



Fact Check: West Virginia Led the Nation in New Gas Wells in 2010

412 N. Third Street, Harrisburg, PA 17101 • www.pennbpc.org • April 11, 2011

States that impose a natural gas drilling tax did quite well in 2010, according to the independent journal *World Oil Online*.¹ West Virginia, Texas and Arkansas, all of which impose a drilling tax, led the nation in new gas wells. Pennsylvania, which does not impose the tax, came in sixth nationally during the period. West Virginia was first with 1,896 new wells, while Pennsylvania added 833 wells.²

West Virginia has had significant activity in the Marcellus Shale in particular. As of October 2010, West Virginia had 1,217 Marcellus Shale wells completed, with 862 new wells permitted.³

In 2009, the latest year of official data, Pennsylvania and West Virginia were running neck in neck in total gas production.⁴ That same year, West Virginia also collected \$85 million in drilling tax revenue and another \$97 million in property taxes, while Pennsylvania collected neither.

These facts contrast with statements made by Acting Revenue Secretary Dan Meuser before the Pennsylvania House Appropriations Committee on March 11, 2011. The Acting Secretary claimed that since West Virginia passed its drilling tax, only 20 Marcellus Shale wells have been drilled and that Pennsylvania has had more than 600 such wells drilled.⁵

West Virginia has been levying a drilling tax on natural gas since 1921 and issuing drilling permits to tap the Marcellus Shale since 2002.

Drilling decisions are based on a number of factors, the most important of which is the price of gas. Other considerations are drilling and operating costs (which would include a drilling tax), royalties, and proximity to markets and pipelines. Claims that taxes are the primary determinant are misguided, at best.

Table 1. Change in Number of Gas Wells by State, 2009 to 2010

State	Total Gas Wells		Gain/(Loss)	% Change
	2009	2010		
West Virginia	50,602	52,498	1,896	3.7%
Texas	93,507	95,014	1,507	1.6%
Arkansas	6,225	7,507	1,282	20.6%
Kentucky	16,909	18,001	1,092	6.5%
Virginia	6,224	7,158	934	15.0%
Pennsylvania	56,636	57,469	833	1.5%
Total US	490,142	486,862	(3,280)	-0.7%

Source. World Oil Online

¹ World Oil Online, "US gas well count drops slightly," *Special Focus: Outlook 2011 Producing Gas Wells, Vol. 232, No. 2*, February 2011, <http://www.worldoil.com/US-gas-well-count-drops-slightly-February-2011.html>.

² West Virginia Geological & Economic Survey, Completed and permitted Marcellus Shale well data as of October 29, 2010, <http://www.wvgs.wvnet.edu/www/datastat/devshales.htm>.

³ West Virginia Geological & Economic Survey, Completed and permitted Marcellus Shale well data as of October 29, 2010, <http://www.wvgs.wvnet.edu/www/datastat/devshales.htm>.

⁴ West Virginia produced 264 billion cubic feet of natural gas in 2009, while Pennsylvania produced 274 billion cubic feet, http://www.eia.gov/dnav/ng/ng_sum_lsum_a_EPG0_FGW_mmcf_a.htm.

⁵ PA Environment Digest, "Budget: Revenue Secretary Defends Lack of Marcellus Shale Severance Tax, March 12, 2011, <http://www.paenvironmentdigest.com/newsletter/default.asp?NewsletterArticleID=18460&SubjectID=>.