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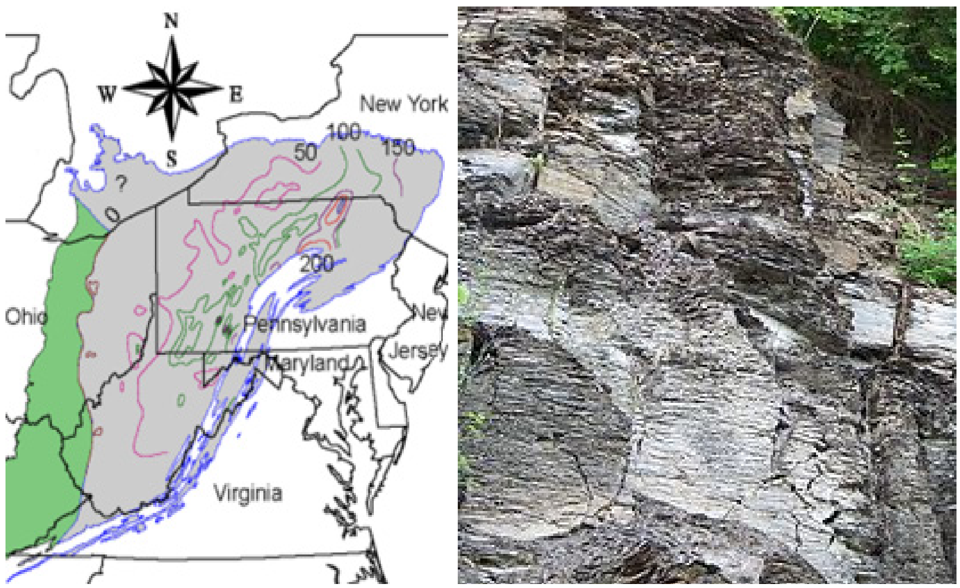
Green Watch

The Environmental Movement vs. the Marcellus Shale

Green disinformation campaign pits fake David vs. fake Goliath

By Kevin Mooney

Summary: *Environmentalists often depict themselves as scrappy underdogs fighting the power of entrenched special interests. But the case of the Marcellus Shale—and the untold energy resources that could be recovered safely by new drilling technology such as fracking—pits "the little guy" against powerful "green" forces such as the Park Foundation and the Natural Resources Defense Council.*



The Marcellus Shale—a sedimentary rock formation—contains vast reserves of natural gas. It takes its name from an outcrop near Marcellus, New York (right).

Sometimes Goliath could use a little help. A common tactic used by environmental extremists and their friends in the media is to characterize adversaries as "Goliath"—the powerful villain—in conflict with the good guy, the scrappy underdog, the "David." In fact, the purported David may be made up of wealthy foundations, powerful politicians, and unaccountable bureaucrats, and Goliath may be small farmers, working-class people, and people with small businesses.

The controversy over "fracking"—innovative drilling techniques to access vast reserves of natural gas—is one such case of David and Goliath.

The *New York Times* and the so-called mainstream media that follow the *Times*' lead, as well as anti-industry websites, depict the opponents of hydraulic fracturing (also known as "hydrofracking" or "fracking") as high-minded, conscientious, homespun, grassroots "green" groups that are simply overmatched by the advertising and lobbying heft of the pro-energy sector.

Yet there is good reason to believe Exxon Mobile, ConocoPhillips, Royal Dutch Shell, Chesapeake Energy, and other energy companies that favor innovative drilling techniques are at a financial disadvantage. That's because, by not identifying themselves as lobbyists, environmentalist organizations can sidestep legal requirements to report political spending—and thereby conceal their true role in the controversy over fracking.

A year ago, the *Times* published a front page story by reporter Thomas Kaplan claiming that, when state officials in New York considered whether to allow fracking, proponents heavily outspent environmentalists and distorted the debate.

"The money those companies have spent in New York since the beginning of last year is more than four times the roughly $800,000 that the state's most prominent environmental groups have spent on their lobbying efforts," Kaplan wrote. "The hydrofracking issue has created a cottage industry for paid lobbyists, because the gas-drilling industry previously had little business in the capital. One major gas driller, Chesapeake Energy, has spent more than $1.6 million on lobbying over the past three years. In the three years before that, it spent barely $40,000."

