

# N.C. now open to fracking

MCCRORY SIGNS BILL; STATE MOVING TO LURE NATURAL GAS DRILLERS

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Gov. Pat McCrory, flanked, from left, by Sen. E.S. Newton, Sen. Bob Rucho, legislative staffer Jeff Warren and Rep. Mike Hager, brandishes the pen he used to sign a bill Wednesday to allow fracking in North Carolina at N.C. State's Centennial Campus in Raleigh.

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**RALEIGH** Gov. Pat McCrory's signing of major energy legislation into law Wednesday sets the stage for preliminary exploration of North Carolina's shale gas potential, with the state government taking the lead where private industry has been reluctant to commit.

State-sponsored drilling is expected to get underway this fall in Eastern North Carolina as part of a \$550,000 state effort approved last year to help the energy industry assess fracking prospects here.

## Inside

**Revenue:** Governor says he'll help towns with replacing privilege tax. **1B**

Boosters of energy exploration want to expand the state's drilling activities beyond the six counties designated last year. The Senate's proposed budget would add more counties throughout the state and includes nearly \$1.2 million to aid the energy sector by drilling, analysis and marketing. The governor's budget includes \$500,000 for drilling up to three test wells near Sanford in Lee County.

## » Online

**Gallery:** See more photos from Gov. McCrory's signing of a fracking bill with this article at [nando.com/politics](http://nando.com/politics).

"It's a great thing for the government to be willing to do that," said Mark Miller, co-owner of Tar Heel Natural Gas, a Charlotte company interested in energy exploration here. "If the government can help the industry ascertain, that's a huge hurdle to climb over to get industry to come into the state."

The actual areas to be drilled will

be determined after the state budget is finalized. The Senate passed its budget last week and sent it to the state House for consideration. The House is expected to discuss its own budget next week. While the two chambers differ on some budget provisions, the House is likely to endorse the test wells.

Critics of fracking want subsidies directed to promote solar power and wind energy, not a booming industry sector that is thriving on its own.

"It looks like a taxpayer subsidy

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going to the oil and gas industry," said Cassie Gavin, lobbyist for the North Carolina chapter of the Sierra Club. "If they're interested in the resource, then they should invest in exploring."

## State ready to help

But energy development has lagged here, and lawmakers eager to promote drilling in North Carolina want to send the industry a clear signal that the state is ready to help.

The Energy Modernization Act, enacted into law Wednesday, clears the way for issuing fracking permits 61 days after safety rules are adopted. Permits could be issued as early as March and almost certainly by the fall of 2015.

McCrory signed the law at N.C. State University's Centennial Campus flanked by key lawmakers and Cabinet secretaries who are involved in developing an energy sector for the state. Security was tight with both campus and Raleigh police, but there were no protesters.

"Now for the first time North Carolina is getting into energy exploration," McCrory said, who passed out the pens used to sign the legislation. "North Carolina has been sitting on the sidelines for too long."

## An inducement to industry

Still, energy companies are not likely to spend millions of dollars to explore here if their investment won't pay off. Producing natural gas for commercial use would require drilling horizontally through several thousand feet of prehistoric shale rock and using hydraulic fracturing, or fracking, to release natural gas trapped in the rock formations.

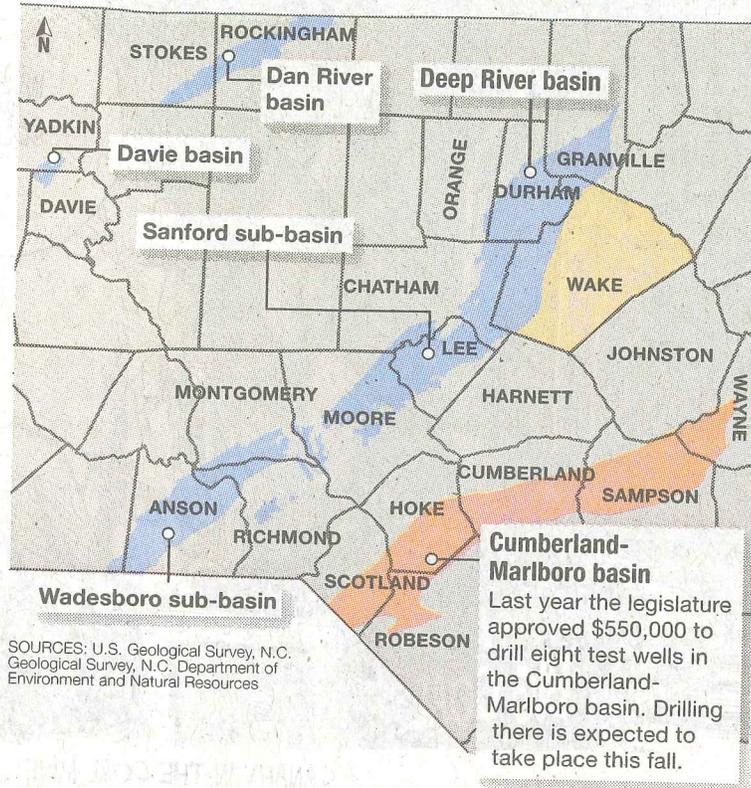
North Carolina's shale gas potential remains speculative and is based on about 15 core samples collected in past decades as well as a handful of test wells in Lee County that have struck gas, said State Geologist Kenneth Taylor. Lee, Moore and Chatham counties are believed to be the state's epicenter for natural gas and related fossil fuels commonly called "wet" gas.

