

HYDRAULIC FRACTURING SUSPENSION TALKING POINTS RE: VERTICAL WELLS

- **The inclusion of vertical wells in the legislation was intentional and is critical.** Gas companies have been explicit that they are drilling vertically in the Marcellus and Utica Shale formations with the intention of converting those wells to horizontal wells as soon as the generic environmental review process is completed. This *short-changes the environmental review process*, because we all know it will be much easier to get a new horizontal well approved once a vertical well already exists. Companies should not be allowed to sidestep the on-going environmental review process ordered by Governor Paterson through a loophole for vertical wells.
- While the legislation was being negotiated in the Senate, **industry threatened to propose drilling as many as 16 vertical wells per square mile** (the maximum allowed under current spacing laws) in lieu of horizontal wells in the Marcellus Shale. The decision to include vertical drilling in the legislation was thus a conscious move to prevent this even more environmentally-intensive development from occurring.
- **Industry is vastly overstating the economic impact** of the inclusion of vertical wells, claiming the measure would “jeopardize 5,000 industry jobs” and “impact more than 300 employers across the state.”
 - On its face, the legislation applies only to hydraulic fracturing “in low permeability natural gas reservoirs, such as the Marcellus and Utica shale formations.” This language intentionally tracks that used in the draft supplemental generic environmental impact statement. As such, it is **only intended to apply to the same formations that are the subject of the on-going environmental review**; it does not apply to on-going vertical drilling in other types of formations, such as the Trenton Black River. The governor could clarify the limited scope with respect to vertical wells in his signing statement.
 - Industry claims that DEC issued 580 new permits in 2009 and that 90 percent of those wells were fractured. But according to DEC’s website, it appears that **fewer than 20 wells have been vertically fractured in the Marcellus or Utica Shale** formations since the governor ordered the supplemental environmental review process.
 - Also, the legislation, by its terms, applies prospectively, stating “[t]his section shall not apply to permits issued prior to the effective date of this act.” This means that **no vertical wells that are currently being drilled or are permitted to be drilled would be affected**. Consequently, no jobs for existing drilling would be affected. Also, the language does not prevent the *drilling* of vertical wells, it only prevents the *hydraulic fracturing* of these wells so to claim that wells cannot be drilled at all overstates the economic impact.
 - Finally, it is highly **unlikely that any new vertical wells will be drilled prior to the expiration of the suspension** in any event given that we are in the winter months.