

Shale readings *Attorneys get oil and gas update at seminar*

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The Eagle Ford Shale is nipping at the Barnett Shale's heels as the fastest-developing natural gas resource in Texas.

That revelation – and claims that public fears surrounding natural gas drilling are often unfounded – underscored a recent oil and gas seminar in Fort Worth.

Presented by Winstead PC law firm, the Nov. 10 summit armed attorneys representing energy companies with the latest rules and pending legislation affecting oil and gas drilling statewide. From eminent domain and air monitoring regulations to trade secret protection, the seminar offered a different perspective than most residents get at public meetings on the subjects.

Winstead attorneys presented different

In a separate presentation, Jamie Lavergne Bryan, also a Winstead attorney, said drilling permits for Barnett Shale operations reached 4,145 in 2008, compared to just 26 for the Eagle Ford Shale, according to the Texas Railroad Commission.

The Eagle Ford numbers rose to 94 in 2009 and 1,010 in 2010, with Barnett Shale permits falling to 1,755 and 2,157 in the same time periods, respectively.

And from January through September 2011, numbers of drilling permits issued for Eagle Ford Shale operations surpassed those issued for Barnett Shale drilling, at 2,117 compared to 1,414.

"The Eagle Ford Shale has become an economic driver for South Texas," Bryan said. "Without question, it has brought economic growth and activity to an area that needs it."

The Eagle Ford Shale spans 22 counties in a diagonal line stretching from Webb,

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– Jamie Lavergne Bryan, attorney, Winstead

issues, with regulatory challenges inextricably entwined with each one.

"The Barnett Shale may not be that easy any more," said Derek Seal, a Winstead attorney, explaining that environmental regulations have made drilling on the shale increasingly difficult.

"Part of the reason the TCEQ [Texas Commission on Environmental Quality] went down this [regulatory] path is because a lot of oil and gas production is in urban areas that used to not be there," said Seal, whose presentation focused on combining air monitoring and air regulations at oil and gas well sites.

The path that Seal referred to includes several recently implemented TCEQ drilling requirements such as the permit by rule for oil and gas drilling sites that became effective on Feb. 27. A permit by rule authorization for drill site operation is granted by the TCEQ if a drilling operation emits less than 250 tons of carbon monoxide or nitrogen oxide per year.

Pointing to a chart depicting 466,235 active oil and gas wells statewide as of January 2011, Seal said that while Tarrant County and surrounding counties claim a large share of those numbers, growth has slowed.

"The number of Barnett Shale drilling permits has gone down month to month for the first time in several years," Seal said.

Maverick and Zapata counties in southwest Texas near Mexico to Leon County north of Houston. Permits issued for Eagle Ford wells totaled 2,522 as of Sept. 1, according to the Railroad Commission.

