



Rosenn Jenkins
& Greenwald LLP
ATTORNEYS AT LAW

MARCELLUS SHALE

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Coming tomorrow

Company jobs should come with good pay.

Some of those new work opportunities will be with the drilling and gas companies, but others are expected to be with subcontracted services, from land surveying and engineering to hauling and construction. Legal and banking services also will be needed.

Chesapeake Energy has invested significantly in not only leasing land in Pennsylvania, but in doing business with private companies.

With 94 wells drilled in the state in 2009 and more than 200 additional wells planned for this year, the company has paid subcontractors and vendors in Pennsylvania \$269 million since January 2009, company spokesman Rory Sweeney said in an e-mail.

Among the first employers to see the effects of natural gas exploration are law, surveying and engineering firms.

“We are seeing an increase in our business volume,” said Mark Van Loon, a partner with Rosenn Jenkins & Greenwald, a law firm with offices in Scranton, Wilkes-Barre and Hazleton.

“We’ve represented quite a few people in relation to the Marcellus Shale and land leases in Luzerne County, north to the New York border, and east and west from there in Susquehanna, Bradford, Luzerne and Lackawanna counties. There have been some in Wayne County, but not as much,” Van Loon said.

Lease holders also will also need to protect their financial assets, and that’s where banks come into the picture.

David Raven, president and chief executive officer of Pennstar Bank, said the financial institution is seeing a significant increase in business related to Marcellus Shale at branches in Susquehanna County.

“It’s specific to folks who receive lease (bonus) payments and eventually will receive royalties on the gas that’s produced,” Raven said.

In addition to landowners who want to protect their rights while negotiating the most lucrative deals, firms and individuals that enter into large contracts with the gas and drilling companies – engineers, construction firms, suppliers and haulers, for example – will want to have those contracts vetted before signing, according to Van Loon.

“If somebody has a contract that’s large enough, they’re likely to have it reviewed by their legal counsel because it involves too much risk for them not to. And there could be contractual disputes in relation to the delivery or performance of services,” he said.

Van Loon said his firm has five attorneys actively working on oil and gas lease issues, but at this point the partners have not seen the need to hire additional staff.

That’s not the case with Borton Lawson, an engineering firm based in Plains Township that also has offices in Bethlehem, State College and, as of two months ago because of the business generated by the Marcellus shale, in Wexford – a town in Pittsburgh’s northern suburbs.

Chris Borton, company president, has referred to the Pittsburgh area as “the heart of the gas and oil industry” in the region.

Last year, Borton Lawson laid off some of its survey crew workers as companies hurt by the recession cut back on land development. But over the last six months, the firm has hired six to eight people – including several surveyors – for jobs directly related to the Marcellus Shale.

And the company is looking for 13 more employees right now to fill positions such as environmental engineers and scientists, an electrical engineer, an automation engineer and a mechanical engineer.

Salaries for those jobs range from \$40,000 to \$80,000 depending on the type of job and experience of the employee, Borton said.

Borton said his firm is working with five natural gas companies in Northeastern Pennsylvania. The company will open a satellite office in the borough of Towanda, the county seat of Bradford County, on April 15 because of the extensive natural gas exploration and drilling in that area.

County drilling near

One of the gas companies – Encana Oil and Gas Inc. – has leased 25,000 acres of property in Luzerne County. The land is mainly on the north side of Route 118 in Fairmount, Ross, Lake and Lehman townships.

Encana so far has obtained permits for drilling one well in Lake Township and another in Fairmount Township and is seeking a permit for one in Lehman Township, said company spokesman Doug Hock. Hydrogeological studies are now under way, and officials hope to begin constructing wells by May.

“For every well drilled, that creates about 120 jobs, either directly or indirectly. The bulk of these jobs as we begin operations are done by subcontractors,” Hock said.

Subcontracted work includes water haulers, truck drivers, construction crews for well pad grading and construction and rig hands after the wells are built. Local average wages could see a boost, given that salaries even for less skilled positions range from \$60,000 and \$70,000, he said.

Hock said Encana prefers to hire local contractors, “but it’s not always possible because of the skills available in the labor market.”

He couldn’t predict how many new jobs will be generated by Encana operations because officials won’t know how many additional wells – if any – might be drilled until they see the results of natural gas production from the first two or three.

“By the end of 2010, we’ll have an idea if we have a good program, something that’s economically viable that we can continue to develop,” Hock said.

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