Companies that drill for natural gas had spent over $3.2 million on lobbying efforts in Albany, according to Kaplan, while "the environmental groups, with far less money at their disposal, are mounting a more homespun campaign as they warn that hydrofracking . . . could taint the water supply and cause environmental ruin."

But as Tom Shepstone, the campaign director for the Northeast Marcellus Initiative (NMI) notes in his blog, the report left a lot of money out of its calculations. The *Times* failed to inform readers that the environmentalists it cited had avoided registering as lobbyists. The paper also ignored "the behemoth budgets of the various folks it quotes as homespun. Indeed the only spinning going on here is that of the *Times* itself in constructing this narrative out of whole cloth," Shepstone wrote.

Shepstone identified a multitude of well-funded "green" pressure groups that escape media scrutiny despite the substantial expenditures they have made on behalf of anti-fracking efforts. These include: Earthjustice, Earthworks, the Delaware Riverkeeper, Otsego 2000, the Community Environmental Defense Council, Catskill Citizens for Safe Energy, the Catskill Mountainkeeper, the Environmental Advocates of New York, and the Citizens Campaign for the Environment (CCE) and its sister organization, the Citizens Campaign Fund for the Environment. Consider the example of the CCE: Despite spending almost $3 million in 2010, with opposition to hydraulic fracturing in New York at the top of its agenda, the organization declined to register as a lobbyist.

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The NRDC

The other major player in this controversy is the Natural Resources Defense Council (NRDC), which is now pressuring three towns in the northern region of the Delaware River Basin (DRB) to abandon a pro-natural gas resolution they passed at the behest of the Joint Landowners Coalition of New York. The Town of Sanford in Broome County and the Towns of Delaware and Fremont in Sullivan County are in no position to compete financially against the power and influence of the NRDC. In one of his posts, Shepstone explored the pressure tactics that have been applied against the three towns, which have limited resources for political fights.

"First, why would an organization of the size and scope of the NRDC want to pick on three tiny communities along the upper reaches of the Delaware River? It's like sending in Attila the Hun to steal the lunch money from a kindergartener. Secondly, why these three particular towns? Dozens of communities across upstate New York State have done exactly the same thing. Why weren't they all included or a more representative sample used?"

NRDC is wealthy; it spent over $105 million in 2011 and has almost $200 million in net assets. The group has 350 lawyers, scientists, and "other professionals" at its beck-and-call. By comparison, each of the towns targeted by the NRDC has a budget of a just a few million dollars. It hardly seems like a fair fight. Most recently, the NRDC set up a "Community Fracking Defense Project," which offers legal assistance to local government officials willing to resist drilling efforts. The NRDC has also filed information requests (similar to FOIAs) with the three towns demanding records of communications between public officials and the Joint Landowners Coalition.

Although NRDC postures as an advocate for the public good, Shepstone suspects the organization is advancing its own private interests and that of its wealthy donors.

"It is the story of a nonprofit corporation acting, not in the public interest, but, rather, to further the personal interests of its leadership through intimidation of local officials," he observed. "The Towns of Delaware, Fremont and Sanford are all viable candidates for natural gas development in the upper portion of the Delaware River basin where friends and officers of NRDC hold thousands of acres of land surrounded by other thousands of acres they'd like to control."

Moreover, the NRDC, with a little help from compliant media outlets, continues to fix the Goliath label on industry—literally. In a smear piece targeting the American Petroleum Institute (API), an NRDC blogger lamented the millions of dollars that have been "earmarked for massive PR campaigns to try and convince Americans to stay dependent on oil and gas forever. Truly, the story of the fossil fuels industry and the fledgling renewable energy industry (and the nonprofit groups that see renewable energy as a way to help our environment and our health) is a David vs. Goliath tale."

Go back to the $3.2 million sum cited by the *New York Times* that industry has spent on lobbying efforts to promote the benefits of fracking and natural gas development. That amount pales in comparison to the $121 million in annual funding that flow into the "homespun" environmental groups that the *Times* and its allies celebrate for selfless activism.

In addition to the NRDC, other wealthy

environmentalist groups have weighed in on the fracking debate. These include the Earthjustice Legal Defense Fund, formerly the Sierra Club Legal Defense Fund, which had net assets of $822,000 and allocated $1.8 million last year, and the Delaware River Keeper, which had net assets of $342,000 and spent $961,000 in 2009.

