

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

LABOR RELATIONS COMMITTEE

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PUBLIC HEARING IN RE: PENNSYLVANIA MARCELLUS SHALE OPERATIONS

WORKPLACE AND SAFETY ISSUES

* * * * *

BEFORE: KEVIN MURPHY, Chairman
Tim Seip, Marc J. Gergely, Richard T. Grucela,
Eddie Day Pashinski, Members

HEARING: Thursday, September 16, 2010
Commencing at 1:20 p.m.

LOCATION: Career Technology Center of Lackawanna County
3201 Rockwell Avenue
Scranton, PA 18508

WITNESSES: Bill Cockerill, Frank Thompson, Vince Nallo,
Ralph Tijerina, Robert Flanagan, Gary Ford,
Vern Johnson, Rick Schraeder, Gino Arcurie,
Paul Casparro, Joe Padavan

Reporter: Kenneth D. O'Hearn

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1 P R O C E E D I N G S

2 -----
3 CHAIRMAN:
4 Good afternoon, everyone, and welcome
5 to this Labor Committee hearing on Marcellus Shale and the
6 qualified workforce within the Marcellus Shale formation.
7 It's traditional for the Labor Committee and all committees of
8 Harrisburg, the standing committees, to stand up and recite
9 the Pledge of Allegiance before we get started. So if
10 everyone would please stand.

11 PLEDGE OF ALLEGIANCE

12 CHAIRMAN:
13 Thank you very much. I want to thank
14 everyone for attending here today, those that are going to
15 testify and those that are here to observe. I also want to
16 thank PCN for being here today. They're going to stream feed
17 live on the Internet and they're going to rebroadcast this
18 hearing. We also have ECTV, so we'll be able to view this on
19 local television as well.

20 Before we start off this afternoon
21 and call our first witness, I'd like my colleagues, who I want
22 to thank very much for attending this hearing here today ---.
23 Most of you may know that we are in session discussing the
24 Marcellus Shale severance tax and transportation issue this
25 week, so it's been a very busy week. Many of my colleagues

1 have come from far away. And they've been in session Monday,
2 Tuesday, Wednesday, and here, they've been humble enough to
3 come here to Scranton to discuss the qualified workforce in
4 Marcellus Shale formation. So with that, I'll start to my
5 right and Representative Grucela, if you have any opening
6 remarks.

7 REPRESENTATIVE GRUCELA:

8 Thank you, Representative Murphy.
9 I'm Rich Grucela from the 137th Legislative District, which is
10 Northampton County. And I have no remarks other than to say
11 that this is a good hearing, obviously a very important topic,
12 and we need to hear what you have to say. So thank you.

13 REPRESENTATIVE PASHINSKI:

14 Good afternoon. Representative Eddie
15 Day Pashinski, Luzerne County, 121st District.

16 REPRESENTATIVE SEIP:

17 Tim Seip representing part of Berks
18 and part of Schuylkill Counties, fellows in the Yuengling
19 district and also the home of the 1925 NFL Champion,
20 Pottsville Maroons, who were led by Edwardsville's own Tony
21 Latone. I'm very happy to be here today. It certainly is a
22 very important issue. And I want all of you to know that
23 Representative Murphy has been very vigilant in trying to make
24 sure that we do do this right as we look at trying to capture
25 revenue and certainly important resources here with the

1 Marcellus Shale gas.

2 But we also want to make sure that we
3 don't make a lot of mistakes that were probably made back
4 before most of us were alive, back with the anthracite coal.
5 I have a lot of anthracite coal mining in my district, and
6 they're --- just this year, we had a Growing Greener grant for
7 half a million dollars to replace some crop falls. That was
8 only a small portion of the crop falls in that particular
9 project where we had to use a half a million dollars to try
10 and repair something that went wrong really many, many years
11 ago. So myself and certainly Representative Murphy and a lot
12 of our colleagues want to make sure that we go about this the
13 right way.

14 CHAIRMAN:

15 Thank you very much, Representative
16 Tim Seip. My name is Kevin Murphy. I am the representative
17 of 113th District. Thank you very much for being here. Today
18 we're going to have an open discussion. We're going to listen
19 to testimony from proponents of Marcellus Shale formation and
20 from those who are concerned about environmental issues and
21 qualified workforce. So that's why we're here. We're also
22 here to discuss workforce safety. And bearing that in mind, I
23 want to mention to everyone in case of an emergency or if you
24 do hear a fire alarm, you're to exit to your left and proceed
25 to your left out the back of the building.

1 Natural gas is a valuable resource
2 and it's a resource to all Pennsylvanians. But one of the
3 biggest challenges that we all face as legislators is creating
4 jobs and stimulating economic growth. And with regards to the
5 Marcellus Shale and the regulation and oversight, we have one
6 opportunity to get this right. As I mentioned earlier, we
7 have those that are proponents, those that work for it, for
8 the gas industry and those that have environmental concerns
9 and those that feel as though as Pennsylvanians we already
10 have a qualified workforce. We have to put local people,
11 hard-working Pennsylvanians back to work, and we're here to
12 discuss that.

13 There have been many problems that
14 have been associated with well sites and there are those in
15 the gas industry that have been responsible, have been doing
16 the right things and have had very few problems. But
17 conversely, there are also those within the natural gas
18 industry that have cut corners, been associated with a lot of
19 environmental problems and have apparently not done the right
20 things and cut corners. So we're here to make sure that we
21 have a candid, open discussion, one of which we should have
22 had long before the first permit was issued, as far as I'm
23 concerned. But we're going to proceed. And as I told many of
24 the testifiers, this is a very sensitive issue. This is one
25 of the most important issues, as legislators and as

1 Pennsylvanians, we'll deal with for many years to come. But
2 we want to make sure, as I said, we get this right.

3 So let's be mindful that we have
4 people in this room who are on different sides of this issue.
5 Let's be respectful. Let's listen and see if we can come up
6 with some solutions to some of the very serious questions that
7 we have with regard to safety in the workplace, the qualified
8 workforce and environmental concerns as well. Having said
9 that, if I can please call Mr. Cockerill for the AFL-CIO
10 community services liaison from the Greater Scranton Central
11 Labor Union. And he'll also be joined in his testimony by
12 Nancy Krake.

13 MS. PIRRELLO:

14 And Robin Pirrello.

15 CHAIRMAN:

16 And Robin ---?

17 MS. PIRRELLO:

18 Pirrello.

19 CHAIRMAN:

20 Pirrello.

21 MR. COCKERILL:

22 Good afternoon, gentlemen. And
23 again, with me is Nancy Krake, president of the Greater
24 Scranton Central Labor Union, and Robin Pirrello, who is a
25 vice-president of the Pennsylvania AFL-CIO, representing the

1 Workforce Investment Act. We have a few funding streams. And
2 if you look at my little outlines, I think I'll start with the
3 history part. The first part starts with CETA, the
4 Comprehensive Employment and Training Act, which was basically
5 the '60s through the middle '80s. And that was, again,
6 federal dollars that came into the area. We had CETA programs
7 in Lackawanna County. We had CETA programs in the City of
8 Scranton. And the idea was to train people to go on to
9 gainful employment. That evolved into the private industry
10 councils, and they lasted to the --- about 1998 when, to use
11 the terms of Washington, that act sunsetted and we had a
12 sunrise on the Workforce Investment Act, which brought a new
13 way of handling training dollars into the area.

14 We had a couple different things with
15 those training dollars. We were charged with training people
16 to become better employees. We were charged with taking folks
17 that were in the poverty level, that were underemployed, that
18 were unemployed, that needed to be trained, and to move up
19 their skills. We might call them incumbent workers. And I'll
20 go into a little bit of each of those.

21 We looked into who qualified and we
22 wanted to make sure that we had a way to get people trained,
23 to move them into better-paying jobs from wherever they came
24 from, be it the welfare office referral or recently I dealt
25 with two plant closings, one a major plant reduction and one a

1 closing. We want to make sure those dislocated workers have a
2 chance to come in and to be part of the Workforce Investment
3 Act to qualify for those training dollars to get them ready to
4 go into a new life, a new lifestyle, a new way to provide
5 family-sustaining jobs for their families. And if part of
6 that is working in the Marcellus Shale areas, we want to be
7 able to do that and we want to have the dollars to do that.

8 Individual training job dollars. We
9 have individual training accounts that we can put people right
10 to work. If you wonder about something like that, if a person
11 has some skills in welding or in diesel and they've lost their
12 job recently, we can put them with federal dollars into a job
13 training program for most any employer that's willing to
14 participate. Be it a welder, be it a diesel repairer, be it a
15 truck driver, we can put them into a job and provide a part of
16 their salary for a training period as established by a
17 contract with the local Workforce Investment Board. And this
18 could be up to half the salary paid for 100 hours, 200 hours,
19 800 hours, depending on what we're looking at.

20 We have done these things in the
21 past. We have dollars to do this, but we need more dollars to
22 do this. Having dollars available to local workforce
23 investment boards is very, very important. And I think the
24 next speaker, who will represent one of those, will have more
25 to say on that. The point is those dollars are so important

1 to families that we can go out there and train them to go up
2 and work in the Marcellus Shale.

