

SUSQUEHANNA RIVER BASIN COMMISSION
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**SRBC TO REQUIRE ALL NATURAL GAS WELL DEVELOPMENT
PROJECTS IN SUSQUEHANNA BASIN TO OBTAIN PRIOR
APPROVAL REGARDLESS OF AMOUNT OF WATER USED**
Provision to Be Effective October 15, SRBC Notifies Gas Companies

HARRISBURG, Pa. – The Susquehanna River Basin Commission (SRBC) this week notified natural gas operators that as of October 15, 2008 any amount of water withdrawn or consumptively used to develop wells in the Marcellus, Utica or other shale formations in the Susquehanna watershed will require prior approval from SRBC. SRBC regulations – 18 CFR, Section 806.5 – allow its executive director to make a determination when water-use activities, regardless of the amount of water, have the potential to affect the water resources of the Susquehanna basin.

“While this regulatory provision is certainly not new, it is the first time in the Commission’s 37-year history we are imposing it on a class of projects,” said SRBC Executive Director Paul Swartz. “After careful consultation with the commissioners and my technical and legal staff, I decided it would be prudent to impose the more stringent provision on the natural gas industry to give us the ability to review and regulate the industry’s individual and cumulative impacts on water resources.”

In taking this action, Swartz determined the natural gas industry’s water-use activities could have an adverse, cumulative adverse or interstate effect on the water resources of the Susquehanna River Basin. The factors SRBC considered, as required by the regulations, included:

- quantity and rate of water usage;
- location of water (ground and surface sources) for withdrawals and consumptive uses;
- the potential to alter the physical, biological, chemical or hydrological characteristics of the basin’s water resources; and
- the potential to affect interstate water quality.

Swartz said, “We do recognize the significance of this week’s actions not only on the natural gas industry, but on the Commission itself in terms of the additional numbers of projects it will have to review. For this reason, we intend to propose new rulemaking that will help us meet the purposes of the determination without impacting the legitimate development of the basin’s water resources for economic development. Our intent is not to impede the proper development of the natural gas reserve in the Susquehanna basin, but rather to balance economic needs with sustainability of water resources for all uses.”

SRBC will consider proposed rulemaking at its next business meeting that would provide a more streamlined administrative procedure for reviewing consumptive water uses by the natural gas industry. This rulemaking would expand SRBC’s approval by rule procedures adopted in

December 2006. The expansion would allow gas companies to use that process to seek consumptive use approval, regardless of the water source. SRBC's current approval by rule process is available for use only if the source of water is a public water supply system. Under the contemplated rule change, the approval by rule process would allow the use of wastewater and other sources. The proposal would not change the current process used to review groundwater or surface water withdrawals.

SRBC expects to release the proposed rulemaking for public comment at its quarterly public meeting, which will be held on September 11 at Bucknell University, Elaine Langone Center, at 1:00 p.m.

Swartz said, "In the Susquehanna basin, the natural gas companies are largely in the exploratory phase. Once the development phase kicks in, the impacts on the workload of the Commission as a regulatory review agency could be enormous. It is absolutely critical we put into motion now the provisions needed to level the regulatory playing field and to ensure we have the administrative procedures in place to adequately protect the basin's precious water resources for all current and future needs."

More than 72 percent of the tri-state Susquehanna watershed, covering portions of New York, Pennsylvania and Maryland, are underlain by the Marcellus and other organic-rich shale formations. Advancements in technology for capturing natural gas in those shale formations require operators to inject large amounts of water several thousand feet underground to break up the rocks. For more information on SRBC's regulation of natural gas well development projects and for a copy of the notice of determination, go to SRBC's web site at www.srbc.net/programs/projreviewmarcellus.htm.

SRBC (www.srbc.net) is the governing agency established under a 100-year compact signed on December 24, 1970 by the federal government and the states of New York, Pennsylvania and Maryland to protect and wisely manage the water resources of the Susquehanna River Basin. The Susquehanna River starts in Cooperstown, New York, and flows 444 miles to Havre de Grace, Maryland, where the river meets the Chesapeake Bay.

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