

Business & Environmental Collaboration Fighting Polarization in the Shale Industry

An MDM interview transcript,
featuring Andrew Place, president,
The Center for Sustainable Shale Development

This is the full transcript of an MDM interview with Andrew Place, president of the Center for Sustainable Shale Development. MDM spoke with Place about how the CSSD, a collaboration of business and environmental groups, is working to remove the polarization from discussions around shale development. This interview is exclusively available as bonus content to MDM subscribers.

The Center for Sustainable Shale Development was established to bridge the communication gap between companies and organizations on both sides of the shale development debate and to create a certification process to guide companies to sustainable and environmentally responsible shale development. Staff Writer Angela Poulson spoke with Andrew Place, president of the CSSD and corporate director of energy and environmental policy for oil exploration and production company EQT Corp., about the CSSD's mission of combatting the polarization that exists around the shale industry and what the effort means for distributors and manufacturers.

MDM: Tell me a bit about the Center for Sustainable Shale Development and why it was established.

Andrew Place: The CSSD is a partnership that came together about two and a half years ago. There was a sense that shale development has become really polarized in the Appalachian Basin, perhaps more so than anywhere else in the country. It's an area with a strong environmental focus, but that's matched by a strong industrial background and industrial footprint. So it has all the ingredients of the complexity of this issue.

The polarization we were seeing from both sides was that one side was saying: "This is risk-less. Everyone knows what they are doing. Just stay out of our way." And the other side was saying: "No way, no how. This is irresponsible and shouldn't be developed." The point was to get everyone together and have a discourse that focuses on data and science and gets us away from the less data-driven discussions that were taking place.

If you look at the partnership, whether it's on the environmental side with the Clean Air Task Force, the Environmental Defense Fund or the Pennsylvania Environmental Council, or the operating side with Shell, Chevron, my own firm EQT and others, organizations are deeply committed to this issue, which has a dual imperative of developing this valuable resource both economically and environmentally.

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MDM: How might the CSSD's work affect the business environment in this industry?

Place: It's the social license to operate. When an operator comes into a community, there is the expectation that it will operate to the highest possible standards to address and mitigate risk for air emissions and ground and surface water. That's why it's important to set standards that are transparent, quantifiable and measurable.

We're focused on the technical end of this –the ceiling, not the regulatory floor. But as the understanding of risks and mitigating science and technology continue to move forward, operating at that leading edge provides significant business opportunities, whether it's designing flares or completions or water monitoring equipment.

MDM: Do you think the work of the CSSD might help prevent future regulations that could stifle industry development?

Place: The CSSD is singularly focused on best practice and voluntary standards; that's a very different space from the regulatory space. What we speak to is mitigating risk, although that should also have a salutary value in that space in that these operations can be done prudently. But there's really a red line between what we do and the regulatory space. I think that's been the value of what we do, that we're not restrained by that.

MDM: Describe the impact the CSSD might have in the Northeast or nationwide.

Place: When we launched this program, I thought that there would be a handful of days of press coverage about what we've achieved, but we've had a barrage of interest since March that has not diminished, regionally, nationally and globally. I think that's important, because it shows that there's a real need or hunger, particularly in the Appalachian Basin but even more broadly, for the mitigation of risk and getting away from the polarizations I referred to earlier. If we're able to inform those discussions with technology or data or to provide a framework or forum for how this can be done prudently, I think that could have value not just in the basin, but nationally or globally.

MDM: Can you give me an update on the development of a certification process for operators?

Place: We have an initial set of 15 standards, version 1.0, that we publically announced in March. We have always planned to go back to see where those can be improved. In the beginning, we made the conscious choice to focus solely on the air emissions and water risk questions. And we are moving this fall into a discussion of what issue to tackle next, be it terrestrial emissions, induced seismicity, disposal wells, safety, community impact, etc. There is a whole host of issues that we put into the proverbial parking lot as we worked to release this first set of standards.

We recently completed a standards evaluation protocol to lay out what our auditors will audit to when we look at the standards, which a third-party will use for audits throughout a two-year certification period. We will publically be announcing what that looks like in the next couple of weeks. Then starting this fall and into next spring, we will embark on the first round of certifications for the firms that are currently partners in the effort.

MDM: Does it make sense for the manufacturers of oil and gas equipment to get involved with the CSSD?

Place: Very much so. I expect further discussion on the initial set of standards as far as where they have been effective and where they need to be fine-tuned. We didn't undertake this in a bubble. We've had conversations with engineering providers and service firms on what is technically feasible and to define the time horizon for technologies that may need to be developed to help companies operate to these standards.

For example, we have a prohibition in our standards that operators must eliminate hydrocarbons from flowback water. How do you design separation equipment to ensure that you achieve that standard?

There are a host of technologies that come to bear across the board of standards, so there are many areas where technology and engineering firms are essential in developing these emerging technologies.

MDM: Should distributors serving the industry familiarize themselves with the standards?

Place: Absolutely. They have to read the market, and we are helping to outline what that market looks like for the firms that are involved with this. Distributors must be able to bridge that market gap between what the firms are asking for and what the manufacturers are developing. I would think from the distributor's perspective, you have to be on the forefront of where the industry is going to be able to provide the services and products that are expected.

MDM: Will there be a geographic requirement for companies that want to become certified for the program, or will you offer it on a national basis?

Place: Currently we've focused on the Appalachian Basin, but if you look at our board and at the participants, they have national and global outlooks. So while it's premature to say we are heading that way, there are expectations that there may be implications far beyond this pilot.

*Learn more about The Center for Sustainable Shale Development at
www.sustainableshale.org*