By not registering as lobbyists, the nonprofit environmental groups gain a public-relations advantage, Shepstone explained. "While we proudly acknowledge our funding by industry, they pretend to be disinterested non-partisan public servants, when the truth is they have access to the biggest money of all."

The Park Foundation

That money is pouring in to support anti-fracking groups, concentrated in the Northeast, compliments of a 501(c)(3) nonprofit donor based in Ithaca, New York, and known as the Park Foundation.

The late Roy Park was identified as the 40th wealthiest person in America by *Forbes* in 1993. His company, Park Communications, had control of 21 radio stations, seven television stations, and 144 publications when it was at its peak. Roy Park left 51 percent of his company to the Park Foundation when he died.

The Park Foundation's hypocrisy is palpable. As of 2011, Roy Park's widow Dorothy Dent Park was still living in the couple's 6,558-square-foot home on Devon Road in the Village of Cayuga Heights in New York. It turns out the home is heated by the same natural gas supplies that the Park Foundation would deny to others. In fact, the succeeding generations of Roy and Dorothy Park all depend upon natural gas to heat their homes and their places of business.

Their daughter, Adelaide Park Gomer, who is now president of the Park Foundation, leads the charge against any natural gas development in New York State. She claims it will do irrevocable harm to landscapes, agriculture, tourism, and the wine industry. "It is heartening that people are beginning to realize that if frackers are invited into New York State, the only recourse we'll have is to hit the streets and use civil disobedience," she said. "Nothing short of a total ban can save us from this unfolding tragedy! We believe that New York must become the first state to ban fracking, taking a leadership role that the rest of the country can then rally behind. There is nothing less than our future at stake."

Gomer is right to say that the future is at stake. New York is in desperate financial straits. Looking ahead, the Empire State must confront a continuous sea of rising red ink. In 2011 alone, its budget deficit exceeded $8 billion. Yet fracking is subject to a state moratorium.

In contrast to New York, Pennsylvania produces over 80 billion cubic feet of natural gas a year and has 296 wells in the Marcellus Shale, a geological formation that spreads across several states. "For fiscal health, New York should emulate Pennsylvania and develop its natural gas reserves," suggested Diana Furchtgott-Roth, a former chief economist with the U.S. Department of Labor (and the author of the main essay in last month's *Green Watch*). "If New York were to permit fracking, the Empire State would see new jobs, a surge of economic activity, and more tax revenues." Furchtgott-Roth notes a study by Timothy Considine of the University of Wyoming which concludes that by proceeding with natural gas development, New York would see $1.7 billion in additional economic activity and $214 million in additional tax revenue in 2015.

In 2010, then-Gov. David Paterson issued an executive order that prevents new drilling permits from being issued until after the New York Department of Environmental Conservation (DEC) issues a new impact statement. With the public comment period now over, the DEC is expected to release an updated impact statement and a regulatory plan before the end of 2012.

That means New York has arrived at a rubber-meets-the-road moment that will determine its economic future. According to Robert Bryce, a scholar with the Manhattan Institute, "Environmental groups have successfully used fear mongering to prevent the development of a much needed energy resource." The fracking ban has cost "tens, if not hundreds, of millions of dollars in tax revenue and tens of thousands of new jobs" in New York.

Although the Park Foundation postures as a benign charity, it funds the political activism of "green" groups that work against the best interests of New York residents. Shepstone, the Marcellus Shale Initiative's campaign director, has carefully tracked and documented the donations the foundation has made on behalf of anti-drilling efforts. In 2009, the Park Foundation had net assets of $246 million and spent $23 million, which included $17.6 million in grants and contributions to green groups opposed to fracking, according to Shepstone. Park is also a major financial backer for Cornell University and Duke University—both of which produced studies that, not surprisingly, attacked fracking.

Since 2011, the *New York Times* has produced a series called "Drilling Down" that consistently quotes "green" groups as authorities on fracking, with many of those groups funded by Park. One *Times* report, for instance, relies almost exclusively on the Environmental Working Group (EWG), which the Park Foundation has funded to the tune of at least $1,010,000 since 2004, according to tax records.

