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# Natural gas impacts economy, jobs

Posted: September 21, 2013 - 9:59pm



By [Michelle Corbet](#)

LOG CABIN STAFF WRITER

Conway is located south of the Fayetteville Shale, an unconventional natural gas reservoir in north-central Arkansas. It occupies 2,500 square miles ranging in thickness from approximately 50 to 550 feet and varying in depth from approximately 1,500 to 6,500 feet below the ground surface.

According to the US Department of Energy, natural gas is a fossil fuel comprised mostly of methane, and is one of the [cleanest burning alternative fuels](#).

Arkansas' natural gas industry boom began in 2004 with the drilling and production of gas wells. As of April 2012, approximately 4,000 producing wells had been completed in the Fayetteville Shale with the potential for the development of over 14,000 more.

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According to Conway 2025, the city's strategic plan for the future, one of the city's goals is for the Conway Area Chamber of Commerce and Conway Development Corporation to become advocates for the natural gas industry.

"It's a commodity that our community is very invested in," said Jamie Gates, senior vice president of the chamber.

In 2011, the chamber helped bring Southwestern Energy's regional headquarters to Conway.

ETO Energy/ExxonMobil, BHP Billiton and Southwestern Energy are the three primary corporations drilling in the Fayetteville Shale. Since the development of the Fayetteville Shale, gas production has quadrupled since 2004.

According to a report from Environmental Science & Technology, at the annual production rate of about 19.3 trillion cubic feet, there is enough natural gas to supply the U.S. for the next 90 years with some estimates extending the supply to 116 years.

April Lane, cofounder of [ArkansasFracking.org](#), an organization founded to address the [negative impacts](#) of the extraction of natural gas in the Fayetteville Shale, said these numbers are projections because only 20 percent of the natural gas under our feet is extractable using the technology we have today.

From 2008 to 2011, as natural gas corporations began exploring the Fayetteville Shale with plans of drilling

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and production, more than \$1.2 billion in mineral leases and royalty payments were paid to Arkansans.

Faulkner County Judge Allen Dodson explained, the mineral estate is the dominate estate and the surface is a subservient estate. When the gas companies came to Arkansas mineral estate owners had the legal right to sell the minerals under a landowner's property.

Southwestern Energy and other companies in the region want to be good community citizens, so they generally try to establish a relationship with the landowners of whom they are extracting minerals, Dodson said.

Usually the companies sign an agreement with landowners and give them some kind of compensation, typically money, Dodson said, for the use of their land.

Today there are 354 producing wells in Faulkner County, 11 wells currently being constructed and three that have been permitted. Since 2011, Faulkner County has had no active injection wells, or waste-water disposal wells, when a permanent moratorium was put in place by the Arkansas Oil and Gas Commission in 2011 after the state experienced a 4.7 earthquake.

In a study from the University of Arkansas' Center for Business & Economic Research, the Fayetteville Shale generated more than \$12.8 billion in investment from 2008 to 2011, 29 percent more than was projected in 2008.

The natural gas severance tax of 5 percent, brought in about \$50 million, but the state has about \$450 million worth of road damage from well construction trucks and waste water removal trucks.

Economists aren't factoring in the long term costs such as health costs, Lane said.

This same study showed employment in the oil and gas industry grew by 142.6 percent, while overall employment in the state of Arkansas increased by only 0.6 percent from 2001 to 2010.

Lane, said those figures show that most of the natural gas industry jobs didn't go to Arkansans.

But Gates said a simple survey of who's working in the energy industry will show that the majority of those gas industry employees are native Arkansans.

The Arkansas Department of Workforce Services' numbers for the first quarter of 2013 show an average of 1,536 Arkansans employed in oil and gas extraction.

Though many Arkansans found job opportunities in other fields as the exploration and production of natural gas created a number of supporting jobs such as construction, transportation and distribution.

Dodson said a number of his friends and relatives work in the gas industry or if not directly with the gas industry in a related industry.

"In light of the worst economic downturn in modern history, the energy industry really propped up the state," Gates said. "You look at the state's that weathered the recession the best, they are all energy producing states."

(Staff writer Michelle Corbet can be reached by email at [michelle.corbet@thecabin.net](mailto:michelle.corbet@thecabin.net) or by phone at 505-1215.)

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