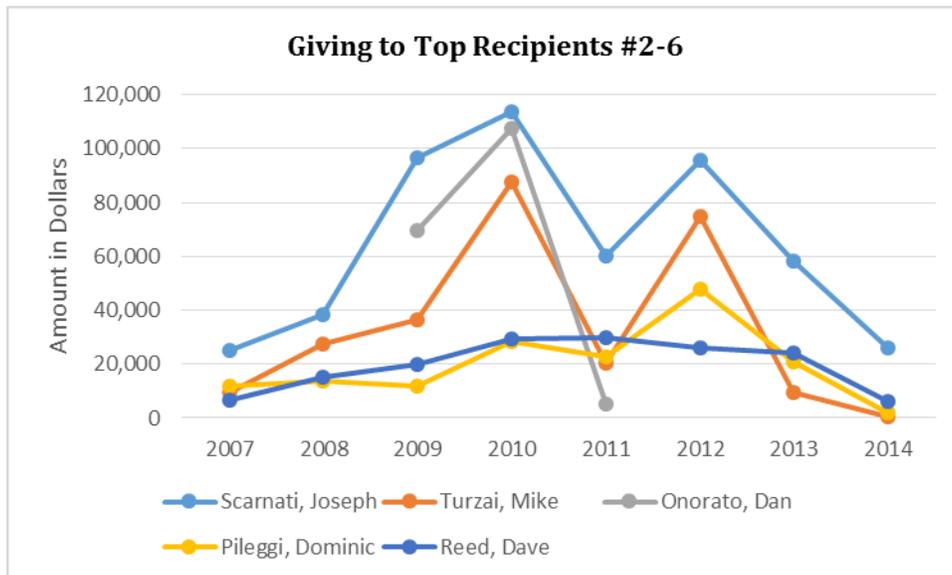
Pennsylvania Governor Corbett is the top recipient of natural gas industry contributions. He has received \$2,084,241 from the industry since 2007 – \$1,557,589 from industry employees and \$526,652 from industry PACs.



Recipients of Contributions (continued)

Top recipients #2-6 together received \$1.28 million in contributions from 2007 – present.

Rank	Name	Grand Total
1	Corbett, Tom	2,084,241
2	Scarnati, Joseph	500,870
3	Turzai, Mike	272,100
4	Onorato, Dan	179,200
5	Reed, Dave	178,950
6	Pileggi, Dominic	170,250
7	Solobay, Timothy J.	138,942
8	Wagner, Jack	116,460
9	Smith, Samuel H.	102,500
10	Pyle, Jeffrey P.	96,868
11	Freed, David	95,250



Methodology

Source

The Marcellus Money database was built using the Pennsylvania Department of State's "[full campaign finance export](#)" file system. All contributions under \$100 were ignored, as were all duplicate entries (a contribution of the same amount, on the same day, by the same contributor). Datasets include 2007 Cycle 1 through 2014 Cycle 5 ([view](#) the 2014 [report filing deadlines](#) and "Cycle" explanations).

Entries were stripped of capitalization and non-essential punctuation and additional information (such as street, avenue, etc) to facilitate matching and to overcome issues inherent in the performance of the Department of State's third-party electronic input service that continues to be used so that some committees may still file by paper. Because of this, the database is rife with misspellings, incorrect "filer IDs," and missing entries.

Identifying industry interests

Industry interests were identified using 1) the Pennsylvania Department of Environmental Protection's [Oil & Gas Reporting database](#), which names the entities that operate current and completed Marcellus shale wells in the state, 2) the U.S. Department of Transportation's [National Pipeline Mapping System](#), which names the operators of natural gas pipelines in Pennsylvania, and 3) extensive newspaper and business journal research about who holds Pennsylvania Marcellus shale acreage and the complex relationship inherent in industry joint ventures. Additionally, industry subsidiaries for publicly traded companies were identified using the SEC's online [EDGAR system](#) to access 10-K: Exhibit 21.

The Marcellus Money database considers natural gas industry interests to be those that own or operate natural gas wells or exploration and production operations (upstream) and/or natural gas transmission pipelines in Pennsylvania (midstream). Entities that are purely distribution (downstream) are not included in this analysis. Additionally, the trade groups Marcellus Shale Coalition and Pennsylvania Independent Oil and Gas Association are included because of their stated interests and efforts.

Identifying industry employees

Efforts were made to include only contributions made by industry executives and other high-ranking employees. When this was unclear, we chose to not include contributions made by employees whose position could not be ascertained and whose contribution amounts were low.

Employees were identified using both their contributions to industry PACs (such as John A. Smith contributing every year, in the same amount, to the fictional ABC Natural Gas Company PAC) and their self-identified employer field. While this field is required, for the same individual it was often present in some contributions and missing in others. If it was clear that the person no longer worked for the industry or had not begun employment until a specific time, those contributions were not included. Personal addresses were used to match contributions made by the same person over time.

Changes since last update

The Marcellus Money database no longer includes contributions made by Christine Jack Toretti. Toretti was CEO of a now-dissolved family-based oil and gas drilling company (S.W. Jack Drilling) that was "[the largest privately-held land-based drilling company in the United States](#)," and has made \$1.6 million in contributions since 2001. She is now a Republican Party National Committeewoman from Pennsylvania.