3 We need incumbent worker dollars.
4 Incumbent workers are people that are employed but may need
5 some new skills. If you're working on a jobsite and you have
6 only one level of training and you need that second level,
7 this is one of the things that we need to do better. We need
8 to be able to train people to move up in their own workforce,
9 in their own place of employment. And if you go onto a
10 jobsite in the Marcellus Shale, that's one thing. If we can
11 train you through incumbent worker dollars, that's one of the
12 most important things. And they're some of the hardest
13 dollars to come by because we end up with --- if a person is
14 working and is still not up to salary level, we can use
15 incumbent worker dollars to move them up. But if they're
16 making \$10 an hour and the person below them is making \$8,
17 maybe the one making \$8 is allowed to be trained with
18 incumbent worker dollar. The one making \$10 is not.

19 We need a consistent training program
20 of consistent level and consistent dollars to be able to move
21 ahead to do incumbent worker training. Incumbent worker
22 training will give people better skills to move them up the
23 ladder into a new career ladder, to move them up into better
24 training for places of their employment. These types of
25 training are greatly needed in northeastern Pennsylvania. We

1 need to be monitoring these.

2 Over the past years --- and I've been
3 doing my community service job since 1987, which is well over
4 20 years. I've helped a few places and I've seen places come
5 into the area, receive all kind of federal dollars and
6 stimulus dollars and tax dollars, stay ten years and leave.
7 And two of the best examples that I can actually talk about
8 are a place called Elliott Corporation that went into south
9 Scranton and lasted almost ten years to the day. They did
10 some training. They did some federal contracts. And the day
11 their tax breaks left, the day their ---. And we spent money.
12 We spent money training people to go in there. We gave them
13 all these breaks. When the time comes, they're gone.

14 And it's not just manufacturing. It
15 also happened with a place called J.C. Penney Telemarketing
16 that was on Montage Mountain. At one time, we had almost 800
17 people there taking phone calls for the J.C. Penney catalog.
18 Again, almost ten years to the day when their tax breaks
19 lefts, when their leases got up ---. Now, technology changed
20 that because people are now ordering online rather than
21 picking up the phone and calling an 800 number. But it was
22 just the perfect reason. Their ten years were up. Their tax
23 breaks were over. With one flick of the switch, all the calls
24 went from Moosic in Pennsylvania, which is right here in
25 18507, to Austin, Texas, just like that. As quick as I said

1 it, it was changed. So those are reasons we want to monitor
2 these, we want to make sure those jobs are available and we
3 want to make sure everyone can go out and do that.

4 I would also just like to talk a
5 little bit about a major grant that we have in this area.
6 It's called the PathStone grant. PathStone is the company
7 that is monitoring the grant, and the grant was \$2.4 million
8 that Congressman Kanjorski was very helpful to get for this
9 area to do training specific to the Marcellus Shale. And the
10 jobs were to be diesel jobs and also welding jobs.

11 We have plenty of welders. We have
12 welders on the bench from the UA, the Pipefitters Union. If
13 they need special training, let's use these PathStone grants
14 to set up a class to train them. I don't know anyone that's
15 got a journeyman card in that union that can't do those jobs.
16 And if Rick was here today, he would say all those jobs on
17 those rigs should be union jobs. But I don't believe there's
18 a welder in that hall that can't do a welding job on any
19 Marcellus Shale project. But if we need to train them, if
20 there's some bit of welding that they're not up to speed with,
21 let's use these grant dollars to put them back to work. Why
22 have someone sit on the bench a year when --- if we can train
23 them in eight weeks to be ready to go to work on a Marcellus
24 Shale rig? Let's have them ready to go. We have the dollars
25 to do that and we should be able to do that. The grant is

1 looking to train 300 people. And again, we're targeting
2 welding and we're targeting diesel skills.

3 The kicker to this grant, believe it
4 or not, is that the person must live in a 185 ZIP code. Now,
5 I'm new to some of these things, and that was a new one to me
6 when I heard of this grant. But if you live in a 185 ZIP code
7 and you are either an ex-offender, if you are a dislocated
8 worker or if you are a referral, someone on TANF, the
9 Transitional Assistance for Needy Families program, you
10 automatically qualified. When the grant was released, it was
11 identified to be over 3,000 people that could qualify for the
12 grant, and 300 people were working on it. The classes are
13 currently operating, they're filled and we're working on doing
14 that.

15 It really encompasses a lot of
16 challenge. It provides for a lot of job training. And these
17 are the kind of things that we train through our unions and
18 through these grants that we're going to send people up there
19 to be able to have family-sustaining jobs. We will do
20 training to get Class B CDL licenses. We'll do basic safety
21 training. We'll do OSHA 10 or OSHA 30. We'll send people out
22 that have first aid and CPR training. These are the kind of
23 people that we can provide to send up there to work on these
24 jobsites.

25 And I think I'd like to end as a

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REPRESENTATIVE PASHINSKI:

Q. Thank you, Mr. Chairman. And thank you very much for your testimony. I'm just on the website for the gas industry, and there's a huge --- there's about pretty much close to 70 different agencies or different industry leaders out there that are posting jobs, job requests. And I have two questions. One, what is the relationship --- what is your relationship with the industry itself relative to all those job openings? And number two, do you know what is the training time that it takes to take one of our workers, one of our Pennsylvania workers, and train them appropriately for one of the jobs that are open? Now, some are high skilled. Some jobs require a degree in engineering and geology. But there are many other jobs that don't need that. Do you have those answers for me?

A. Well, I can give you the answers to the best of my knowledge and the way that I would work with those two questions. As to the 70 job openings, as a member of the Rapid Response Team for northeastern Pennsylvania, which means I go out to plant closings, I have been working with the Cinram folks that are up in Olyphant. 700 families are being affected there. And I am working with Herff Jones, which was a printing company in the Abington Industrial Park. How do you take those people that were printers or worked in the music industry, making recorded music, and get them to

1 work in the Marcellus Shale? I do it through the CareerLink.
2 And you have to use the state agency, the CareerLink. My
3 advice to them was you want to get to the best workers, do it
4 through the people that were already employed to do this. Use
5 our state employees and our Workforce Investment employees at
6 the local CareerLinks. They're there. If they know where the
7 jobs are, they will be able to move them from the old job to
8 the new job with the least amount of difficulty.

9 Training, again, a journeyman pipefitter
10 probably puts in 10,000 hours of training, five years. And I
11 would say that is the same for a carpenter and the same for an
12 electrician. You get that card, it means something. Can we
13 take someone that's worked on a plant floor and all of a
14 sudden make them a journeyman? No. But are there jobs up
15 there? Can we get them a CDL? We can do that in three weeks.
16 And again, it's working with your CareerLink. It's working
17 with your agencies out there. Training time, as I said, can
18 go anywhere from three weeks to get a Class B CDL to five
19 years to get a journeyman card with the electricians, the
20 carpenters or the pipefitters. So the spectrum is so wide
21 open, Representative Pashinski, that it's hard to limit it
22 except to say that it's only limited to what a person wants to
23 do.

24 Q. Well, I want also to make sure that
25 we have the programs available and that we can train our

1 people. I was on the phone with Bill Dunn before I came up
2 here, with CareerLink back in Wilkes-Barre. There are some
3 very encouraging statistics out there. Bradford County, their
4 unemployment rate is, I believe, 7.1 percent, which the
5 industry is now helping to provide that kind of percentage.
6 I'm concerned to make sure that we have the facilities and the
7 wherewithal to make sure that we can prepare our Pennsylvania
8 people for those jobs. It's my understanding that quite a few
9 people are from out of state, and many of those folks, I
10 understand, don't even have the training that they need to
11 have. So I am concerned about that. And I'm glad to see that
12 you have that relationship built with CareerLink and that
13 you're on top of that. So any suggestions that you can
14 provide this committee certainly will be very helpful as your
15 testimony is.

16 A. Thank you.

17 Q. Thank you.

18 CHAIRMAN:

19 Thank you, Representative Pashinski.

20 Representative Grucela?

21 REPRESENTATIVE GRUCELA:

22 Q. Thank you, Representative Murphy.

23 Just kind of a follow-up to Representative Pashinski. Maybe
24 you don't know this or you do, but ---. And I didn't know
25 there were job openings. But do these companies --- maybe I

1 should put it this way. Do they make an attempt or a first
2 attempt to hire local ---? I mean, there has to be workers
3 already available that don't need the training. I see this as
4 like maybe two steps. Number one, they're coming in. We
5 already have a workforce that is trained or available and can
6 do the job. And two, the part we have to train. Are they
7 making that attempt? When they come in, do you know --- maybe
8 this isn't a fair question for you. When these companies come
9 in, are they making an honest attempt to hire local first?

10 A. I would say the best answer to that
11 is to ask the gentlemen that are following me from the
12 building trades because I deal more with folks once they've
13 lost their job somewhere else and try to get them into new
14 training. As someone comes in and they need employees, do
15 they make that first call to the carpenters' hall, to the
16 electricians' hall? The gentlemen following me will certainly
17 be able to answer that question much better than I can.

18 Q. Thank you.

19 CHAIRMAN:

20 Thank you, Representative Grucela.
21 Representative Seip?

22 REPRESENTATIVE SEIP:

23 Q. Thank you, Mr. Chairman. I
24 appreciate your testimony today. And I guess quickly I just
25 want to get a comment in on --- you said 5,000 or so people

1 have applied for energy assistance, LIHEAP?

