



Testimony Presented by Doug McLinko, Commissioner Bradford County

Before the Senate Majority Policy Committee Public Hearing on The Local Impact
of Marcellus Shale Drilling

January 26, 2011



Senator Edwin B. Erickson, Chairman, Senate Majority Policy Committee

Thank you for letting me come before you today and share with you the effects of Marcellus Shale in Bradford County.

Bradford County is experiencing 25% of the drilling in Pa., which is the most in the state. We have 35 rigs drilling in Bradford County, 5 different energy companies Chesapeake being the largest with Talisman being very active also. We had 848 wells permitted in 2010, 1,518 wells permitted to date, 1,442 active permits. 355 Marcellus wells drilled in 2010, 533 total wells drilled between 2002-2010. 30 water withdrawals, 76 water impoundments, 243 miles of temporary water lines. There is 97 miles of interstate lines (Tennessee & CNYO&G) 13.5 miles of proposed lines (CNYO&G-MARCI) and 377 miles of gathering lines. I give you these statistics to show that Bradford County is very busy with natural gas activity.

I would like to take a look at a few topics, with the limited time I have I will make it brief knowing that to be complete would take much more time than allotted.

SOCIAL IMPACTS

Housing: Although there is a housing shortage, responsible landlords can now obtain a decent rent. There is abuse; however the good landlords outnumber the bad. Supply and demand free markets will prevail if government isn't allowed to compete in addressing this issue using tax dollars to compete with the private sector in building affordable housing. We have private investors planning large housing projects both in rentals and new home construction. We again need to look to the private sector to meet this need.

Jail: We have seen increases in our jails, last year we saw 75 workers from the gas industry come through our jail, some local but most were from out of the county. Our average jail population remained stable at around 140 on a daily basis.

Human Services: Human services will see an impact as population increases but to what extent is still unclear. To date we have seen increases but nothing that is alarming.

ROADS

Townships: After a very quick spring thaw last year our roads in the areas where there is heavy traffic from the gas activity were heavily impacted, the energy companies quickly put crews out and repaired them. They put a conservative \$125 million dollars in rebuilding and repairing roads in our county in less than a year. Working with our township supervisors and contracting all work to private contractors, the energy

companies seemingly spared no expense to get our roads back in good condition. Our Township supervisors have worked out road agreements with the energy companies and have not only seen them keep their roads to a standard that they could never dream possible but have been putting in base, ditches, drainage, berms, crowns, and at least 7" of asphalt where residents never thought they would see black top. The vast majority has been done without posting and bonding.

Road Safety: More traffic means more challenges. With any large growth comes more traffic and with that will come more congestion and accidents. We as a county are setting down with all the major energy companies, our first responders, local police, State Police, and our Director of Emergency Management to bring forth discussion and open up dialog to our public to try and ensure road safety as best we can.

JOBS

Bradford County led the state with 2500 new jobs created last year. This figure doesn't take into account what it has meant to the mom and pop businesses that have never witnessed such opportunity before and have seen dramatic increases in over time, wages and benefits. Saving the family farms by preserving open space with no need to subdivide to save the farm. We must remember this employment boom will serve the entire state. As the Marcellus work area spreads from Wayne County to Washington County, we will see a young person with a GED or a high school diploma find a good job with good benefits that can sustain their family, and still be close to home. A young person can go to college and get a degree in this industry and help stop our youth from leaving Pa. We see people who are creative starting up businesses and service businesses expanding and opening.

TAXES

Never before has there been such opportunity and growth, through the private sector and free markets we are seeing taxes generated the way it was meant: Through private sector growth and expansion. I believe that while everyone was focused on severance taxes they missed what is being generated through prosperity.

We are seeing major hotel chains being built and occupied entirely upon completion. Construction of new buildings that are quickly leased by this industry, large tracks of land being bought and developed and sold at good prices. Vacant land being leased, and offering very handsome rents. Office space is at a premium. As I told Doug Hill of CCAP when he visited Bradford County with then Gov Rendell, "Go out the front doors of our Courthouse and go right or left on main street and try and rent a store front, they are all full!" I then asked him to "Name any other county seat that has this kind of prosperity on its main streets?" All this expansion and growth will see real estate taxes paid on them. This industry isn't looking for grants or tax abatement or KOZ zones or any government

funded program, they are looking for land and buildings to put people to work that pay taxes.

With increased truck traffic comes DOT fines that I have understood to be around \$250,00 just in the first quarter of this last year. It takes 1300 trucks to build and frac the first well and thousands to fill a water impoundment, trucks that get around 5 miles per gallon and using the statistics I gave at the beginning, if we do the math we will see the amount of liquid fuel money that is being paid is incredible. Hotel room tax, income taxes, signing bounces and royalties, sale taxes, the list goes on. We can see if we let the private sector economic engines run there will be plenty of taxes.

In closing: I support the development of Marcellus gas, which doesn't mean I support all that come and extract our natural resources. I believe the companies that drill must earn our respect through honesty and trust, sticking to their word and respecting us. We must hold them accountable through the challenges and work with them in the positives to make not only Bradford County but all of Pennsylvania a better place to work and do business and most importantly to live.

Thank you.

Amendment to Testimony by Doug McLinko, Bradford County Commissioners

Chesapeake Energy has paid over 1 billion dollars in royalty payments to residents of Bradford County.

Bradford County Register and Recorder had a million dollars in revenue in 2010.