



MARCELLUS
SHALE COALITION

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**Testimony of James M. Seif, Ridge Global
On Behalf of the Marcellus Shale Coalition**
**Delaware River Basin Commission Public Hearing on
Draft Natural Gas Regulations**
Liberty High School Auditorium, 125 Buckley Street, Liberty, NY
February 22, 2011

I am Jim Seif, representing the Marcellus Shale Coalition (MSC). I thank you for this opportunity to address the Commission.

The MSC is a multi-state organization, founded in 2008 to advance the responsible development of natural gas from the Marcellus Shale geological formation that underlies this region. Working with state and federal regulators, elected officials, and the general public, we seek to promote natural gas as a clean, job-creating resource with tremendous economic and environmental benefits.

Our members employ thousands, work with even more related businesses and their employees, and partner with a growing number of landowners and their families (many of whom you are hearing from today). Our efforts are helping to move our nation closer to energy independence, while providing sustainable economic progress and safe jobs. And we do this while implementing state-of-the-art environmental protections and safeguards.

We fully support the DRBC's Mission to provide for proper planning, conservation, and development of the water resources in the Basin, and we will work with you, and all others who share this goal, to help get the regulatory process right – and in a timely way. Toward that end, we will be submitting more robust comments by the March 16, 2011 deadline that will include considerable technical responses to specific aspects of the proposed regulations. These comments are also likely to highlight several areas of potential common ground.

Nonetheless, there are some significant aspects of the Commission's approach that must be addressed so the regulations do not unnecessarily stifle the responsible exploration and development of natural gas resources in the Basin.

For example, the requirement of a "Natural Gas Development Plan," as contemplated by the proposed regulations, is simply unworkable. This Plan would require the industry to detail infrastructure plans years in advance of any development activity. We know of few industries that can provide such plans this far in advance. Furthermore, one of the advertised benefits of the Natural Gas Development Plan process is the opportunity for streamlined Commission review of future development activity. While the Coalition

supports this approval-by-rule approach, the one contemplated here has such limited applicability that it may require full Commission review for every well pad.

In addition, a number of the proposed regulations – ranging from unjustifiably restrictive siting standards to excessive bonding requirements – overreach and may needlessly reduce natural gas production. Moreover, in many instances the regulations empower the Executive Director with the authority to prescribe standards on a case-by-case basis, without any real ability for affected parties to challenge these decisions. This unprecedented grant of authority raises troubling questions about the Commission's overall administrative, technical, and personnel capacity to administer this very elaborate process, and no outside review means that no predictable standards are likely to be developed.

More importantly than all of these, however, we see fundamental flaws that pervade the entire body of the regulations. We know that some states and others had some of these same concerns during the earlier drafting process, and we urge their careful reconsideration at this next stage.

The proposed standards related to siting, design, and operation of natural gas well pads represent a significant departure from the Commission's traditional role regarding the review of water resource projects in the Basin and raise a substantial question as to whether the Commission has legal authority, let alone administrative capacity, to impose such standards. The MSC also is concerned that natural gas activities have been singled out and may be required to adhere to standards that are not imposed upon other activities that have similar or greater impacts from land clearing and alteration. The Commission's reasoning behind the proposed natural gas development regulations may require the Commission to review, in similar detail, a host of other activities that occur in the Basin unrelated to natural gas.

Beyond this, the Commission's effort to single out natural gas development activities has led to proposed regulations that overlap, or even conflict, with both state regulations and the DRBC's own existing water withdrawal and wastewater programs. This duplication and inconsistency will only serve to bring regulatory and ultimately public confusion, impatience, and expense.

We know the stakes are high for the environment, as well as our local and national economy, so on behalf of our 170-plus member Coalition, I urge your utmost care in reviewing the many comments you will receive. Thank you for your time and in advance for your willingness for continued collaboration.

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**Testimony of James M. Seif, Ridge Global
On Behalf of the Marcellus Shale Coalition
Delaware River Basin Commission Public Hearing on
Draft Natural Gas Regulations
Patriots Theater at the War Memorial, 1 Memorial Drive, Trenton, NJ
February 24, 2011**

I am Jim Seif, representing the Marcellus Shale Coalition, a multi-state organization advancing the responsible development of natural gas in this region.

The MSC fully shares your Mission of proper planning, conservation, and development of our precious water resources. We want to help you get the regulatory process right – and in a timely way. Nonetheless, there are some significant flaws in the Commission’s approach that must be addressed.

- The requirement of a “Natural Gas Development Plan” is unworkable, mandating our industry to detail infrastructure plans years prior to any development. Few industries can provide such plans that far in advance.
- The call for streamlined Commission review of future development is an advertised benefit of the proposed regulations, but in practical effect may require full Commission review for every well pad.
- A number of the proposed regulations – ranging from unjustifiably restrictive siting standards to excessive bonding requirements – overreach and may reduce natural gas production.
- Empowering the Executive Director to prescribe standards on a case-by-case basis, without any real ability for affected parties to challenge these decisions, raises questions about the Commission’s capacity to administer this process.
- The proposed standards related to siting, design, and operation of natural gas well pads are a significant departure from the Commission’s traditional role regarding the review of water resource projects within the Basin. They raise a real question as to whether the Commission has legal authority to impose such standards.
- The MSC is concerned that natural gas activities have been singled out by the Commission, and may be required to adhere to standards not imposed upon other industries with similar or greater impacts from land clearing and alteration. This apparent effort to single out natural gas development has led to proposed regulations that overlap, or even conflict, with both state regulations and even the DRBC’s own existing water withdrawal and wastewater programs. Ultimately, this inconsistency will only serve to bring regulatory and public confusion and impatience.

Members of the Commission: we know the stakes are high for the environment, as well as our local and national economy. On behalf of our 170-plus member Coalition, I urge your utmost care in reviewing the many comments you will receive, including the more detailed written submission we will make by March 16, 2011. Thank you.

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