2 A. That's correct.

3 Q. Part of the extraction tax that's
4 being discussed would dedicate some additional dollars to the
5 LIHEAP efforts. So hopefully we can adjust some of those
6 income levels and have more people qualify for assistance. In
7 regards to the training for employment, we've talked a lot and
8 it seems like we've focused a lot on the direct employment
9 opportunities with the Marcellus Shale. Can you tell us if
10 we're training for indirect employment in some of the service
11 areas that would support the gas drilling activity?

12 A. Again, I think the person following
13 me from the Northern Tier would have a little bit better
14 knowledge of that. But I can tell you through PathStone that
15 a successful placement would be considered if someone took the
16 diesel training to go up there and ended up working at a
17 trucking company repairing diesel engines or if that person
18 ended up at maybe a local transit company, like the COLTS
19 system in Lackawanna County. That would be considered a
20 successful placement. So the training can go in any
21 direction. And because we train someone in a diesel --- and
22 hopefully they'll go to work in Marcellus Shale. If they end
23 up fixing buses, that's still a good employment and considered
24 a positive placement at the end of the training.

25 Are we doing it for other things like

1 the ---? I don't know. I think finally we have an industry
2 partnership to do hospitality training, so if something
3 happens and we're building hotels, it seems, left and right,
4 maybe we can do those kind of things, work those in. And I
5 know the Pocono County's Workforce Investment Board would love
6 to train for the hospitality industry. And if that has a
7 ripple effect into the Marcellus Shale for the hotels that are
8 being built to house folks for that area, boy, that's a great
9 thing. We'll have family-sustaining jobs in that industry
10 also rather than part-time jobs.

11 Q. Thank you. I also appreciate your
12 commercial for the CareerLink. You know, really, I believe
13 I've heard that only like 25 percent of the jobs available get
14 registered with CareerLink, so we want to make sure that
15 employers know that that service is available, and certainly
16 all the people at the CareerLink are trying to match up
17 employers and job seekers as well. Hopefully we can get that
18 rate of registration in CareerLink a little higher.

19 A. I have that unique ability, being a
20 community service liaison, to move within areas. So I do work
21 so closely with them and greatly appreciate the help that they
22 provide to me when I hear people that need work.

23 Q. Thank you. Thank you for your
24 testimony. Thank you, Mr. Chairman.

25 CHAIRMAN:

1 Thank you, Representative Seip. Mr.
2 Cockerill, I appreciate your testimony. And as you had
3 mentioned, your job is to help out displaced workers?

4 A. Correct.

5 Q. Put people back to work. And there
6 are some in Pennsylvania that think some of those people that
7 are displaced workers right now would prefer to be collecting
8 unemployment than be gainfully employed, which I vehemently
9 disagree with. But in your efforts to make sure that we're
10 able to improve the unemployment situation here in
11 Pennsylvania and in your particular case here locally, you say
12 the grant program that was provided through the federal
13 government was \$2.4 million for training. In that training,
14 is that for displaced workers only?

15 A. No. The training is for dislocated
16 workers. It is for ex-offenders. It is for folks that might
17 have a difficulty with the English language. If English is
18 their second language, they can be trained. And it's also for
19 underemployed or unemployed. So it really is very widespread
20 for those who could qualify for that grant.

21 Q. I think another thing that you
22 brought to light here in your testimony today was the fact
23 that many of the employees, qualified workforce here, as we
24 speak of the labor unions throughout northeastern Pennsylvania
25 and Pennsylvania as a whole, have already had significant

1 training through apprenticeship programs, possibly through
2 schools such as a formal vocational school, career technology
3 centers.

4 But as making a step in the right
5 direction and going forward from here, I think it is critical
6 that we provide funding for young men and women in high
7 school, for young men and women that --- maybe a vocational
8 school such as Johnson's Technical Institute and training for
9 those incumbent workers, as you had mentioned, that have been
10 displaced and possibly need to be retrained. A lot of these
11 trained professionals would only need eight weeks or so of
12 training to make sure that they're qualified. So we have to
13 try to bring the industry together. And my hope is that we
14 can strike a balance, and today may be the beginning of that
15 step in the right direction towards that end. Because I think
16 we can strike a balance between the gas industry, between
17 current qualified workforce that we have here in Pennsylvania,
18 and also address environmental issues at the same time,
19 because one thing that's a big concern of mine is the
20 environmental safety. It's also trying to improve the economy
21 here in Pennsylvania.

22 You know, we appreciate and we
23 understand that there are certain specialties and certain
24 geological expertise and degrees and there are people from
25 other states who are ahead of the curve and who have provided

1 those types of services to the gas industry in other states.
2 But we have to move forward from that point and put
3 Pennsylvanians back to work because we have ancillary issues.
4 We have a hotel tax where if a resident from another state is
5 staying in a hotel for longer than 30 days, they're considered
6 permanent residents, so they don't have to pay the hotel tax.
7 So there are other issues we have that are associated with
8 this, but I certainly believe we do have a qualified workforce
9 here in Pennsylvania. I thank you for your testimony. And if
10 there are no other questions, I'll call our next testifying
11 witness.

12 MR. COCKERILL:

13 Thank you for the opportunity.

14 CHAIRMAN:

15 You're welcome. Frank Thompson? As
16 a brief introduction for Mr. Thompson, he's the deputy
17 director for the Northern Tier Workforce Investment Board.
18 Welcome, Mr. Thompson.

19 MR. THOMPSON:

20 Thank you very much. Is Vince Nallo
21 testifying with me too now or no?

22 CHAIRMAN:

23 Vince Nallo? Oh, Vince? Okay.

24 MR. THOMPSON:

25 Not going to let him off the hook.

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CHAIRMAN:

Vince is the administrative director for the Career Technology Center of Lackawanna County.

MR. NALLO:

Thank you, Representative Murphy. And I want to welcome you to CTC of Lackawanna County. My name is Vince Nallo. I'm the administrative director here at the Career Technology Center. I also sit on the Workforce Investment Board of Lackawanna County. My concerns are and thoughts are educational-oriented in which, as you know, we were looking at a possible renovation project for the school.

At the present time, we're looking into most of our programs, new and emerging programs and skills that may be needed in the future for our students. Our students are 10th, 11th and 12th grade students. These students will move onto post-secondary colleges. And as we look at those programs and skill programs and we're looking at the Marcellus Shale opportunities, we want to make sure that our students are trained in the right skills, in welding, auto areas that they will be able to use and move on to.

Also, we have this past summer hosted a summer program, which was conducted by the Clean Edison in which we had 40 individuals go through one of our welding programs here at the school with the specific special downhill welding. And that program, from what I understand, has become

1 very successful.

2 CHAIRMAN:

3 What we'll do here is, first of all,
4 I'd like to welcome representative Marc Gergely from
5 McKeesport. He's got quite a drive ahead of him. I
6 appreciate him coming all the way here from the Mon Valley.

7 REPRESENTATIVE GERGELY:

8 Actually, from D.C. I drove here
9 from Washington. It's been a long drive.

10 CHAIRMAN:

11 Thanks again. Thank you very much.

12 REPRESENTATIVE GERGELY:

13 My pleasure.

14 CHAIRMAN:

15 What we'll do is we'll listen to the
16 testimony from Mr. Thompson as well, and then if any of my
17 colleagues have any questions, we'll open it up to discuss at
18 that point. Mr. Thompson?

19 MR. THOMPSON:

20 Sure. Thank you for having me. My
21 name is Frank Thompson. I'm the director of the Northern Tier
22 Workforce Investment Board. I'm the deputy director of the
23 Northern Tier Regional Planning and Development Commission. I
24 cover five counties: Tioga, Bradford, Susquehanna, Sullivan
25 and Wyoming. We're at the heart of Marcellus Shale right now.

1 More than, I think as of last month, 52 percent of all the
2 wells drilled in the Marcellus Shale have been in our five
3 counties. Our unemployment rate as a region is among the
4 lowest in the state. Bradford County, as you said, is at 7.1
5 percent. It's the bottom three in the state. In May of '09,
6 we had 28,000 employed residents. And in May of this year we
7 had 30,500. So we had an addition of 2,500 jobs in a county
8 of 60,000 or so people. And that was number one in the state.
9 I mean, we've led the state. Bradford County's led the state
10 in employment growth for quite a few months now.

11 I'm going to try and stick to just
12 --- my written testimony gives a lot of background on our
13 region. We're very rural. We have 100,000 residents for our
14 entire five counties, mostly agricultural background, some
15 manufacturing, and so this is all new to us. Our biggest
16 struggle as a Workforce Board traditionally is lack of
17 training opportunities. You know, we have one university. We
18 have two career and technology centers. We just don't have a
19 lot of training opportunities. So we've spent a lot of time
20 working with the employers, the new employers that come in.
21 Some of the questions that were asked earlier are kind of up
22 my alley.

23 We have more than 100 new employers
24 registered in our five counties in CareerLink. Our job orders
25 from employers has quadrupled in the last year. There's just

1 out on rig sites. The employers take our classes out so they
2 get to see a rig site and a production site and, you know, get
3 a better understanding of what's out there and what it takes.
4 So, you know, we're trying to steer --- when somebody comes to
5 the door of CareerLink, it takes --- you know, it takes the
6 skill, it takes some knowledge from that case manager to get
7 that person in the right direction, not just of what they want
8 to do, but what they're capable of doing and what's the right
9 fit for them. So the educational side for both the public and
10 our staff, our case managers has been a really big part of it.

