

Drilling Support Industries Find Home at Horseheads Center

by Sue Smith-Heavenrich

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It takes a community of support industries to get natural gas from the drilling site to market, says Helen Slottje, a senior attorney with the Community Environmental Defense Council in Ithaca. Slottje presented information about drilling support industries housed at the Center at Horseheads during a presentation at Steele Memorial Library in Elmira on Saturday, March 13. More than 60 people showed up for the first of a series of forums on the gas industry to be hosted by Citizens for Healthy Communities.

Most people learn about drilling in their area when landmen begin leasing properties for energy companies. While Chesapeake, Fortuna, Epsilon and other companies may direct the overall operations, they outsource much of the work to drilling companies, construction companies, hydraulic fracturing (fracking) companies and others, Slottje explained. A drilling company, in turn, relies on welders, directional drillers, drilling mud companies, suppliers for drill bits and pipe, and even companies to supply man camps, portable toilets, and bottled water. This, in addition to construction for well pads and access roads, trucking for water and chemicals, security and other needs.

With increased interest in drilling Marcellus Shale and the anticipated drilling activity, The Center at Horseheads has become a prime location for gas field support service industries to locate. Slottje pointed out that while Schlumberger and Kayden Industries moved into the Center in the past year, there are a number of drilling support companies located in the industrial park.

Who's Who at the Center

Slottje gave a PowerPoint tour of gas support industries currently located in Horseheads Center. First stop: Gas Field Specialists (GFS), located in building 172. They offer a wide range of rental equipment for gas and oilfield operations through their subsidiary GFS Energy Rentals LLC. This includes: power swivels and elevators, welders, backhoes, water pumps and electric generators, frack tanks, dozers, trenchers, storage tanks, mud pumps, and more. Most of their business seems to be in Pennsylvania.

McJunkin Red Man (MRM) Pipe Yard, located in building 13-1, provides gas transmission products. They have pipes of all sizes and types, Slottje pointed out.

Kayden Industries provides centrifuges, tanks, shale bins, floc tanks and pumping stations for the gas field. The facility at Horseheads includes office space and an area to service the centrifuges which are built in Canada and used in local gas drilling operations. These are fairly large centrifuges, Slottje said, about 16 feet long. The centrifuges separate solid materials from the fluids so that drilling fluids can be re-used, reducing the amount of water required for drilling.

Schlumberger Technology Corporation, located across the street from Kayden, supplies equipment and chemicals for companies drilling gas wells. Last year they purchased 88 acres and their building plans include bunkers for explosives as well as storage for

chemicals and sand used in fracking. They also maintain a large fleet of trucks used to transport the materials to drillers in New York, Pennsylvania, Ohio and West Virginia.

Newpark Drilling Fluids, located in warehouse D section 1, considers itself the fourth largest drilling fluids company in the world. They provide proprietary fluids for drilling, and claim that their water-based drilling fluids are environmentally-friendly and safer and easier to use.

Horseheads Center Wooing Gas Industry

And there's more, Slottje said. There is already one natural gas well, a Trenton-Black River well drilled by Anschutz that has been capped until a pipeline could be built to connect it to the Millennium Pipeline. According to their website (www.centerathorseheads.com) the Center anticipates more gas wells drilled in the future, and touts that as a selling point as they woo gas field service providers.

"This is a great opportunity for companies involved with natural gas to make use of our buildings," the Center advertises. With 1.5 million square feet of space available for lease and three buildings for sale – and situated in the center of natural gas activities – the Center could become a prime location for industries that service oil and gas fields.

In addition to the location, the Center advertises rail service to each building, easy access to major highways, and "low cost utilities and labor".

"If we're looking for economic prosperity, do we really want to push the idea of low cost labor?" Slottje asked. Not only that, but the Chemung County Industrial Development Agency negotiations with Kayden will most likely result in the company receiving a 50 percent property tax abatement, a mortgage tax exemption and sales tax relief on construction materials purchased for the project. "These seem to be standard incentives to coax companies into locating at Horseheads Center," Slottje said. "But those tax incentives do not address the impact of new businesses on the local tax-supported services."

In addition to the increased tax burden on the residents, who will be underwriting road maintenance, utilities and other services for the businesses lured to Horseheads, there could be an additional environmental burden.

"There are a number of sensitive environmental receptors in the area," Slottje said. These include an elementary school to the north, wetlands located south of the Center, a neighborhood day care center and the recreational facilities at the Holding Point. Local residents have repeatedly expressed concern about water contamination, air quality and the amount of truck traffic generated by the gas field services industries at the Center.

Citizens for Healthy Communities plans to host more educational forums. To learn more about the group and their upcoming programs, contact bethmiller@localnet.com or call 607-329-5883.