



MANHATTAN INSTITUTE FOR POLICY RESEARCH

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Fracking Ban Costs New York Billions in Lost Economic Output and Tax Revenue

New York, NY: The natural gas boom that America is experiencing is due largely to advances in hydraulic fracturing and horizontal drilling techniques which free gas trapped in densely packed shale formations previously thought to be uneconomic. However, in many states, these techniques have become a major focus of environmental concern. This concern has led to a ban on the use of hydraulic fracturing in New York State—**but is this moratorium on shale gas drilling beneficial for New Yorkers?**

A new Manhattan Institute Center for Energy Policy and the Environment report, authored by University of Wyoming professor Timothy Considine, analyzes the economic and environmental impacts of shale gas drilling in the Marcellus Shale formation in Pennsylvania (the formation spans several states including, New York).

The report, “**The Economic Opportunities of Shale Energy Development**”, which was released at an event in New York City on Wednesday, June 7, 2011, finds that the net economic benefits of shale drilling in the Marcellus are considerably positive while the environmental impact of the typical Marcellus well is relatively low. **Pennsylvania’s experience suggests that New York, through its ban, is needlessly stifling job growth, investment, and tax revenue in a part of the state that can scarcely afford it.**

What ending the moratorium means for New York:

- \$11.4 billion in economic output and \$1.4 billion in tax revenues.
- \$4 million in economic benefits from each well but only \$14,000 in economic damages from environmental impacts.
- Some 15,000 to 18,000 jobs could be created in the Southern Tier and Western New York, regions which lost a combined 48,000 payroll jobs between 2000 and 2010.
- 75,000 to 90,000 jobs could be created if the area of exploration and drilling were expanded to include the Utica Shale and southeastern New York, including the New York City watershed.

Considine carefully reviewed the public records of environmental violations reported by the Pennsylvania Department of Environmental Protection for the period 2008–10 and found that the

probability of an environmental event is small and that those that do occur are minor and localized in their effects.

Considine's report concludes that the potential economic benefits of shale gas exploration greatly exceed the potential environmental impacts in New York State. **Developing the Marcellus Shale could drive commercial activity in the Empire State for decades, leading to long-term increases in personal income and tax revenue.**

Timothy J. Considine is the School of Energy Resources Professor of Energy Economics and director of the Center for Energy Economics and Public Policy at the University of Wyoming. Prior to joining UW in August 2008, Considine worked at The Pennsylvania State University, Bank of America, and the U.S. Congressional Budget Office. He holds a Ph.D. from Cornell University, an M.S. from Purdue University, and a B.A. with honors from Loyola University of Chicago.

**To obtain a copy of the report, please contact Matthew J. Olsen at 646-839-3352
or by email at molsen@manhattan-institute.org.**

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