Pennsyltucky

By John Harpole

Some starched-shirt, progressive New York City acquaintances of mine enjoy referring to the rural parts of Pennsylvania by the pejorative "Pennsyltucky," where according to the Urban Dictionary, "there is a large concentration of country folk, noted for interest in hunting, country music, NASCAR, trailer life, Wal-Mart and working at the plant."

But Pennsyltucky has a lot going for it right now and urbane New York City should be glad.

From January 2009 through November 2013, there were 3,476 Marcellus shale wells drilled in what Pennsylvania state planners call the five, Northern Tier counties—Bradford, Sullivan, Susquehanna, Tioga and Wyoming. This is the birthplace of the Marcellus play, the engine driving the economic revitalization of the Keystone State.

According to the Pennsylvania Department of Environmental Protection, natural gas production from just three of the Northern Tier counties, Tioga, Bradford and Susquehanna counties, now amounts to approximately 4.09 billion cubic feet (Bcf) per day.

As Pennsylvania State University Professor of Geosciences Terry Engelder puts it, "since the onset of production in Bradford County, the cumulative total production is approaching 1 trillion cubic feet. At $4 gas, this is a gross cash flow of $3 to $4 billion."

Historically high Northern Tier unemployment numbers have evaporated as demand for workers grows. There has been a 3,200% increase in Northern Tier oil and gas-related jobs, from 81 jobs in 2006 to 2,726 jobs in 2012.

Redneck-roughneck carpetbaggers from Texas and Louisiana did not fill those new jobs, despite claims by anti-fracing activists to the contrary.

According to Rachel Bunzey at the Energy in Depth website, those newly minted, direct and indirect Pennsylvania jobs—240,000 and counting—are more often, 70% of the time, filled by in-state workers.

Pennsylvania property owners have gained, too. Chesapeake Energy alone paid Northern Tier landowners more than $200 million in lease bonus payments between 2008 and 2010. In Tioga and Bradford counties, more than $550 million in royalty was earned by landowners between January 2008 and December 2012. The Pennsylvania Independent Oil and Gas Association estimates that lifetime royalty payments to Tioga and Bradford residents will exceed $47.6 billion.

Immediately to the north across the state boundary, you will find New York's Southern Tier counties of Broome, Chenango, Chemung, Steuben and Tioga.

By contrast, Marcellus shale gas production from New York's Southern Tier counties is negligible. It is the same formation and the same geology, but it remains underground thanks to job-choking, wealth-killing, anti-fracing policies by the state of New York.

On the New York side of Pennsylvania's boom, it's as if you've walked off an employment cliff. There are only crickets chirping.

According to the Public Policy Institute of New York, two of the Southern Tier counties, Tioga and Broome, saw a 0.3% job loss between 2009 and 2010.

While it's been tough for New York state's Southern Tier residents to be on the sidelines, new Marcellus production in Pennsylvania is a timely development for New York City.

In April 2011, the city passed a law that phases out the residential and commercial consumption of highly polluting No. 6 and No. 4 heating oils by 2015 and 2030, respectively.

A large volume of that converted heating demand must be met by gas—so much so that ICF International, in a recent analysis for the city's Office of Long Term Planning and Sustainability, forecasts an average-day, 16% increase in gas demand and a peak, coldest-day, 30% increase in demand. That forecast could mean an additional 0.75 Bcf per day of demand on top of the existing 2.6 Bcf per day demand.

However, the most striking and ironic change for the city's gas demand relates to ICF's assessment of that supply's origin. According to ICF's analysis, by 2025, 88% of gas consumed in the city will come from Pennsylvania. Its shale production areas currently supply just 13% of the Big Apple's demand, but as Pennsylvania production grows, its proximity will win out.

Last November, Spectra Energy brought into service its New Jersey-New York, $1.2 billion gas pipeline expansion project. Spectra's pipeline is the first new gas pipeline to be built into Manhattan in 40 years. The pipeline began delivering some 800 million cubic feet per day of Pennsylvania Marcellus gas and as soon as it was turned on, the citygate price immediately dropped, thereby saving money for approximately 2 million Manhattan households.

The city's future supply could come from its own state's Southern Tier counties, if not for an unfounded fear of the environmental effects of fracing.

As it now stands, an area that many of its residents consider backward will meet the city's burgeoning demand for a clean, affordable and reliable fuel. But really, who is more backward, the community driven by an unfounded fear or the community grounded by homespun rural wisdom? ■

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