11 The Career and Technology Centers, I
12 mentioned them earlier. We have two. Both of them have
13 started or are in the process of starting welding programs.
14 One's been active for a few months now and the other one will
15 probably be starting up next year. We had zero welding
16 facilities, training facilities in our region until the last
17 six or eight months. Lackawanna College has developed a two-
18 year Associate's program. Johnson College has developed a
19 couple --- or has restarted up their diesel mechanics and they
20 have a welding program. So the training providers are coming
21 to the table more and more with new curriculum and new ---.
22 It isn't necessarily new curriculum. It's, you know,
23 curriculum that they've tweaked, that they've gone from
24 welding from the downhill --- downhill pipe welding specific.
25 I always confused with that terminology, downhill, down hand,

1 180.

2 So it's been --- there is a lot of
3 activity with it. We have a lot of job orders. We still have
4 a lot of residents who are unemployed. But like I said,
5 that's kind of where we are right now with closing that gap
6 and matching the unemployed and underemployed up with the jobs
7 that are available.

8 CHAIRMAN:

9 Okay. Thank you very much, Mr.
10 Thompson. I'll open it up to questions from my colleagues.
11 Representative Pashinski has a question.

12 REPRESENTATIVE PASHINSKI:

13 Q. Thank you, Representative Murphy.
14 Thank you very much for your testimony. We appreciate your
15 work. And it's a great problem to have; isn't it?

16 A. Yeah. If you're in the workforce
17 business, business is pretty good.

18 Q. Let me just ask you a couple quick
19 questions here.

20 A. Sure.

21 Q. Do you have everything you need to
22 keep pace with the demand?

23 A. No, of course not. I could never
24 answer yes to that. You know, we haven't had any changes in
25 our funding for staffing, you know, in the last five years.

1 It's a formula, funding that comes to us from the federal
2 level on down. There's not a lot we can do about it. But
3 we've basically --- staff is just doing more with less. We're
4 doing more with less. You know, Mr. Cockerill was talking
5 about ITAs. The funding for individual training accounts has
6 gone down. What we're trying to do instead are things like
7 this Fit 4 Natural Gas Project where we're doing more cohort
8 training, group training, where we're getting 15 people
9 through for a much lower cost than what it would be to send
10 them individually through these classes. Yeah, funding's
11 always an issue.

12 Q. Now, have you reached out to the
13 proper officials identifying your needs?

14 A. Sure. I'm always whining about not
15 having enough money.

16 Q. Now, are we talking about money
17 strictly to hire more staff?

18 A. Capacity is a big issue. We started
19 out a year ago and we thought, all right, well, let's get one
20 staff person trained on what's going on in the industry and
21 the jobs and who the people are and the contacts. You know,
22 we've gone from one to five. We have somebody in each of our
23 counties now, almost all they're doing is dealing with the gas
24 industry, whether it's with the clients or with the companies
25 themselves.

1 Q. Because I'm trying to get my arms
2 around the amount --- the number of people that are needed for
3 the various jobs and trying to develop a mechanism that will
4 allow for the safe training, proper training, certified
5 training, but to do it in the most efficient manner. And my
6 first thought is that we need an emergency-type program
7 because of this tremendous demand. And rather than bringing
8 in people from out of state, you know, I'd rather put the
9 effort into getting the people that are unemployed now that
10 want to work and get them trained ASAP. And that's where I'm
11 looking for some direction. You know, how many people do you
12 really think you need in order to start turning this whole
13 thing around and getting more Pennsylvania people employed ---
14 trained and then employed?

15 A. We have an industry partnership that
16 we just got approved for Marcellus Shale. A big focus of that
17 is going to be on this public education side, from the junior
18 high students on up through, because --- you know, we talked
19 about the kids with the college degrees who are going to go
20 into engineering and go into different, you know, long-term
21 educational programs, you know, that there are opportunities
22 here, that --- our dislocated workforce, that they know what's
23 going on. And that's almost as big a part of it.

24 We haven't had any major layoffs,
25 knock on wood, in our region during this recession, but we had

1 a plant that laid off like 20 people. And when we went in to
2 meet with them they thought, oh, there's nothing we can do in
3 the gas industry. That's not a connection to us. But when
4 you start looking at the machine and look at some of the
5 diesel mechanic skills that they had, you know, all of them
6 will be able to find jobs. All of them will be able to find
7 jobs pretty easily and probably at competitive wages at least
8 to what they were making before. I don't mean to
9 oversimplify, but sometimes it's as simple as that. It's just
10 educating the public and, you know, we're going to try to
11 educate our school systems too with it.

12 Q. Well, we've got a potential industry
13 that we've heard estimates anywhere from 20 to 30 to 40, even
14 50 years in length whereby we will have a culmination of the
15 number of jobs and then there will be a kind of long decline.
16 But you're talking about some long-term things when you're
17 talking about junior high school and so on. I'm talking about
18 trying to get some immediate return on our efforts, to get
19 those people that are out of work, displaced, that have some
20 skills into this industry post haste. And that's what I'm
21 looking for from you, to give us some direction as to what
22 kind of staffing you need, what kind of money you need, what
23 kind of programs do you need. Because then it would be up to
24 us to try to help you and Pennsylvania exactly succeed at
25 this.

1 Another point that I would like to
2 make here, this is a perfect example of where taxpayer money
3 is invested wisely. You know, there's a misconception out
4 there that all grants, all money being invested in people, in
5 education is not being spent wisely. This is an investment
6 that really will have tremendous returns to all Pennsylvanians
7 if we do it right.

8 Again, trying to figure out how we
9 can get more Pennsylvanians qualified and working as possible.
10 So I'm asking you --- and you don't have to say now. If you
11 want to think about it a little bit, I would very much like to
12 have those answers so that we can --- whether it's an
13 emergency team that comes up there, whatever you want to call
14 it, so that we can really start getting Pennsylvanians back to
15 work.

16 A. The Fit 4 Natural Gas program, the
17 pre-employment that I mentioned, we just started that --- we
18 had a small grant from the state, from the Department of Labor
19 and Industry. Penn College came up with the curriculum. We
20 put in our portion of it. Like I said, we've had six classes.
21 And now we're a part of an almost statewide grant called
22 ShaleNET, which is almost \$5 million, and we're going to take
23 that program statewide. That's the plan. I mean, this just
24 kind of happened in the last two months or so. But we're
25 hoping, you know --- we've been planning here for the last

1 seven or eight months for this, is how to expand this program,
2 how to be able to offer it even as an introductory couple-week
3 class that's regularly available in each of our counties, and
4 again, creates more opportunities for our residents.

5 Q. Can I ask one last question?

6 A. Sure.

7 Q. I don't want to take any more time.

8 To your knowledge, the pay, the conditions, any kind of
9 benefits, in your view, is it fair and just? Is it at a level
10 that it should be for the work, the hours? Is it a safe
11 level? Are there certain OSHA conditions that need to be
12 looked at?

13 A. I can't speak about the workplace,
14 you know, safety necessarily. I can talk about the wages that
15 our clients are getting when they're going in. You know,
16 we've had guys who've finished our class. We had a guy who
17 just finished our class and he's making almost \$50,000 a year
18 with a GED. He was unemployed. He'd been making minimum wage
19 pretty much and, you know, he's going to make almost \$50,000
20 with his overtime this year, so ---.

21 Q. Is that extensive hours? Do you have
22 an hourly ---?

23 A. They work 12-hour shifts. Usually
24 most of them are a week on, week off, or two weeks on, two
25 weeks off 12-hour shifts, is what we've seen with a lot of

1 them. Again, there's so many different companies. Some of
2 the gas companies do all of their own work. Some of them
3 subcontract out to 40 different subcontractors on a site. You
4 know, that's been a part of our learning curve, is figuring
5 this all out.

6 Q. Thank you very much. I appreciate
7 your time.

8 A. Thank you.

9 CHAIRMAN:

10 Thank you, Representative Pashinski.
11 Representative Gergely?

12 REPRESENTATIVE GERGELY:

13 Q. Thank you. Thank you, Frank, for
14 testifying today. I'm the representative for the Pennsylvania
15 Workforce Investment Board. We're the House Democrats. A
16 couple of the questions I have maybe you could fill in for us.
17 When you set the criteria, did you look broadly at the
18 industry or did you meet with the industry itself to gauge
19 what jobs are necessary to be trained? What companies were
20 there?

21 A. When we started our program?

22 Q. Yeah.

23 A. Well, we had three or four different
24 companies and really we tried to do a shotgun approach in
25 terms of curriculum that will benefit the most of our

1 residents and the most of the employers, you know. And that's
2 why a lot of it is safety-based, you know, some of those
3 introductory-level safety certifications. I mean, I'm going
4 back --- we started our program --- the first class was held
5 in February so this is probably a year ago now in the fall
6 when we started getting input from employers. And Penn
7 College's Marcellus Shale Education and Training center are
8 the ones who worked on the technical side of the training. So
9 like I said, at the time, we had probably four, I think, big
10 companies who provided some input. And the ones that are
11 participating now are across the board. It's just some
12 drilling companies to the gas companies to the smaller
13 subcontractors who are working with us.

