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Gas Boom Aids Pennsylvania, but Some Worry Over the Risk



Ruth Fremson/The New York Times

A gas drilling site behind a farmhouse in Fairdale, west of Montrose, Pa. Drilling and the businesses supporting it have lifted the Susquehanna County economy.

By KATHARINE Q. SEELYE
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MONTROSE, Pa. — In the economic downturn three years ago, Adam Diaz idled the trucks at his bluestone quarry and silenced the saws at his lumber mill.

Drilling Down

By IAN URBINA

The Drilling Down series examines the risks of natural-gas drilling and efforts to regulate this rapidly growing industry.



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Fortunately for him, the gas companies arrived at about the same time, and Mr. Diaz saw an opportunity.

He started hauling their waste. He parlayed 1 truck into 8 and now has a fleet of 53. Then he revived a weedy rail spur and now leases 210 rail cars to haul more waste containers. His work force grew to 180 from 30 as he created a business that now has revenues of \$45 million a year.

Other residents also began taking advantage of the "gas rush." Some supplied the companies with machine parts; others laid pipe. One entrepreneurial couple opened a food wagon where they also sell alpaca socks to drillers from Louisiana and Texas who were unprepared for the cold.

The gas boom is transforming small towns like this one (population 4,400 and growing) and revitalizing the economy of this once-forgotten stretch of rural

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The New York Times
Montrose is located along the gas-rich Marcellus Shale.

northeastern Pennsylvania. The few hotels here have expanded, restaurants are packed and housing rentals have more than doubled.

“There’s been a snowball effect due to the gas companies coming in,” Mr. Diaz, 33, said recently at his bustling empire near here.

But the boom — brought on by an advanced drilling technique called hydraulic fracturing, known as fracking — has brought problems too. While the gas companies have created numerous high-paying drilling jobs, many residents lack the skills for them. Some people’s drinking water has been contaminated. Narrow country roads are crumbling under the weight of heavy trucks. With housing scarce and expensive, more residents are becoming homeless. Local services and infrastructure are strained.

“Very little tax revenue goes to local governments to help them share in the benefits of the economic development,” said Sharon Ward, executive director of the [Pennsylvania Budget and Policy Center](#), an independent policy research organization.

And some are asking whether short-term gains have obscured the long-term view of an industry marked by boom-bust cycles.

“What happens in the long run is the critical question,” said Kathy Braiser, associate professor of rural sociology at Penn State. “How can communities take advantage of the benefits and try to mitigate the negative issues so that they are well-positioned for when this does tail off?”

The boom has been driven by extensive gas reserves in the Marcellus Shale, the vast rock formation under several Middle Atlantic states and concentrated in Pennsylvania. Industry-backed research says that a typical Marcellus well can generate millions of dollars in economic benefits, including wages, taxes and stimulation through the supply chain. (Critics say the amount is exaggerated.)

In Pennsylvania, more than 3,000 wells have been drilled in the past three years and permits for thousands more have been issued. Here in Susquehanna County, a poor rural county of which Montrose is the seat, 262 wells had been drilled by a half-dozen different gas companies as of the end of July; permits have been issued for 400 more.

At this time of year, the roller-coaster hills are blanketed in the oranges of fall. Dotted among them are industrial well sites, typically three to five acres, where drills crank and groan around the clock, glowing at night like spaceship colonies.

For Mr. Diaz and a charmed circle of local winners — water haulers and motel operators, pipeline workers and waitresses, lawyers, surveyors and launderers — the drilling has fueled an economic turnabout.

John and Phyllis DiGiori, who own an alpaca farm, started a food concession truck along the main road. Along with burgers and fries, they now offer warm clothing to workers from Texas and Louisiana. “Ask us about our alpaca socks and more,” says a handwritten sign taped to the service window.

Dan and Gretchen Backer, who oversee 40 rooms in hotels and apartments, including the Inn at Montrose, responded to the boom by renovating their rooms and adding amenities like flat-screen TVs. Now, Ms. Backer said, they have doubled their rates, to \$2,500 a month, for a two-bedroom rental.

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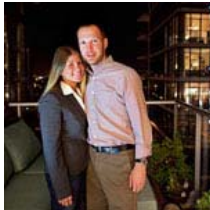
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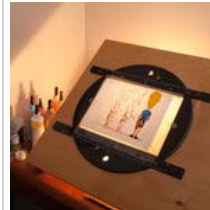


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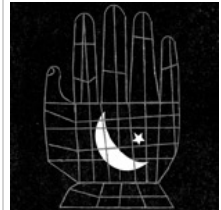
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