

Reports: Marcellus reserves larger than expected

Kevin Begos
Associated Press

There's been plenty of debate over the Marcellus shale natural gas field, but new research adds a twist that could affect political and environmental battles. Two independent financial firms say the Marcellus isn't just the biggest natural gas field in the country — it's the cheapest place for energy companies to drill.

One of the reports adds that the Marcellus reserves that lie below parts of New York, Pennsylvania

and West Virginia and Ohio are far larger than recent government estimates, while another said the powerful combination of resource, cost and location is altering natural gas prices and market trends across the nation.

The Marcellus could contain "almost half of the current proven natural gas reserves in the U.S.," a report from Standard & Poor's issued this week said.

Another recent report from ITG Investment Research, a worldwide financial firm based in New

York, found that a detailed analysis of Marcellus well production data suggested that federal government estimates of its reserves "are grossly understated."

The new information increases the likelihood that natural gas will be used for more and more energy needs, such as city buses, industrial use, and electric power generation, according to Manuj Nikhanj, the head of Energy Research at ITG.

"The amount of resource that's available at relatively low cost is fair-

ly enormous," Nikhanj said.

Current production is centered in Pennsylvania and West Virginia.

Earlier this year, the federal Energy Information Administration sharply lowered its estimates of Marcellus reserves, from 410 trillion cubic feet down to 141 trillion cubic feet.

That adjustment was widely reported, including by The Associated Press.

But that lowered estimate doesn't correspond with actual well produc-

tion, said Nikhanj. He said the Marcellus contains about 330 trillion cubic feet of gas, more than double the size of the next largest field in the nation, the Eagle Ford in south Texas.

Even critics of gas drilling should accept that it isn't going away, said the head of one leading Pennsylvania environmental group.

"We should realize by now this is not going to be a short play. It's going to be here, probably for generations, because it's so productive," said George

Jugovic Jr., president of PennFuture.

The vast production coming out of Marcellus wells in Pennsylvania and West Virginia may have given some breathing room to New York, where residents, government officials and gas drillers are engaged in an extended debate over whether to allow the new gas production method known as hydraulic fracturing, or fracking. Fracking is under moratorium in New York until the debate is re-

solved.

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