14 Q. As you do the training and look at,
15 you know, getting individuals ready for this workforce, the
16 needs, the trade unions that have apprenticeship programs,
17 could they not be utilized as part of the it, to take
18 apprentices that already exist in the programs that have
19 training and can be a part of this program as well? Are you
20 doing any of that?

21 A. I don't have a lot of background or
22 experience with the unions in general. There's not a big
23 presence in our five counties. We work with pre-
24 apprenticeship programs, getting high school students ready to
25 go into an apprenticeship program. And, you know, we refer

1 people to the apprenticeship program. In terms of connecting
2 that directly to our class, I don't know if it would be too
3 specific for what we're doing. I mean, we're doing a general
4 roustabout class. I guess the answer to that is I don't know,
5 but we can look into it.

6 Q. I'd have to ask the trade unions too
7 as they come forward. But, I mean, part of that, you know,
8 you did mention wanting this specializations. I know those
9 unions, the trades themselves, there's very limited training
10 aspect for the apprentices, to get them out on the field. And
11 the last question I have is, as you go into all of this about,
12 you know, this is basically well pads, and you identified the
13 general office and everything, what you haven't identified,
14 and maybe it's the geography of the counties, is
15 manufacturing. Nobody wants to move a company into any of
16 these five counties to make stuff for these companies?

17 A. Most of the ones that have moved in
18 at this point have been service providers to them. Whether
19 they are suppliers or whether they're --- you know, we have
20 like a lot of site reclamation companies who have moved in.
21 As far as I know, I don't believe there have been too many
22 manufacturers who've come in. In fact, I don't know of any.
23 I know a couple of our local ones are machine shops who are,
24 like I said, changing their business model and adding products
25 that are going directly to the industry. We just did an on-

1 the-job training a couple weeks ago. It was a six-man machine
2 shop. And they added a second shift because, you know, they
3 had an order from --- they got in with one of the companies
4 producing some kind of valve.

5 Q. That's kind of where I'm going with
6 this. You're right in the heart of where the drilling is
7 going to occur. The need for a machine shop kind of technical
8 application is going to be more and more relevant. What are
9 you doing to address that, like for workforce-ready employees
10 to get on a CNC machine?

11 A. Our programs, anything with that
12 hasn't really changed. I mean, we're --- when we look at our
13 local workforce, we're doing on-the-job training with our
14 local employers because --- we started because they were
15 losing some of their employees to higher-paying jobs within
16 the gas industry, and we're trying to help backfill those
17 jobs. Other than that, we have --- we just have our
18 traditional programs, which we don't really have in our
19 region. We send people here. We send people to Johnson
20 College. We send them to Williamsport, to Elmira, Binghamton.
21 You know, we don't have a lot of --- we don't have any real
22 hands-on training facilities in our region. It's always been
23 an issue for us because we are so spread out geographically
24 and, you know, we have, like I said, 180,000 people.

25 Q. I just believe, I think, as you

1 identified the additional growth in the manufacturing
2 industry. And they're going to also be sustainable, good jobs
3 that have to be addressed that we want to provide, as who
4 knows how long this industry lasts. Thank you, Chairman
5 Murphy.

6 CHAIRMAN:

7 Thank you, Representative Gergely.
8 And I want to remind everyone, Representative Gergely is our
9 vice-chair of the House Labor Committee and has humbly allowed
10 me to chair this hearing because it's my home district here
11 this afternoon. I wanted to say thank you for that. I do
12 have a few questions.

13 Q. Mr. Thompson, on the Penn College
14 study, could you elaborate on the study that they did and
15 perhaps provide all the members of this Committee with a copy
16 of the study that was conducted by Penn College?

17 A. Sure. The study is actually on their
18 --- it's on Penn College's website. I have a hard copy of it
19 here, but it's available on their website in PDF. Do you want
20 me to just give you the website now?

21 Q. If you could. There are a lot of
22 people watching throughout Pennsylvania, and if they could
23 have access to that website.

24 A. Sure. It's www.pct.edu/msetc. And
25 they did this last June and it's based on --- it was based on

1 interviews with the employers. And they came up --- there's a
2 formula and they came up with a process to say that for every
3 well drilled, there are 11.4 full-time equivalent jobs
4 created. And that's where we got --- where we have the list
5 that's in my testimony, is the different types of occupations
6 that are going to be available. The projections, the actual
7 --- like they projected 5,400 jobs, I think, for our five
8 counties. And, you know, if it's based on the number of wells
9 drilled, that projection will end up being really well.
10 Because they've drilled as many wells this year as I think so
11 far they projected for the entire year, on the high end.

12 Q. That was one of my follow-up
13 questions. In the Penn College study --- I wanted to make
14 sure that there were other examples besides the testimony of
15 the gas industry with regards to some of the jobs that are
16 created as a result of the opening of one gas well site.

17 And this is also, I want to remind
18 everyone, about job safety and it's also about the
19 environment. These are a lot of sensitive, critical issues in
20 addition to a qualified workforce that the people of
21 Pennsylvania are concerned with. And many of the questions
22 that people have with regards to some of these issues haven't
23 been properly vetted out in a public venue such as this that's
24 being recorded by PCN to be shown to all of Pennsylvania. And
25 maybe you're not the guy to answer some of these questions,

1 but I would like to rely on some of your personal experiences
2 in Bradford County and I want you to talk about any
3 environmental problems. There's been some environmental
4 problems. One of the reasons that we're having this hearing
5 here today is Secretary Hanger, at a hearing in Montgomery
6 County that I attended, had indicated, as was evidenced by an
7 investigation that was done after Clearfield County incident
8 where a well had blew up. It was in part due to an
9 unqualified workforce on that jobsite. So I would like you to
10 please share with the Committee what you know about
11 qualifications and certifications as they relate to the
12 industry as compared to the different unions that may be
13 representative, and apprenticeship training and what the
14 industry expects.

15 A. Again, I don't know much about ---.

16 Q. Let's talk about that one first, Mr.
17 Thompson. We'll talk about whether or not the qualifications
18 and the certifications are equal of the industry as compared
19 to the unions that they want to represent. And if you can't
20 speak to that, that's fine. I know you're not heavy union
21 area up in the Northern Tier. But if you can, you can. If
22 you can't, we understand that. And then maybe you could talk
23 about the environmental impacts.

24 A. I can't really speak to the union
25 qualifications in terms of safety. I just honestly don't

1 know.

2 Q. That's fine. We understand that.

3 A. And, you know, the big companies that
4 we're working with our program, when they finish our class,
5 they go to one of the companies. They go to Arkansas for
6 eight weeks of safety training and then they come back here
7 for some ---.

8 Q. Who does the Arkansas ---?

9 A. It's Chesapeake. They finish our
10 class. They go --- they have extensive safety training that
11 they do. I believe they're moving a training facility here.

12 Q. This is for the roughnecks?

13 A. Yeah. I'm sorry. This is for their
14 entry-level work.

15 Q. And for the roughnecks, you have a
16 Fit 4 Natural Gas ---

17 A. Correct.

18 Q. --- program that's six weeks?

19 A. Our class is just pre-employment.

20 It's a three-week, 160 hour class. And then they go off ---
21 if they're hired, when they're hired by, again I'm using
22 Chesapeake as an example, they have extensive ---. I think
23 all the companies have their own --- everyone that we're
24 working with has their own internal training requirements
25 above and beyond what we've done with them. And what we've

1 done with them, again, can't --- you know, there's a limited
2 amount of information that you can put into a 160-hour class.

3 Q. I understand. But with regards to
4 Chesapeake, it's an eight-week program that they send their
5 new hires?

6 A. I think the majority of that is
7 safety training.

8 Q. And how about the environmental
9 issues? Have there been any environmental incidents,
10 accidents or complaints up in your area?

11 A. You're asking me to go into a sticky
12 area now. My experience is I've seen the good and the bad. I
13 don't know if you saw in the paper where there was methane
14 coming up through the Susquehanna River. I'm like two miles
15 from that. I mean, there are good examples and bad examples
16 of that all over the place. There really are. You know, I
17 know of people who've had problems with their water. I've
18 also heard, you know, people who had methane in their water
19 before there was any drilling near them at all. My home is
20 3,000 feet from a well that's being fracked right now and I
21 have no problems. I have nothing at all. And I'd complain
22 about it if I did have a problem because I'm not in the unit
23 and I'm not going to see any royalties from it. But I have no
24 problems personally from it.

25 Again, I know of stories where there

1 have been issues in others. We're in a very small area and a
2 lot of things are word of mouth and, you know, there's always
3 stories going on about people whose water's been bad or
4 somebody who lives on a dirt road and the trucks on the road
5 have stirred up their wells and their wells are now muddy.
6 There's no methane in it, but they've got --- you know, their
7 well water isn't good any more because it's been stirred up.
8 So I don't know ---.

9 Q. Well, we'll let the representatives
10 from DEP and some people that have the degrees and that and
11 earth sciences ---.

12 A. Yeah. You're over my head now.

13 Q. But I was just looking for some maybe
14 personal stories if there were many complaints. And one thing
15 you mentioned during your testimony was --- or during a
16 question was that a lot of these workers work 12-hour shifts,
17 two weeks on, two weeks off. And we'll find out through
18 testimony yet to come, but one of the situations that was
19 brought to my attention with that, there are a lot of out-of-
20 state employees, Texas, Oklahoma, Louisiana, that come here
21 and work 12 hour days for two weeks, go back home, fly back
22 home. It would be expensive, but I guess they pick that up.
23 But I'm not sure if this is true, and we'll find out. But
24 they're going back out of state for two weeks.

