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Chamber Won't Disclose White Paper Sources

By Paul Roberts and Mike Herdering

Garrett County Chamber of Commerce directors refuse to disclose their sources for claims that shale gas revenue in western Maryland could amount to \$47 billion, and, despite the chamber's large county subsidy, the presiding county commissioner sees no problem with the chamber making such claims.

Official median government estimates put the value of the gas reserve almost 90 percent lower than the chamber's figure, at around \$5 billion.

The chamber's "white paper" on shale gas — published on a website jointly run by the county and the University of Maryland Extension Service — contains mostly industry talking points and has drawn criticism for promoting gas-drilling while wildly exaggerating claims of its financial possibilities. The issue, which spawned several letters to the editor, has been a hot topic locally and led to testy exchanges at a chamber-organized function this week in McHenry.

Those connected with the process say a lagging vacation tourism industry, for many years the Deep Creek area's economic engine, has local business elites and county officials looking for a replacement; some believe drilling for gas in the Marcellus and Utica shale deposits under the county is the best hope for the future, given tourism's slide in a national economic slow-down now in its fourth year. Many others, at numerous public meetings over the last two years, have complained that tourism and industrial gas development are not compatible.

Meanwhile, a local businessman who says he helped with the chamber report — and with one by The Greater Cumberland Committee that contains identical financial claims — denies that he was the source for the exaggerated estimate

but says he doesn't know where the information originated.

Jonathan "Smiley" Kessler, operator of several tourism-related businesses in Garrett County, said he expects horizontally "fractured" wells to be drilled soon on land he owns in Pennsylvania. He estimated what he called "pie in the sky" earnings from the drilling but insists it "is summarily wrong" to conclude that information formed the basis for the chamber's undocumented numbers.

Kessler re-directed inquiries about documentation to chamber CEO Nicole Christian. She refused to discuss the matter but said: "We believe our facts to be accurate," despite the government revenue projection that is \$42 billion lower — a gap about equal to oil-rich Alaska's annual economic output.

How widely remains unclear, but Kessler distributed material about gas-drilling in mid- 2011 to local policy-makers, including the Garrett County Board of Realtors, with a chart titled "Created for Board of Garrett County Commissioners." That piece puts the true "total play revenue" not in the billions but at "\$31.4 trillion" — about twice the gross domestic product of the United States.

The only chamber representative willing to offer any explanations was Tony Doerr, a local businessman who was board chair when the white paper was released. "Maybe we didn't do our due diligence. I can see where it appears that way. Did we learn our lesson? 'Cite your source.'"

Doerr said the chamber board, with help from its legislative affairs committee, voted 14-0 to release the white paper. It calls for expediting the ongoing review of state regulations while ensuring "safe development." Doerr said he thought the paper, which also contradicts government estimates to claim the county could become a "leading gas supplier" to the Northeast, took a "soft-enough stance that it wouldn't cause anybody any grief.

"But none of us on the board are educated enough (about shale gas) to say we are experts."

Doerr, Kessler, and others say that many in the community are concerned about the tourism sector, creeping unemployment, and a dramatic fall in real estate sales. "DCL is still the core of our community's business," summarized Doerr, who owns a construction company. "But we're just not getting the growth of out it that is needed."

However, business owners such as Michael Bell, who with his wife operates a

bed-and-breakfast in McHenry, say: “Yes, tourism is down, but we don’t have to become a third-world county that relies on exporting natural resources — enriching energy companies but impoverishing residents and destroying the environment.”

Doerr also said he doesn’t know who pushed forward the exaggerated data. He indicated during a July 6 interview that the chamber might consider a public revision, but no one at the chamber in recent days would comment on that possibility.

Chamber First Vice Chair Merlin Beitzel, whose Bittering-based company bearing his name is a significant gas-field services provider working in nearby states, did not return emails. Christian, on Tuesday, declined further comment, citing what she said was an uncooperative spirit among some criticizing the chamber.

No “fracking” is permitted in Maryland, and a state commission is deciding whether the controversial process should be allowed while state regulations are modernized.

Presiding Commissioner Jim Raley, answering questions on Tuesday at the Chamber event, said people routinely “skew numbers” in the gas debate, and that while the commission was not asked to approve the white paper before release, “we did get it and we support the chamber’s position.”

Commissioner Gregan Crawford said, emphatically, that he “did not agree” with Raley’s blanket support of the white paper, but “I do agree with the need to pursue energy sources.”

All six commissioners in Garrett and Allegany counties signed a letter last winter asking Gov. Martin O’Malley to speed up the review of state regulations, so that drilling can occur soon. Raley even sits on the Governor’s commission, which issued a report in January using the official estimates of the gas reserve.

Hyperbolic revenue claims from quasi-official sources certainly are not new. The extension service distributed its own a couple of years ago, based on industry calculations of the reserve. Those estimates were discredited last fall when the Maryland Geological Survey, using federal geologists’ data, issued official figures for use by government, investor services, and economic analysts — everywhere, it seems, except in Garrett County.