Under the tax laws, Park Foundation is permitted to operate under the guise of a 501(c)(3) designation. Technically this means it is a charity and so not permitted to engage in direct political funding and activism, yet according to Shepstone, "The Park Foundation is creating the issues, using them to sue and then reporting on the results. They have the right to do all these things, but not in the guise of a nonprofit corporation, the public purpose of which is not politics, but charity. Funding opponents of natural gas is not a legitimate function of a 501(c)(3) organization. Let them declare themselves a 501(c)(4) organization if that's what they wish to do, but they shouldn't be parading around as a charity when they're really doing politics."

Karen Moreau, the executive director of the New York State Petroleum Council based in Albany, sees a "moral injustice" at work. She counts over 20 states that are now pursuing hydraulic fracturing and horizontal drilling with "minimal environmental impact."

"New York State has become a breeding ground for radical environmental groups that are very well-funded thanks to the Park Foundation," she said. "They have worked to keep the moratorium in place for the past four years, denying landowners their ability to lease their land and the revenues that can save their farms and homes. We have the science on our side. There is a long history of safe, effective hydraulic fracturing in New York and across the nation."

Unfortunately, the environmentalists have gained the upper-hand with a sophisticated misinformation campaign rooted in nonscientific "fear mongering," Moreau said. "Remember the Park Foundation grew out of a company that was in the communications business. They know how to use and manipulate the media and to sway public opinion. I do feel like industry was a little slow in coming into this fight, but that is changing."

Natural gas revolution

The pro-fracking campaign has the facts on its side. The drilling technique that has been the source of so much angst for environmentalists involves the injection of water mixed with sand and chemicals into a well at high pressure. The end result is highly pressurized fluid that fractures the rock and releases oil and natural gas that was previously trapped. The fracking technique has been in use for several decades, but what's relatively new is the use of hydraulic fracturing together with precision directional drilling, which enables wells to be drilled horizontally right through the oil or natural gas rock itself. The heightened efficiency resulting from fracking combined with the new drilling technique has opened the way to affordable production in the Marcellus Shale, which cuts across New York, Pennsylvania, Ohio, and West Virginia.

The United States Geological Survey (USGS) estimates that, between 2002 and 2011, the amount of recoverable natural gas in the Marcellus Shale grew by 42-fold, thanks to hydraulic fracturing. In October, IHS Global Insight, the world's largest economics organization, released a study entitled *America's New Energy Future: The Unconventional Oil and Gas Revolution*, which concluded that the oil and gas industry is supporting over 1.7 million jobs in 2012 with average wages much higher than those found in the general economy. Over the next three years, the study anticipates, that will increase to 2.5 million jobs.

"The growth of unconventional oil and gas production is creating a new energy reality for the United States," said Daniel Yergin, IHS vice chairman. "That growth has not only contributed to U.S. energy security but is a significant source of new jobs and economic activity at a time when the economy is a top priority."

He added, "The United States currently has the highest rate of growth in crude oil production capacity in the world and is virtually self-sufficient in natural gas, except for some gas from Canada. This is a stark contrast from when, prior to the unconventional revolution, it was expected that the U.S. would soon become heavily dependent on gas imports."

Other key findings from the study:

►"The jobs created tend to be high quality and high paying, given the technologically innovative nature of unconventional oil and gas activity. Workers associated with unconventional oil and gas are currently paid an average of $35.15 per hour—higher than the wages in the general economy ($23.07 per hour) and more than wages paid in manufacturing, wholesale trade and education, among others."

►"Unconventional energy activity will contribute $237 billion in value added contributions to GDP in 2012, a figure that will increase to $475 billion annually in 2035."

►"Unconventional oil and gas activity will generate more than $61 billion in federal and state government revenues in 2012 and increase to $91 billion in 2015 and $111 billion in 2020. By the last year of the forecast period, in 2035, government revenues will increase to more than $124 billion."

The economic and financial benefits that continue to flow out of the natural gas boom do not fit with the narrative that has been created over the past few years by environmental activists and their allies among government officials and journalists. Fortunately, organizations like the Marcellus Shale Coalition (MSC), which includes the Energy in Depth (EID) public outreach campaign, are stepping up to challenge environmentalist disinformation.

MSC openly proclaims its connection with the natural gas industry as it supports hydrofracking and horizontal drilling. The Coalition's website places a strong emphasis on the experience in Pennsylvania—which, unlike New York, has allowed fracking to proceed apace. The MRC site highlights the number of new jobs and businesses that have been attracted into Pennsylvania as a result of increased natural gas supplies via fracking. It notes figures from the Pennsylvania College of Technology showing "150 occupations and 420 individuals are required to drill and complete a single Marcellus Shale natural gas well." The businesses include local hardware stores, environmental consulting firms, water treatment facilities, and various manufacturers.