25 And qualifications and all of that

1 taken into consideration, the fact that we have a natural
2 resource here in Pennsylvania, that really belongs to all
3 Pennsylvanians. And the tax situation being what it is, we're
4 not getting the fair deal on that. And we're going to address
5 that down in Harrisburg as far as the severance tax package.
6 But these are some legitimate concerns that some of the people
7 brought to my attention and that a lot of the money is going
8 out of state and there's not a real big economic impact here
9 in Pennsylvania.

10 I thank you for your testimony. I
11 thank you for allowing me to elaborate on your testimony. And
12 I want to thank Vince Nallo for his hospitality here. The
13 Career Technology Center is a great place. I have many
14 friends who have graduated from the former vo-tech here. I
15 have a good friend, Maureen Pepnovich (phonetic), that works
16 here. And it's been a real positive experience. We want to
17 thank you on behalf of the community for providing us with
18 these accommodations.

19 MR. NALLO:

20 Sir, our pleasure.

21 CHAIRMAN:

22 Thank you.

23 MR. THOMPSON:

24 Thank you.

25 CHAIRMAN:

1 Our next couple testifiers are Ralph
2 Tijerina, director of health and safety and security and
3 environmental for Range Resources Appalachia on behalf of the
4 Marcellus Shale Coalition.

5 MR. TIJERINA:

6 You thought my name was bad.

7 CHAIRMAN:

8 Thank you very much for showing up
9 here today.

10 MR. TIJERINA:

11 Okay. Glad to be invited. If you
12 don't mind, I'll go ahead and read my testimony first and then
13 we can answer whatever questions you gentlemen may have
14 afterwards. Even though in my letter it says good morning,
15 it's actually in the afternoon. I wasn't sure what the time
16 was we were going to be meeting. But I'd like to thank you
17 for the opportunity to be here. I am the director for health,
18 safety, security and environmental for Range Resources up in
19 this area. As stated above as well, I am the co-chairman for
20 the Marcellus Shale Coalition Safety Committee and the PIOGA
21 Safety Committee, PIOGA meaning Pennsylvania Independent Oil
22 and Gas Association.

23 Safety is one of our values, and as many
24 of you know, a value is not a priority because priorities have
25 a tendency to change. A value is something you have to keep

1 clothing, the fire-resistant clothing that needs to be worn on
2 some of these sites.

3 The industry in itself is subject to
4 numerous safety laws and regulations, such as OSHA's CFR, Code
5 of Federal Regulations, Part 1910 for general industry and
6 1926 for construction. Industry operators utilize a number of
7 different means to ensure that these programs exist and are
8 being adhered to. Aside from internal training, operators
9 utilize programs such as ISNetworld and PEC/Premier. The
10 objective of these particular programs is to determine how
11 comprehensive a service company's safety program is.

12 As you may already be aware, service
13 companies specialize in various aspects of the disciplines
14 performed on the majority of work on the jobsite. That being
15 said, contractor management is a major issue with this.
16 Anything that the contractors do on location is directly
17 reflected upon the industry or the operator. ISNetworld, for
18 example, uses a 300-plus questionnaire to gather initial
19 information about the company's safety program, including
20 incident rates, regulatory fines or citations that they may
21 have received as well. They then would request a copy of
22 their safety manual and safety records. They review these
23 documents for compliance with federal regulatory requirements
24 and identify any shortcomings that may exist.

25 The company is then scored based on

1 the operator's criteria. The score is communicated back to
2 the operator in some cases as a red, green or yellow light.
3 As you can probably imagine, when somebody has a right light,
4 we don't authorize anybody to use them without vice-
5 presidential approval. That means their safety program does
6 not meet our requirements. In some cases, they may have to
7 provide some level of mitigation to identify the issues that
8 they've had and then we review those and determine if they're
9 still going to be blocked out or continue to work for us.

10 Other reviews include confirmations of
11 employees receiving training, such as Safeland, which you've
12 heard about already, IADC, International Association of
13 Drilling Contractors, or even the OSHA ten-hour
14 certifications. These courses are comprehensive and provide
15 solid safety training and orientation, and to some extent,
16 with the OSHA requirements, some of those even required by
17 law. My company, Range Resources, requires that all employees
18 and contractors receive a safety orientation prior to
19 performing any fieldwork for the company. This is conducted
20 on an individual basis. And upon completion, a hardhat
21 sticker is given to the individual. We don't give this to the
22 sales representative and say, here, this is what Range expects
23 for you guys to do when they come on our location. We go
24 directly to each individual out there. If that individual ---
25 if we go on the location and we find an individual without the

1 sticker on their hardhat, they're asked to stop work
2 immediately, brought to the side, given the orientation and
3 give another sticker. If they lose it, too bad. You're going
4 to go through it again. That's just the way we do it.

5 As with any other programs, an audit or
6 review must always be conducted to ensure compliance. Spot
7 checks are conducted to ensure that up-to-date certifications,
8 are on file such as forklift certifications, another OSHA
9 requirement. The certification cards, which identify its
10 expiration date, are then reviewed. Well site inspections are
11 conducted for various reasons, but one of the primary reasons
12 is to ensure that we have a safe working environment.

13 Although all industries have different levels of hazards
14 associated with them, there are various means to mitigate
15 them. The first objective is always to try to engineer it out
16 wherever possible, to where it does not exist. If that is not
17 a viable option, then the next choice is to try to utilize
18 administrative controls. And at the end, the last resort is
19 always going to be PPE, personal protective equipment.

20 Since 2008, I have been involved in
21 training first responders in Pennsylvania to help them
22 understand the potential hazards that exist at various stages
23 of the natural gas extraction. I believe that first
24 responders must be aware of the environment they're responding
25 to so as not to cause harm to themselves. Range Resources has

1 safety environment, a safety-based management system is
2 utilized so non-conformities can be identified, corrective
3 actions can be developed and these efforts sent to others so
4 that these same type of situations do not continue to occur.

5 I will now make myself available to answer
6 any questions that the Committee wishes to address within our
7 operations of the Marcellus Shale.

8 CHAIRMAN:

9 Thank you very much. Representative
10 Pashinski?

11 REPRESENTATIVE PASHINSKI:

12 Q. Thank you, Representative Murphy.
13 Thank you, sir, for your testimony. You've had an opportunity
14 now to have experience with basically all the companies up in
15 that area; isn't that correct?

16 A. Yes. The Lycoming County Gas Task
17 Force has also put together another safety consortium that
18 includes most of the operators that are up working in that
19 area.

20 Q. Now, is it safe to say in excess of
21 30 operators?

22 A. No, it's not.

23 Q. No? How many?

24 A. Right now there are approximately 50
25 to 60 operators registered with the Marcellus Shale Coalition.

1 However, probably less than half of those are actually
2 drilling up here right now.

3 Q. Okay. But you've had the opportunity
4 for somewhere in excess of 20; would that be correct?

5 A. Yes.

6 Q. Okay. Have you seen differences in
7 their safety procedures? If so, how do they vary?

8 A. There's two facets here. One is the
9 Marcellus Shale operations going to horizontal or to lateral
10 to extract natural gas. The other one is the traditional,
11 shallow vertical wells. When you look at the two different
12 groups, because I am leading the committee for both of those,
13 one of the things we've identified is that there is a lot of
14 improvement that can be made. There are some things that all
15 industry personnel --- and this is not just the people doing
16 the drilling. These are the service companies that are doing
17 things for other industries outside of ours as well, that
18 don't really have a good, comprehensive understanding of all
19 the regulatory requirements as it pertains to occupational
20 safety and health. So one of the things that we've tried to
21 do is start educating people, start placing these expectations
22 on them so they realize that you need to know fall protection,
23 you need to know what confined space is, you need to know what
24 a work permit is so that you don't have tanks blow up.

25 So there's a number of different

1 Q. Okay.

2 A. OSHA stipulates the different types
3 of regulatory requirements that people should employ while
4 conducting work.

5 Q. Okay. Well, if that be the case,
6 then why are there still some shortfalls?

7 A. As in any industry, you have
8 situations occurring. You have industries that have been here
9 50, 60, 80 years and they still have explosions. So I put it
10 on personal responsibility. One of the things that we teach
11 our personnel with regard to safety culture is you have to be
12 responsible for your actions. You have to understand the
13 difference between right and wrong. You need to understand
14 that if you take that shortcut, you're going to jeopardize not
15 only yourself, but that guy standing next to you. So we
16 emphasize personal responsibility in order to ensure that for
17 the most part, people are doing things the right way.

18 It does not benefit us one bit for
19 somebody to take a shortcut, damage a piece of equipment or
20 another individual, and now we're shut down. Where's the
21 advantage to that? There is none. So we want people to
22 develop that safety culture. In a lot of cases, we train on
23 what's called behavioral base safety, meaning you take the
24 responsibility, you look around you, you do the assessment,
25 you evaluate what's around you, and not just for you, but the

1 guy standing next to you. Look at what he's doing. Make sure
2 he's working properly as well.