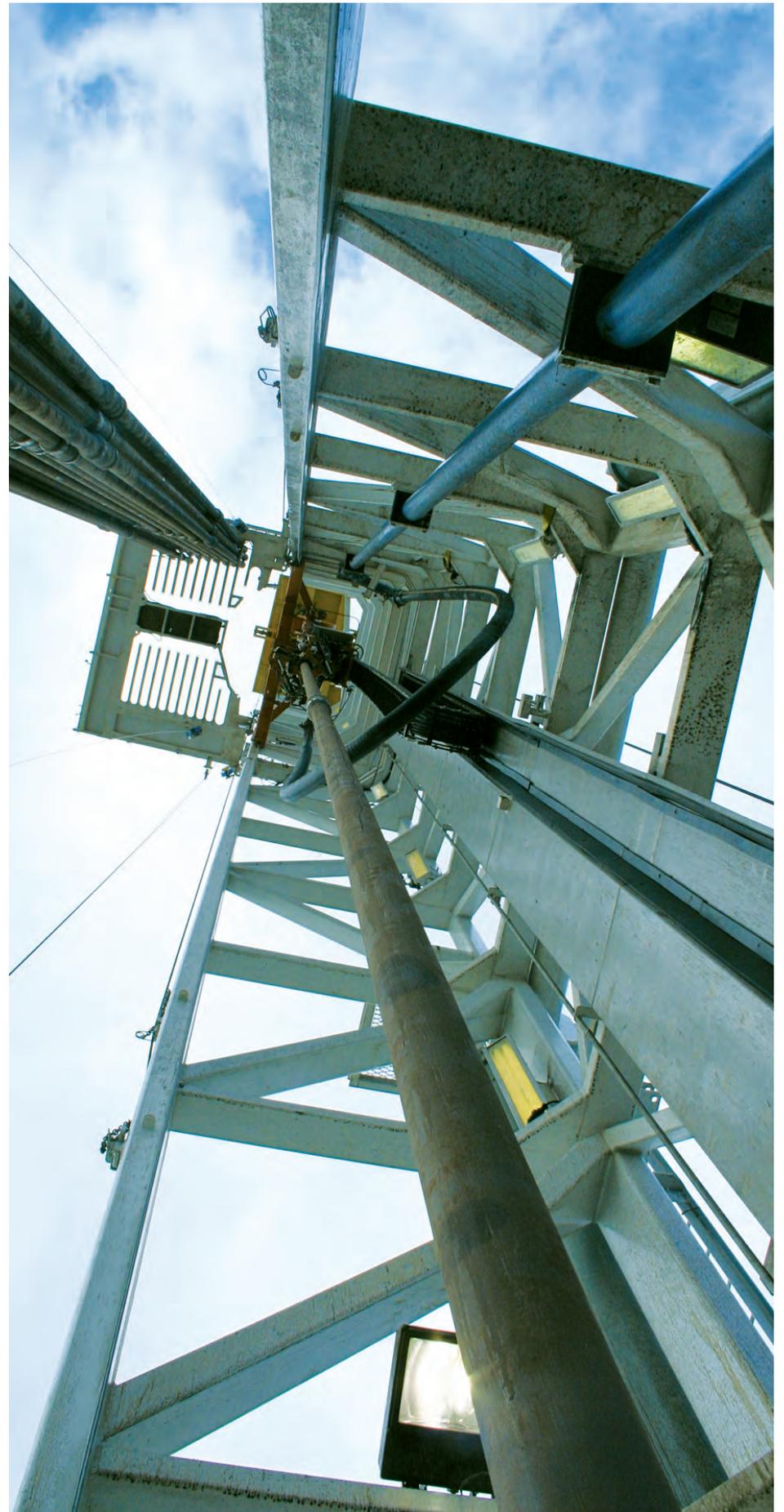
Bryan and other attorneys at the seminar said that what they consider over-regulation could make energy companies think twice before considering new drilling operations.

Public concern over potential air and groundwater contamination has risen. Residents and energy company representatives often disagree about the environmental threats posed by oil and gas drilling.

But the results of a \$1 million air quality study commissioned by the Fort Worth City Council found no "significant health threats" to residents. Moreover, Seal pointed out that blood and urine samples taken from residents of the town of Dish in Denton County in early 2010 found no elevated exposure to volatile organic compounds emitted from nearby oil and gas drilling operations, according to a Texas Department of State Health Services finding.

Seal, Bryan and other attorneys at the seminar pointed to charts and maps in insisting that the hydraulic fracturing process used to extract natural gas poses no environmental threat.

"The industry is not overlooking these



concerns," Bryan said. "Not since Erin Brockovich and *An Inconvenient Truth* has an environmental issue gotten more attention than with hydraulic fracking," said Bryan, referring to the Julia Roberts film and Al Gore's book and documentary film, respectively.

Sharing Bryan's belief that the industry is adequately regulated and that public perception is often inaccurate was Albert R. Axe Jr., an attorney at Winstead's Austin office. He pointed to a newspaper article reporting no connection found between hydraulic fracturing and groundwater contamination.

Maintaining safe drilling sites is not only vital for those living near those

locations, it's equally important to the companies doing the drilling, Axe said.

"They do not want to lose oil or gas to other [geological] formations or make their wells uneconomic," Axe said. "Emotional rhetoric is not enough. We must have sound science."

The next installment of scientific proof is expected in 2012 when final conclusions of a University of Texas study on the use of hydraulic fracturing in shale gas development are expected to be released. Preliminary findings announced this month found no direct link to reported groundwater contamination, according to the university's Energy Institute, which is leading the study. ■