

March 1, 2011

Commission Secretary
Delaware River Basin Commission
P.O. Box 7360
25 State Police Drive
West Trenton, NJ 08628

Dear Commissioners:

On behalf of its 208 members, the Board of Directors of the Wayne Economic Development Corporation (WEDCO) wants to express its deep concern regarding the draft regulations issued by the Delaware River Basin Commission (DRBC), *Natural Gas Development Regulations*, December 9, 2010.

The DRBC and the Susquehanna River Basin Commission (SRBC) have chosen quite different paths towards the development of the Marcellus play and the use of water resources in the surrounding area. The SRBC has opened up its resources for development by putting a permitting process in place that assures that acceptable permit requests will be completed in 90 days. On the other side of the Moosic Ridge, the DRBC has declared a moratorium on all permits until additional studies of the environmental impact on the watershed can be completed.

The DRBC's actions have a dramatic effect on Wayne County.

The Delaware River Basin contains 13,539 square miles across the states of New York, Pennsylvania, New Jersey, and Delaware. Within this basin there are currently no natural gas producing wells. Despite large land lease agreements in Wayne County, Pennsylvania, by Hess Corporation and Newfield Exploration Co. (valued at over \$100 million) and considerable investments into drilling within the Marcellus play, the DRBC has enacted a moratorium on drilling. Land-owner groups and economic development organizations are critical of this moratorium. If Hess Corporation and Newfield Exploration Co. pull out of Wayne County, \$220 million in payments to lease holders – not including royalties – could be lost.

Sustainable communities require good jobs and economic prosperity. We cannot hope to keep our most precious asset, our youth, here without good job opportunities, but we are losing them. Our growth has all but halted, our manufacturing has disappeared, and our schools are losing enrollment. The DRBC's moratorium has significant impact today, without taking future development into account.

The DRBC regulations would impose a 500 ft. setback from any water body, however tiny, limiting drilling to no more than 0.5% of the land typically found in this area and, even worse, making it impossible to reach those sites with access roads. No other industry has to live by such arbitrary rules, clearly intended to prohibit its meaningful conduct of a legitimate business.

The regulations would largely prohibit clearing of more than three acres of land for a well pad even though five acres are required by the industry. This regulation is proposed even though two-thirds of the area is already wooded and forest cover is growing.



DRBC Commission Secretary

March 1, 2011

Page 2

The draft DRBC regulations state that *"The framework [of their regulation] implements standards for well construction and operations primarily by relying on host state review and requirements..."*

However, throughout the DRBC regulations, the Commission itself duplicates and usurps the authority of Pennsylvania Department of Environmental Protection (PADEP). A specific example is in the definition and regulation of "earth disturbance". PA DEP defines the disturbance and sets strict, yet reasonable, guidelines. The DRBC makes the regulations overly restrictive and just plain unworkable for any land owner. These regulations duplicate state regulations and empower the DRBC to regulate land use for the first time, restricting more property rights.

The Pennsylvania Energy Development Plan identifies several policy objectives, including:

- Enhancement of energy security and energy diversity in the Commonwealth;
- Promotion of cleaner, more environmentally beneficial energy production;
- Increased economic growth from the clean energy sector; and
- Greater utilization of indigenous energy resources.

Natural gas industry development in Wayne County and adjacent areas will address each of these objectives. It will also contribute in a major way to economic development for Wayne County and surrounding areas. Wayne County is a relatively low income area; median income of \$45,700 is more than 20% below U.S. average. It has seen its manufacturing sector decline by 35% in the last ten years. The County is also aging and has been losing its young people. Holding onto farms and open spaces that sustain the tourism industry has been increasingly difficult in recent years as farm incomes have suffered and property taxes have risen. Creating new economic opportunities is imperative.

Wayne County also stands committed to ensuring natural gas exploration and recovery is done in a responsible manner. Multiple agencies and organizations have partnered to create an Oil & Gas Task Force to plan ahead for the responsible and safe extraction of natural gas.

It is predicted that Wayne County would see over 8,000 jobs created and almost \$1.6 billion of income generated through the development of the Marcellus field. The economic impact is real and potentially enormous for all of Northeastern Pennsylvania. The question is whether lands within the Wayne County and the entire DRBC watershed will contribute towards the economic boom.

WEDCO respectfully requests the DRBC to consider its economic development responsibility along with its water quality mandate and ensure a balanced regulating environment.

Sincerely,



James Labar, President

c: State Senator Lisa Baker
State Representative Mike Peifer
State Representative Sandra Major
U.S. Representative Thomas Marino
U.S. Senator Patrick Toomey
WEDCO Members