

Testimony of the Independent Oil & Gas Association of
Pennsylvania

Before the Pennsylvania House Agriculture and Rural
Affairs Committee

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Public Hearing on Clean and Green

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Good afternoon Chairman Hanna, Chairman Hershey and Members of the Pennsylvania House of Representatives' Agriculture and Rural Affairs Committee. Thank you for allowing me to present testimony on behalf of Pennsylvania's oil and natural gas producing community on Clean and Green.

Pennsylvania's Oil and Gas Industry is very dependent on Pennsylvania landowners, particularly on large tracts of land such as farmland. In much of western Pennsylvania this partnership between farmer and oil and gas producer dates back over one hundred years. With the current rapidly expanding interest in developing the Marcellus shale, it would appear that much of central and eastern Pennsylvania will be entering this partnership.

The oil and gas industry has experienced several boom-bust cycles over the last four decades. Economic factors at home and abroad, global geopolitics as well as shockingly inept federal government policy, has contributed to wildly volatile commodity prices for crude oil and natural gas. We have felt the sting of losing a staggering three quarters of a million American jobs in our industry in the 1980s, yet now are experiencing another round of high prices and high activity.

Yet as volatile as our industry has been and as much as our industry has struggled at times, nothing in our experience compares to the struggle of the family farmer in the United States. We know from the experiences of farmers we work with everyday, the extent of their struggle. We have often been told by these farmers that the difference between keeping the family farm, often one that has been in the family for generations, has been the oil or natural gas royalty check received each month.

The Pennsylvania General Assembly is very aware and sympathetic to the plight of the farmer in our state. Over the years, the legislature has done whatever it could to ease the burden of the agricultural community in some measure.

Act 319 and its amendments helped by addressing the pressure of taxation on farmland which could have forced farmers to sell off property at market value in areas where non-farming uses made their lands desirable.

Originally, drilling and production activity were considered accepted uses under Clean and Green, which would not trigger reassessment of agricultural land.

This certainly made sense in that the impact on the surface land was temporary during the drilling or development stages. The land is quickly restored under state law and DEP specification and can be quickly returned to pasture or crop land. The remaining surface impact, a wellhead, separator, and tank occupy minimal areas. In return, the farmer receives a stream of revenue and in many cases, free gas to help in reducing at least his home heating costs.

Clearly this has not changed the character of the land, nor its agricultural use. The royalty income actually helps the farmer maintain the land as farmland, thus reducing the temptation to sell his farmland for commercial or industrial development.

If drilling a natural gas or oil well forces reassessment and the loss of a property's Clean and Green status, there is no incentive for the landowner to continue holding the property for this use. The end result could and probably would undermine the whole concept of Clean and Green in the Commonwealth.

The Commonwealth of Pennsylvania, as well as the nation as a whole, benefits from the production of American energy resources. Many Americans realize the need for our own energy development with a focus on clean natural gas production. Even Sierra Club head Carl Pope has spoken of encouraging natural gas production in the U.S.

With royalty income helping to support the agricultural heritage of our state, such activity is a win-win for the Commonwealth. IOGA of Pennsylvania urges the General Assembly to amend the Clean and Green Act to preserve the right of landowners to have drilling activity on their lands and receive the benefits of their leasing without being subjected to loss of Clean and Green status.

We urge the General Assembly to extend this hand to the farming community, while doing something that benefits every citizen in the Commonwealth.

At this time, I am eager to entertain your questions and address your concerns. Thank you.