

N.Y.'s Own Analysis Rebuts Fracking Ban

Though the public is learning about it just now, New York officials said nearly a year ago that fracking is not necessarily a hazard to public health. With that question answered, the state should clear the way for the fracking boom that is already a material economic driver to produce even greater gains.

Gov. Andrew Cuomo reportedly has been long aware of the February 2012 research compiled by state officials, who concluded that hydraulic fracturing could be performed safely in New York. Yet amid political pressure from the environmentalist lobby, he buried the findings. The report became public in recent days when a copy was leaked to a newspaper.

When Cuomo campaigned, he indicated he was open to approving the process, which has been shut down in New York since a 2008 moratorium. But he's apparently nervous about crossing those opposed to it.

We suggest Cuomo stiffen his spine. The benefits of fracking are phenomenal.

Fracking uses fluids injected under pressure to shatter rock and release oil and natural gas. It is not a new process. But it has been modernized and is taking energy output to new heights.

In 2008, the U.S. produced only 6.9 million barrels of oil per day, a significant drop from the 10 million produced during the 1980s. Thanks in part to fracking, output rose to 8.1 million a day by the end of 2011. By 2020 it could reach 11.1 million, the International Energy Agency says. That's 500,000 more barrels a day than Saudi Arabia is projected to produce at that time.

Fracking has also lifted natural gas output. As the Los Angeles Times reported last fall, in less than a generation the U.S. "has soared to world leadership in extracting natural gas from shale formations" through fracking.

Robert Samuelson, writing on IBD's Issues & Insights pages last month, noted the trend. "Since 2000, U.S. natural gas production has risen by a quarter, with the increase coming mostly

from shale gas," he wrote. "From 2000 to 2012, its share of production zoomed from less than 2% to 34%."

If not for the thriving oil and gas business, the country's job climate would be in far worse shape than it is. From January 2008 through August 2012, job growth in the oil and gas industry climbed 27.5% while total payroll employment fell 3.4%.

Cheap and plentiful energy also expands wealth. Robust production of shale gas will increase the average American household's yearly income by \$2,000 by 2035, resource economist Steve Sexton says. "Shale gas alone drives incremental GDP growth through 2020 and annually contributes between \$100 billion and \$230 billion to the U.S. economy by 2035," he said.

Low-cost energy also provides an advantage to legacy American industries that have lost their luster in recent years. A PricewaterhouseCoopers report in December 2011 projected that "U.S. manufacturers could employ approximately 1 million more workers by 2025" due to the abundance of shale gas.

U.S. News & World Report calls fracking a "game changer." It says it "has the potential to fundamentally change the nation's role in the energy security conversation." Former Shell Oil CEO John Hofmeister believes it can "revitalize the entire economy."

"We could be on a wave of new prosperity for everyday people," he said recently on Fox Business News. Fracking can create "jobs in counties that haven't seen job creation in decades."

It's not just "drillers who succeed," he said, "it's landowners, it's the people who make the equipment. In all 50 states, we have such a boom opportunity."

If Cuomo fails to re-open his state to fracking, Hofmeister will have to amend his words. One state will be missing the kind of boom opportunity already playing out in places like Pennsylvania.

In Pennsylvania, each well in the Marcellus shale formation — which extends into New York — creates \$5.5 million in direct economic benefits and 62 jobs, says a Manhattan Institute report.

A good governor would be less intent on pleasing a radical element than on making the most rational decision for his state.