3 And, you know, for us, we have a
4 number of safety representatives that are out in the field.
5 We were talking earlier about hiring local personnel for the
6 industry and, you know, trying to utilize that. Just within
7 my department, I have 11 safety professionals working for me.
8 All but one is from Pennsylvania. They did not have all of
9 the skills, but I made --- we make a point to ensure that
10 we're going to bring somebody in that can be trained, that has
11 the basic knowledge. And we will take the time to mentor them
12 and go on and train them so that they can be employed by us.
13 The one who was not was actually from Kentucky.

14 Q. Well, I appreciate you doing that for
15 Pennsylvania folks out there. I'm sure you're also aware that
16 there's been well over 1,500 violations since the industry has
17 taken hold in Pennsylvania. Can you testify to how many of
18 those might have been safety improprieties?

19 A. To be honest with you, I don't have
20 all that information here in front of me and I'd be lying to
21 you if I tried to make something up.

22 Q. Okay. I appreciate it. Thank you
23 very much.

24 A. I do know that the majority of the
25 violations that you're referring to are more environmental.

1 And those can be anywhere from spilling one gallon to five
2 gallons to no spills at all. You could just have --- for
3 example, in the reserve pit, there's one regulation where
4 you're not supposed to exceed the freeboard, which is the
5 space from the top to the level of the fluid. Well, if you
6 have cuttings that are on the edge that are above that ---
7 within that two-foot area, that's a violation. Even though 95
8 percent or 85 percent of the rest of that pit is empty, that's
9 not the point. You reached that point so now you're in
10 violation. So you have to look at a lot of them individually,
11 because in reality, some of them are just like I explained.
12 However, there are some that are --- there are some that have
13 created opportunities for us to improve our processes. Thank
14 you.

15 REPRESENTATIVE PASHINSKI:

16 Thank you.

17 CHAIRMAN:

18 Thank you, Representative Pashinski.

19 Representative Gergely?

20 REPRESENTATIVE GERGELY:

21 Q. Mr. Tijerina? It is close?

22 A. Close.

23 Q. What new procedures did you have to
24 go over with first responders that they weren't previously
25 aware of in terms of reacting to something that could have

1 occurred on a well site?

2 A. There's a number of things that our
3 drill allowed us to realize with regard to gaps. Number one,
4 the first responders did not know our industry or know what
5 type of equipment or what they're going to be coming upon. So
6 the first thing we wanted to do was make sure that they could
7 recognize the equipment and start understanding where to park,
8 where not to park. Some of the things that we had learned
9 during that particular operation was that some of the --- we
10 had a confined space situation; okay? And the whole process
11 was we had a mannequin down in the pit and the goal was for
12 them to go in there and extract them.

13 Basic protocol would've said assess
14 your environment. Just like anything else, you hear about a
15 lot of people going into these sewers and, you know, they get
16 caught up with gas and all of a sudden they're lying on their
17 back. So certain procedures require that you should go in
18 there and assess your environment first, check the
19 atmospheres. Well, they were almost going into there before
20 they actually even realized that they needed to do that, and
21 did not have their gas monitoring equipment with them. So,
22 okay, here's a big red flag. Guys, we can't do that.

23 We also found out that when they
24 arrived on location, they did not utilize the knowledge of the
25 people working on the rig to find out any particulars.

1 Another situation in that particular instance was that there's
2 something within the tank called impellers that are
3 electronically run. Well, they didn't go through the lock
4 out, tag out. They were going to rush right in there.

5 This was not a fault-finding program
6 or drill. This was industry reaching out to the first
7 responders, saying, guys, if you're going to come out because
8 we need your help, let us explain to you some of the things
9 that we have out here and how we can work together to try to
10 make sure that nobody gets injured or nobody gets further
11 injured if a situation occurred. The drill, in my opinion,
12 was an extreme success because a lot of the things that we
13 identified there are the same things that we're passing onto
14 the rest of the different fire departments, who are
15 volunteers, 94 percent of them, so that they don't make the
16 same mistake or have the same situation come up. You know,
17 you've got to take your hat off to all these volunteers
18 because they're doing this on their own time. And they're
19 going out there to help people in need. We don't want them to
20 be injured, so we need to take those next steps to make sure
21 that they understand what they're getting into.

22 The drill --- or excuse me, the
23 program that we're putting together right now with the Fire
24 Academy we found would be the best way to get this information
25 across the board in a faster manner. The industry has put in

1 this --- has paid the fund to put it together. The industry
2 is paying to get it deployed. You know, we want to make sure
3 that this gets out there and we're not looking at budgetary
4 issues that's going to stop us from getting some of these guys
5 trained.

6 Q. A couple follow-up questions. As you
7 related to site experience, if a hazard did occur on a site,
8 first responders were called in, most of your volunteer
9 firemen, are MSDS sheets, Material Safety Data Sheets,
10 available on the well sites so that you can assess all the
11 exposures that they might be put in front of or maybe I want
12 to say are they well-equipped to be able to get exposed to
13 what's on a well site?

14 A. To answer your question, first off,
15 another OSHA regulation. You have to have Material Safety
16 Data Sheets onsite for any chemicals that are on the location.
17 So yes, we do that because it's required. They are kept in
18 two places on location. Usually in the control room, which we
19 call the dog house, in the company man or the tool pushers'
20 trailer, who's the guys in charge of the drilling rig.

21 We also keep the same MSDS sheets
22 offsite electronically with one of my --- somebody within my
23 department. The reason for that, if there is a situation and
24 everything gets burned up, you still need that information.
25 Also, DEP has required that we provide them with every MSDS

1 sheet of every chemical that we use out on location. And we
2 gave them about four or five binders of all the different
3 chemicals that could possibly ever be used during our
4 operations.

5 Q. And that does relate to the question
6 with the volunteers. My concern is as a responder, are they
7 exposing themselves to hazards based on the equipment that,
8 before the industry existed, they might not have needed, you
9 know, to try to not push themselves, et cetera? I'm asking
10 you, are there identifiable resources that these companies now
11 need because they're going to have to react to issues possibly
12 on a well site that they don't have?

13 A. Yeah. There's some shortcomings that
14 we identified, the gas monitors being one. You know, not
15 every station has the gas monitors they may need. You know,
16 fortunately we have not had any H2S exposure in these areas.
17 And hopefully we never will. But one of the things that we're
18 doing in training first responders is before you go on
19 location, you got to ask that question. Just get into the
20 habit of asking. Because the last thing you want is somebody
21 to get on location and, you know, die from gas.

22 Q. What kind of cost do you think the
23 companies would --- the fire companies need to incur to be
24 able to provide professional response that meets the
25 requirements for their equipment? Will there be additional

1 costs?

2 A. When you talk about response, there's
3 all kinds of levels of response. So, you know, I'm going to
4 ask you for clarification. But in a lot of cases, you know,
5 we have situations where there's medical response, where an
6 ambulance is going to come out there. We have situations
7 where there may be law enforcement required because you have
8 somebody trespassing and refuses to leave. So there's a
9 number of different types of responses. There's anywhere from
10 something very miscellaneous where somebody, you know, fell
11 over and we want to take care of them to an actual well
12 blowout. So if you could define exactly which one ---.

13 Q. Let's just use the idea of
14 Clearfield. What was the expectation then for those companies
15 that responded to that? If any did. Were there companies
16 that responded? I'm not even sure.

17 A. The first responders?

18 Q. Yeah.

19 A. Yeah. There were some that went out
20 there. One of the things that we teach everybody is that when
21 you come on location, one of the first things we need to do is
22 develop a rapport with each other so we can talk about what's
23 going on. We need to make sure, first off, that we secure the
24 area, we identify what the situation is, how much exposure
25 there really is and then try to go ahead and make sure that we

1 --- 95 percent of it is third party. That's why contractor
2 management is so important because we need those contractors
3 to understand what our expectations are. And that way they
4 can go ahead and work safely not only with their group, but
5 with the others around there by doing things like job safety
6 analysis or, you know, sim ops, simultaneous operation
7 meetings to make sure that everybody knows what each other's
8 doing.

9 Q. So we appreciate the Range
10 Pennsylvania workers. Let's try that question again. Of your
11 third-party subcontractors that Range hires, how many of them
12 would you believe are Pennsylvania workers?

13 A. Well, we're talking about up to maybe
14 150 different companies, so it's going to be very difficult
15 for me to say, but I can give you some examples. Right now,
16 there is one company that does water transfer for us, and even
17 though when they originally came up here --- because there was
18 no infrastructure. You know, they brought a lot of people up
19 here. Right now I want to say out of 290 people, I want to
20 say that probably about five of them are from out of state.
21 All the others have been sent back. And most of the others
22 that are here now are local personnel.

23 The drilling people --- you know,
24 because it takes time to learn drilling. One of the things
25 that Range has done is we have actually allowed the drilling

1 companies to put on one extra person on each shift that's a
2 local --- that's a requirement, it has to be a local person,
3 so that they can start being trained up as well. And as soon
4 as we start getting these guys trained up, then the other ones
5 start going away again.

6 One thing to also remember is that
7 the way the industry works when you're talking about 14, 14,
8 7, 7, things of that nature, these guys work for a rig. So
9 that drilling rig is in Susquehanna County. If it's in
10 Washington County or if it's in West Virginia, that's where
11 that person that works on that rig goes. So he's following
12 that rig, wherever it may be. So if they go to Colorado, then
13 his responsibility is to go to Colorado with that rig. That's
14 how that hiring practice works.