Using information from Pennsylvania's Department of Labor and Industry, the MSC site also focuses on approximately 249,000 "direct and indirect jobs across the Commonwealth of Pennsylvania are supported by the natural gas industry."

Another key fact—persistently omitted by the *New York Times*, but highlighted in the Coalition's public relations efforts—concerns the financial benefits that have accrued to average citizens, the very same little people that the environmentalists claim to champion. Thanks to expanded natural gas development in the Marcellus Shale, lower energy costs have translated into significant savings for consumers.

"In fact, the region's largest natural gas utilities—PECO, NFG, PGW, Columbia, Equitable, UGI, UGI Penn, and Peoples—averaged a 41.25 percent cut in rates for consumers from 2008 to 2011, equating to nearly $3,200 in average savings per customer during that period," according to the MSC site.

Hydrofracking transcends junk science and Team Obama

Under President Obama, federal policy has been skewed in favor of unworkable "green" energy initiatives at the expense of fossil fuels. President Obama has blocked approval of the Keystone XL Pipeline, denied permitting for exploration, and repeatedly sought to raise taxes on the oil and gas industry. Nevertheless, Furchtgott-Roth anticipates that, over time, technological innovations will win out against counterproductive policies handed down from Washington.

She noted that, "Although Congress spends billions of dollars on green technologies in a futile attempt to create jobs and promote energy independence, Obama wants to deny access to development of our own oil and gas resources in some of the most geologically promising areas available and to increase the tax costs of developing these resources. Americans might become greater conservationists prodded by guilt or by higher fuel prices. But even if they do, they will still need oil and natural gas for driving, home heating and electricity generation for many years to come."

Despite all regulatory obstacles now in place and the government subsidies for "green" energy, the production of regular (non-"green") fuels is proceeding at an accelerated pace in America. Drilling innovations like hydrofracturing are outpacing anti-energy schemers in Washington, D.C. The substantial deposits of natural gas that have been discovered in parts of Texas, Louisiana, and Pennsylvania have had a transformative influence on the U.S. economy, and the New York deposits could have the same effect if the moratorium were lifted. But policy changes are still needed at the federal and state level to maximize the full potential of natural gas.

Meanwhile, the scientific evidence in favor of using hydraulic fracturing to harness natural gas continues to mount. State energy and environmental agencies state flatly and unambiguously that there has been no groundwater contamination resulting from fracking operations.

"Though hydraulic fracturing has been used for over 60 years in Texas, our Railroad Commission records do not reflect a single documented surface or groundwater contamination case associated with hydraulic fracturing," The Texas Railroad Commission declared in a regulatory statement.

Scott Perry, director of the Bureau of Oil Management in the Pennsylvania Department of Environmental Protection, is just as emphatic. "There has never been any evidence of fracking ever causing direct contamination of fresh groundwater in Pennsylvania or anywhere else," he told reporters.

Then there is Josh Fox, the New York filmmaker who produced the documentary *Gasland*, which claims natural gas development would jeopardize the health of local residents and damage the environment. In his film, Fox featured a man named Weston Wilson, described as an "EPA whistleblower," who said that "One can characterize this entire [natural gas] industry as having a hundred year history of purchasing those they contaminate." Wilson was in fact an EPA employee, working out of the EPA's Denver office. But he was not part of the team of scientists and engineers that devoted almost five years to studying hydraulic fracturing for the EPA. The product of their work was a 2004 study that found "no evidence" to suggest any connection between hydraulic fracturing and the contamination of drinking water.

In 2010 and 2011, Fox's production company, the International Wow Company, received donations of $75,000 from a certain "charity" that were used to fund a promotional campaign around *Gasland*. Yes, that would be the Park Foundation.

Despite the bias of the media, the truth about fracking is getting out. A year-long study, commissioned by the owner-operator of California's Inglewood Oil Field and conducted in cooperation with Los Angeles County officials, concluded there was no environmental harm from fracking. Inglewood is the largest urban oil field in the nation. The *Los Angeles Times*, to its credit, has given the study extensive coverage.