Pinpointing the best sources of the shale gas could require drilling several hundred test wells, Miller said. North Carolina's offer to drill several more test wells would be an inducement for the industry to pick up the slack, he said, but no guarantee of success.

Bids from contractors are due June 21 for drilling the core samples in the Cumberland-Marlboro basin, ap-

# Test drilling in N.C.

Gov. Pat McCrory and the state Senate's budget proposals include funding to drill test wells in different basins across the state to assess shale gas potential. Areas to be drilled will be determined by the legislature in the final version of the state budget.



SOURCES: U.S. Geological Survey, N.C. Geological Survey, N.C. Department of Environment and Natural Resources

**Cumberland-Marlboro basin**  
Last year the legislature approved \$550,000 to drill eight test wells in the Cumberland-Marlboro basin. Drilling there is expected to take place this fall.

The News & Observer

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GOV. PAT MCCRORY

proved by the legislature last year for a swath that includes Wayne, Sampson, Scotland and Hoke counties.

## Drilling could start in fall

If the funds for drilling remain in the state budget, Taylor said, the core samples could also be drilled as early as this fall. He said the drilling locations haven't been selected but they would be on state-owned property.

Drilling core samples doesn't produce gas; instead, it provides cylinders of soil and rock that can be chemically analyzed for organic carbon, the common marker for natural gas, oil and other fuels.

Vertical core samples are also cheaper than drilling gas test wells, costing between \$400,000 and \$500,000 for a 4,000-foot core, versus more than \$1 million per gas well, Taylor said. Drilling for gas is

more complicated and requires "stimulating" the well by fracturing the surrounding rock with high-pressure water or nitrogen foam.

"It'll get information that companies need to make a decision," Taylor said of core samples. "We can get information if there's gas there or not without going into the exploration business."

Republican Sen. Buck Newton of Wilson, one of the advocates of shale gas exploration, said he has discussed the state's energy prospects with several energy companies that have expressed interest in North Carolina.

Newton predicted that, by 2017, "the picture will become very clear for the industry as to the extent of the resources" in the state.

## Fracking fears and hopes

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I have two gut feelings I want to share dealing with fracking in N.C.: fear and hope.

I fear that with the legislature in session, the preliminary report of 120 items by the Mining and Energy Commission will be changed to be more favorable to industry. This already shows up in the Senate as a bill dubbed the Energy Modernization Act.

I fear that the preliminary report will be accepted as amended, that the public meetings to have been held this summer will not occur, and that the October deadline for the final report (actually the commission indicated it would need until January) will not be honored. The Senate would dismiss the current commission and make it smaller, and the legislature would nominate most of the members. I fear that this could lead drilling to begin next spring, basically without due process, as initially set forth by this same legislature.

I hope that as potential drilling companies realize how complex the geology is within the Sanford Sub-Basin – with the multitude of faults and injected igneous dikes and the escape routes that both natural gas and toxic drilling waters have to get to the surface and into drinking water wells – that the risks are not acceptable.

I hope it is noteworthy that there are no permeable rock layers in which to inject the toxic waters used in drilling, neither in the Triassic basin, nor in the adjacent Piedmont. The possible sedimentary beds exist only in the Coastal Plain area, and these aquifers serve as major water sources. The tourist trade must be considered.

I hope the price of natural gas remains so low that drilling will not pay. And, if the natural gas is mainly methane, it is not as valuable as natural gas. I hope it is realized that the amount of retrievable natural gas is really unknown and that predictions are always on the high end.

I hope it is realized that there are thousands of square acres of black shales in formations that are hundreds to thousands of feet thick in many states and that future resources are being exploited now. Our Cumnock Formation is tiny in volume and would not sustain years and years of production.

I hope companies realize that the infrastructure of roads and pipelines is not available, nor are nearby water sources to mix with the toxic chemicals. I hope companies realize that the EPA is about to study whether the ingredients of toxic drilling waters should be made public.

I hope that other early on-the-spot drilling companies will not renew leases as has at least one company. I hope that the 120 items on the commission report will stall leasing agreements in the future.

If I were the CEO or a board member of a gas or oil company, I hope I would not allow funds to be used in the Triassic Sanford Sub-Basin of North Carolina.

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*0The length limit was waived.*