OU conference looks at upside, downside of shale-drilling boom

By Jim Phillips

An oil-and-gas executive told an audience at an Ohio University conference Tuesday that the technology for "fracking" oil and gas is getting more efficient and environmentally safer all the time.

"There's some great news about our industry," said Scott Rotruck, vice president for corporate development and state government relations with the Chesapeake Energy Corporation. "It really has made tremendous strides."

Rotruck was the keynote speaker at the second annual Appalachian Ohio State of the Region Conference, hosted by OU's Voinovich School of Leadership and Public Affairs.

He suggested Ohio is well-positioned to take economic advantage of the surge in drilling for gas and oil from deep shale beds, which has been made possible by improved methods of "horizontal hydraulic fracturing," popularly known as "fracking."

"I think Ohio's doing a lot of things right to embrace this opportunity," he said.

The theme of the conference was "shale and beyond," and it addressed the potential pluses and minuses for the region from the boom in oil-and-gas drilling that's now underway in mainly eastern Ohio counties – and which may or may not spread as far south as Athens.

Many of the speakers at the conference focused on the economic benefits from a drilling boom, and examined issues such as how to prepare the region's workforce to qualify for jobs in the industry.

Other speakers, however, voiced warnings about possible negative impacts.

Glenn Enslen, former director of economic development for Carroll County (southeast of Canton), was at ground zero for the biggest initial impact of the shale-drilling boom in Ohio. He said that while the boom has brought a huge influx of money and jobs to his county, it also has a darker aspect.

"What I see are two sides of the coin," Enslen said.

Enslen said the economic impact for Carroll County, both in terms of jobs, and for landowners who sign leases with drilling companies, has been undeniable.

"You live in Carroll County, you punch a hole in the ground, and money comes out," he joked. As for indirect economic benefits, he said, local businesses such as hotels, gas stations and restaurants have seen their sales skyrocket, and have added employees.

"Unbelievably, in little, tiny Carrollton, Ohio, we'll soon have three hotels – three," he marveled – and this in a town that,
before the boom, had one struggling hotel.

On the other hand, he noted, the pressure on housing from a huge influx of oil-and-gas workers has driven rents through the roof, forcing some people out of their homes.

He warned that the oil-and-gas boom could easily go the way of earlier Appalachian booms in resource extraction, such as timber and coal, in which the industry essentially looted the area for the resource and left it worse off economically than it had been before.

"Believe me, the negative side scares the heck out of me," he admitted.

Enslen said that when the coal industry largely pulled out of the region, "we saw banks close... we saw hardware stores close. We saw all kinds of businesses close." Unless a concerted effort is made to make sure that the money coming into the region from the drilling boom is captured, he said, we will see a replay of the boom-and-bust extraction cycles of the past.

"I implore you to think about it," he said. "Let's do it right this time... There has to be a way that we can turn this into sustainable development that will last. If we don't do it right this time, the same thing's going to happen. They're going to take the money and the resources, and leave."

SOME SPEAKERS SAID THE potential for jobs from the drilling boom is enormous, but that the state needs to make a serious effort to provide training that will let its residents land those high-paying jobs, both in the drilling industry itself, and in all the "downstream" industries that feed on it.

Rhonda Reda, executive director of the Ohio Oil and Gas Energy Education Program (OOGEE), said her group – which is fully funded by the oil-and-gas industry, and gets no public dollars – is working to make sure the state's school system prepares students to work in what she believes will be a thriving field. Many of those jobs, she said, will be in the industrial trades.

"It is the trades, and it is the trades, and it is the trades," she stressed.

Reda said it's important to establish solid education programs, starting as early as the K-12 grades. She said OOGEE is also working to weed out fly-by-night programs that attract people who want to get trained for oil-and-gas work, but don't actually give them adequate instruction.

"We see a lot of what we call 'two-men-in-a-truck' training," she said. OOGEE has put together a statewide list of approved training programs, she said, to help steer students away from the shadier ones.

An increased focus on training students for oil-and-gas jobs, she said, also will help boost student performance in math and science.

"It's all about STEM – we have to get kids interested in science, technology and math," she said.

Reda also emphasized that oil-and-gas industry workers in Ohio must be drug-free.

"You must be able to pass a drug test -- period," she declared. Students who plan to work in the field, she said, are informed that "you will be drug-tested before (you start working), and you will be drug-tested ongoing."

Rotruck of Chesapeake – which has bought up millions of dollars worth of leaseholds in Ohio for potential drilling – said the advances in technology that have allowed drillers to access oil and gas in underground shale beds have radically reshaped the energy and economic landscape. In the late 1970s, he noted, Americans were concerned about running low on fossil fuels; now, he said, "we're not even talking about shortages; we're talking about abundance."
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