Ultimately, it may be a moral appeal that carries the day. On his blog promoting the Marcellus Shale, Shepstone wondered why environmentalists, who have no problem heating their own homes with natural gas, work to block fracking. "What is appalling to me is that the Park Foundation and the National Resource Defense Council have no interest whatsoever in the fate of the people who actually have to make a living in the area," he said. "They would shut us out completely; we are mere collateral damage."

He suspects that environmentalists' opposition to fracking is rooted in their fear that abundant, cheap natural gas could deal a fatal blow to so-called "renewable" energy initiatives.

"They have invested a lot into renewables, and to them it is like a religion," Shepstone observed. "The natural gas boom means that fossil fuels are not going away, and the green groups are not happy."

Kevin Mooney is an investigative reporter for the Franklin Center for Government and Public Integrity and several of its affiliates.

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GreenNotes

In January 2008, then-Sen. **Barack Obama** promised that his environmental regulations would make electricity prices “necessarily skyrocket” and, in effect, shut down the coal industry. Said Obama: “So if somebody wants to build a coal-powered plant, they can. It’s just that it will bankrupt them because they’re going to be charged a huge sum for all that greenhouse gas that’s being emitted.” Subsequently, based on environmentalists’ beliefs regarding global warming, “climate change,” extreme weather (“climate chaos”), and other theories, the **Environmental Protection Agency** proposed rules that would prohibit construction of plants that lack expensive carbon-capture technology—technology that hasn’t been fully developed yet. And utilities in the **United States** could be forced to shut down 353 coal-fired electricity units as the cost of government regulations makes electricity from coal uneconomical, according to a new study by the leftist **Union of Concerned Scientists**. “Spending billions to upgrade old coal plants may simply be throwing good money after bad,” said a co-author of the study.

Phil Kerpen of the free-market group **American Commitment** noted: “The lynchpin of the Obama’s **War on Coal** is the so-called **Utility Maximum Achievable Control Technology** (Utility MACT) rule, also known as ‘Mercury and Air Toxics Standards’ or ‘MATS.’ The rule requires expensive retrofits at coal-fired power plants, raising electricity prices nearly 20 percent with no environmental benefit. The cost, according to EPA’s own estimate, is $10 billion per year. A more realistic analysis from the **National Economic Research Associates** found compliance costs of $21 billion per year, with 183,000 lost jobs per year. Worse, if the rule stands it will combine with Obama’s new greenhouse gas rules to shut down all coal-fired power plants in America, a genuine economic catastrophe that will make prices ‘necessarily skyrocket’ and undermine the reliability of our electric grid.” The United States is a special target for anti-coal activists because it has 23-29% of the world’s coal reserves; the U.S. has been called “the **Saudi Arabia** of coal.”

Although scientists have found no connection between man-made “global warming”/“climate change” and **Hurricane Sandy**, politicians—**Al Gore**, **Bill Clinton**, **New York City** Mayor **Michael Bloomberg**, and many others—moved quickly to link the two. Blaming everything on global warming is the latest in a long line of pseudoscientific fads, such as when problems were blamed on “the impurity of the races” or on overpopulation.

Recently, **ABC News** reported on how, in a “worst-case scenario” fulfilled 68 years from now, coffee plants might be extinct due to warming, and the ***Christian Science Monitor*** blamed global warming for the following: the future evacuation of the **Republic of Kiribati**; the exposure of **World War I** explosives in **the Alps**; the growth (!) of glaciers in the Alps; tiger attacks in **India**; the building of elaborate cocoons by **Pakistani** spiders; the powering-down of a nuclear power plant in **Connecticut** because its cooling water was too hot; a genetic change causing salmon to spawn early; a plane getting stuck at **Reagan National Airport** because the tarmac was soft; a popcorn shortage; a future decline in production of maple syrup and baseball bats; interference with Wi-Fi; the organizing of “snowless ski races”; an increase in ant-control calls to **Orkin**; the shrinking of fish, amphibians, and reptiles; increases in violent crime and rates for homeowners’ insurance; changes in the timing of the **National Cherry Blossom Festival**; the abandonment of cars during a **Chicago** blizzard; and the fact that “polar bears are learning (!) a new skill out of necessity: long-distance swimming.” Perhaps the lesson we should all learn is this: Global warming makes polar bears smarter!