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Region sees beginning of widespread energy boom

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This time, there are no gushers spilling oil everywhere. No farm villages that become boom towns overnight, only to empty out as wells start running dry.

Western Pennsylvania is at the start of what could be a longer, more widespread energy boom and period of influence than the frenzied time 150 years ago this August when America's oil industry was founded in the Titusville area.

This time, a half-dozen industries are taking part as the region tries to retake a key role in filling the nation's energy needs.

Natural gas drilling in the Marcellus Shale region covering more than half the state and parts of New York and West Virginia has slowed somewhat from last year because of lower prices, but experts said it eventually could turn out enough natural gas to sustain demand across the United States for 12 years or longer.

Companies that make equipment to generate solar and wind power are boosting local production as worldwide demand grows. Westinghouse Electric Co. has hired 2,600 people in the region over the past four years and is moving to a new headquarters in Cranberry this month as it builds nuclear plants worldwide.

On a smaller scale, a Leetsdale-based company last month launched a filtration system for biofuels blenders that's designed to prevent the common problem of surface crystallization, and meet new production standards.

"I've seen more places in the U.S. that have more biofuels companies," said Jonathan Dugan of Schroeder Biofuels, founded two years ago as part of industrial filters maker Schroeder Industries, which dates to 1946. "There's a big undercurrent of it beginning to emerge."

Pennsylvania remains the fourth-biggest coal producing state, with most of its output coming from bituminous reserves in its western regions — including Greene County's Bailey Mine, the biggest underground coal mine nationwide.

Western Pennsylvania "really is unique in many ways" for its diverse energy businesses — some related to its industrial past, others relatively new, said Edward S. Rubin, an environmental engineering and science professor at Carnegie Mellon University.

Which industries will have the most success in coming years?

That depends, Rubin said, on how far government policy goes to further the use of renewable energy sources, such as solar and wind, and how tough it will get on issues such as trapping carbon emissions from fossil fuels underground.

Much also depends on technology advances — whether solar power generated when the sun shines can be stored for a cloudy day, for example, he said.

Col. Edwin L. Drake touched off the world's first oil boom by drilling the first successful commercial well on Aug. 27, 1859, near an oil spring outside Titusville, Crawford County.

Until that point, oil that seeped to the surface had been collected for use in medicines. But Drake's well and those that followed answered a demand for better lighting fuels than the whale oil commonly used then.

"The market was building for a way to push back the darkness," said oil industry historian William Brice of the University of Pittsburgh at Johnstown.

Titusville swelled from a couple hundred residents to more than 10,000 as oil companies snapped up drilling leases and hired laborers. Teamsters arrived to transport barrels of fuel by horse-drawn wagon.

Compared to modern drilling methods and controls, "No attention paid to the environment — oil spilled all over the place," Lou D'Amico of the Independent Oil and Gas Association of Pennsylvania said.

The region grew for decades and producers became millionaires as the internal combustion engine presented a new use for oil. But Pennsylvania's oil industry peaked in 1891 and drillers moved west as supplies dwindled.

Local energy production firms are betting that won't happen this time.

Solar Power Industries Inc. of Rostraver anticipates domestic sales for its energy-producing panels will jump because of renewable energy use incentives that are part of the \$787 billion federal economic stimulus package.

"Everyone is poised for the U.S. to come on line with solar power," said Rob Lazzari, vice president of resource management. The company expects to spread some of its production within a month to part of the former Sony Corp. plant in East Huntingdon, Westmoreland County.

At this point, Lazzari said, 98 percent of the company's products are sold outside the United States, mainly in China and Germany.

German-owned Flabeg Corp., meanwhile, is building a plant in Findlay that will make glass and mirror components for panels in large-scale solar power plants and could employ 200 people at the plant by next year. And Spain's Gamesa SA is expanding the Ebensburg, Cambria County, plant it opened three years ago to make windmill blades.

But natural gas is the developing industry with the most dramatic local impact these days.

New drilling technologies make the Marcellus Shale formation — 6,000 feet or more underground — reachable, and rising demand in recent years makes going after it worthwhile.

About 500 Marcellus wells have been drilled so far in Pennsylvania. Drillers from Texas, Louisiana and other states have been working here temporarily, but the companies are hiring and training local workers and could create about 8,000 jobs this year.

Texas-based gas producer Range Resources LLC opened an office in Cecil, Washington County, with one employee in January 2007 and now has 130.

Through land leases and royalty payments, the company has created five millionaires already in Mt. Pleasant, Washington County, spokesman Matt Pitzarella said, and it expects to double current production from a gas processing plant in Chartiers by year's end.

Another producer, Atlas Energy Resources LLC, has more than doubled its local work force to around 200 in Smithfield, Fayette County, plus 75 at its headquarters in Moon.

"One thing about oil and gas: It's a very labor-intensive business so it impacts the economy in a much greater way than many other industries," President Richard D. Weber said.

Both companies, plus other gas producers, have created hundreds of jobs for companies that service the industry.

Texas-based Red Oak Water Transfer has 42 workers here so far, is moving into a new building in Hickory, Washington County and could hire 50 to 100 more employees in the next couple years, said Keith Ryals, operations manager.

Local businesses say the gas companies drive up their sales.

"They buy fuel. They buy lots of groceries," said Raymond Stockdale, who owns the 125-year-old Ruff Creek General Store store just off Interstate 79 in Greene County.

On an average night, 40 of the 256 rooms at the Holiday Inn Pittsburgh Airport in Moon are occupied by gas company workers or related contractors, said Craig Poole, the general manager. He runs a "Marcellus special" discount to build repeat business.

Richard Bortz Jr. said his family's Bortz Chevrolet Cadillac dealership in Waynesburg, Greene County, has sold around 25 pickup trucks to drilling companies over the last six months.

And Greg McElhaney put a shoe brush outside his Shelley's Pike Inn in

Houston, Washington County, for drill rig workers to clean off boots muddied at well sites, as they stop in for meals.

Not that he's complaining. "With the economy the way it is, I didn't notice any bad economy," McElhaney said.

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