15 Q. On the site, we mentioned all the
16 certifications that are required by the employees to have;
17 correct? There are certain ones?

18 A. Yes.

19 Q. Do you keep a list of all the
20 employees on site that is readily available for review? Is
21 that part of the requirement or is that a good idea to have
22 that we could --- someone could go out there and look and see
23 where these employees are from and if they're all certified or
24 not?

25 A. We have spot checks. For example, if

1 somebody's operating the forklift, we will spot check his
2 credentials and make sure he has current forklift
3 certification with him. Crane operators. You know, the crane
4 itself has to be certified as well as the crane operator.
5 Now, there's some changes right now that are undergoing in
6 that particular operation, so there's some certifications that
7 I think are going to be coming out sometime in November. But,
8 you know, anywhere where there's a certification required, you
9 know, we do spot checks to make sure that they do have them on
10 them.

11 Q. Okay. Thank you very much.

12 CHAIRMAN:

13 Thank you, Representative Gergely.
14 Representative Seip?

15 REPRESENTATIVE SEIP:

16 Q. Thank you, Mr. Chairman. I'll try
17 and be brief. I was out on a drilling site out in western
18 Pennsylvania and I just want to put out some of the things
19 that I heard out there and then you can tell me if you concur
20 with some of the comments that I heard. In regard to the MSDS
21 lists, and certainly we talked about, at least not just at
22 this hearing, but several places, about different chemicals
23 that are used for fracking. And I've heard upwards of a list
24 of 400 or 500 or maybe more. I don't know. What I heard on
25 that drilling site, though, out in western Pennsylvania was a

1 hydrochloric acid. Oh, my God, the world's coming to an end.
2 But if you look at it, you're going to see that it's .00075
3 percent of the total mix. So you might have 1,000 gallons in
4 4,000,000. So the percentage is actually very, very small.

5 Where me as a safety professional
6 gets concerned is all the chemicals that we have in
7 concentrated forms before it goes into the frack water because
8 you always have to be concerned about spill control and things
9 of that nature. So one of the things that, you know, we
10 encourage everybody to do is go out there and look. I mean,
11 we lay it out on the table. Here's what's really there. Now,
12 you're going to have some people who are going to, for lack of
13 a better term, be somewhat cynical and say, well, that's not
14 the only product in there. Yeah. Okay. There's water. Do
15 you want us to count the water volume too? Last I heard,
16 water is not hazardous. So we only show just what the
17 hazardous component of that particular product is.

18 And as another note, Material Safety
19 Data Sheets have been on the DEP's website for the last two
20 years. If you go on there and you look at that MSDS, it's
21 going to show you what the hazardous components are so you can
22 see for yourself what's really in the mix. Now, are all of
23 these products being used at the same time? No. If you look
24 at our particular product mix, we probably have about five or
25 six total products if you include the water and the sand, both

1 of which are relatively inert.

2 So this information is out there.
3 People could go look at it. We put it out there because
4 there's really nothing to hide. My concern as a safety
5 professional is when it's in the concentrated form to make
6 sure that whatever exposures there are are minimal and the
7 proper PPE is being used. If you recall from my original
8 testimony, one of the things that we said was how do you work
9 around the different hazards that are out there? Well, one of
10 them is to try to engineer it out. So we are currently in the
11 process of trying to engineer out hydrochloric acid. We're
12 trying to find something that may be quote, unquote a little
13 greener or something that may be less offensive, so to speak.
14 So we're trying to do a number of different things with regard
15 to minimizing the impact. And as good stewards of our company
16 and the environment, we should always do that. So the
17 chemicals are out there. Anybody wants to go look at them,
18 you can. Once they look at them, then typically no more
19 comments are made.

20 Q. Okay. And on the salaries?

21 A. Okay. On the salary side. Okay. I
22 cannot speak for the contractors because all of that is
23 internal information. What they pay their personnel is really
24 their business. It's just like even within our company. If I
25 had one of my safety professionals talking to another about

1 location, working those type of time frames would have to
2 spend one night at a hotel nearby and then they could go home.

3 Q. Just a last thing I want to sum up,
4 Mr. Chairman. But I have two landfills in my legislative
5 district. One of the things that they did I think that
6 probably made their operation a lot more successful is they
7 solicited input from the community, like the local Community
8 Advisory Committee. Does Range Resources have anything like
9 that at all?

10 A. Oh, yeah. There's a lot of things
11 that we're doing. In fact, we are working with a number of
12 the townships to develop ordinances. You know, some of the
13 things may be a little bit more of a hindrance. Maybe not all
14 of the industry agrees with us, but we're going to do it
15 right.

16 Q. How about just citizens, just typical
17 residents?

18 A. Well, citizens can come attend those
19 township meetings. I mean, it's a public environment and
20 they've all been given opportunities to ask questions during
21 those meetings as well. Now, what I was leading to was in
22 developing some of these ordinances, one of them that we've
23 worked on recently that we consider stringent but acceptable
24 is that before we go out on any --- and drill any wells in
25 this location or bring in any equipment, all the residents

1 within a half to one mile will be notified and we will have a
2 meeting to explain to them what's going on, what to expect and
3 all of these things so that we can get some input from them.
4 One of these was very valuable. We had one situation where,
5 you know, somebody brought up the way that the trucks turned
6 at a school bus stop. Well, once we brought that up, then we
7 addressed it and we rerouted ourselves so that we don't have
8 those issues. You know, we work with a number of the school
9 districts and a number of different people because, you know,
10 we're here to stay. I mean, we're here for the long term.
11 We're not trying to do anything that's going to get us run out
12 of the industry. So we have to work with the local citizens
13 and, you know, there's always going to be difference of
14 opinion. You know, I don't think you can have more than two
15 people in a room and not have a difference of opinion on
16 something.

17 Q. Thank you. Thank you for your
18 testimony. Thank you for your indulgence, Mr. Chairman.

19 CHAIRMAN:

20 Q. Thank you, Representative Seip. Mr.
21 Tijerina?

22 A. Correct.

23 Q. I can't even pronounce it properly.

24 A. No. You got it right.

25 Q. Is that close enough? Once again,

1 what's mandated that they use?

2 A. Well, I say should be because this
3 --- the revisions to it had not gone into effect yet.
4 Industry has identified some areas that could really need some
5 improvement. For example, you know, cementing. Most people
6 would just cement maybe a couple of hundred feet up the casing
7 and not all the way to the surface. We have been utilizing
8 that practice over the last few years when we started, you
9 know, looking at better ways to do things. That's something
10 that the DEP and the industry has worked with and this is
11 something that we feel is good for everybody. It's going to
12 eliminate a lot of potential issues and concerns.

13 Q. So some aren't utilizing some ---?

14 A. They're utilizing the old format.
15 The old format did not require cement all the way up the
16 casing.

17 Q. Some are voluntarily taking it up ---

18 A. Yes. They're doing it now.

19 Q. --- and going through the added
20 expense of making sure that there's an additional safety
21 procedure in place?

22 A. Right. Because it's the right thing
23 to do.

24 Q. And I appreciate you mentioning that
25 there is a difference, because there are shallow vertical well

1 sites and there is also deep well sites. And of course,
2 they're not the same standards because they're two different
3 types of wells. But given the fact that we all realize now
4 that there is two different types of wells, is there any
5 standard certification for shallow vertical wells and then for
6 deep wells?

7 A. Okay. I guess I need to --- in order
8 to understand this more clearly, when you say certification,
9 what exactly ---? Do you have an example of what you're
10 referring to?

11 Q. Well, sir, is there a standard? Is
12 there an amount of schooling or training or apprenticeship or
13 is there drug testing? Are there different things that have
14 to be done that are industry standards to ensure that the well
15 site is as safe as it possibly could be and that the most
16 qualified people or at least a minimum of qualification is met
17 in order to work at that site?

18 A. You're talking about workforce. I
19 was thinking operations as far as actually drilling the well.

20 Q. Yeah.

21 A. Okay. There are some standards that
22 are out there. One of the things that most companies do ---
23 and you have to remember it's the company's prerogative as to
24 whether or not they actually have a viable drug and alcohol
25 program. We as an operator require that any contractor

1 working for us have a program or be subject to ours. So we do
2 want to make sure those type of things are taking place. We
3 have other types of training that is being done with regard to
4 well control. You know, speaking of the EOG situation, one of
5 the things that Range has always done is we've always ensured
6 that we have a driller, a tool pusher, at least two or three
7 people on the ground at all times that are with well control
8 even on the completion site. We've always done ---.

9 Q. I'm going to have to interrupt you
10 just briefly for the sake of time and to make sure we let all
11 of our testifiers speak and try to get back on some type of
12 time frame. I just wanted to clarify --- I know that Range
13 and a lot of the testimony that you're giving --- today you
14 testified as the director of health, safety, security and
15 environmental of Range Resources on behalf of the Marcellus
16 Shale Coalition. So I do appreciate you mentioning Range.
17 And from what I understand, they do go above and beyond. But
18 my question specifically is, is there an industry standard,
19 and you mentioned during your testimony, you said most gas
20 companies within the industry do certain things. But the
21 answer to my question, I guess, would be no, there's not a
22 standard as of right now?

23 A. There are some things that all
24 companies are required to do with regard to training
25 personnel. And some of those are driven by OSHA. You have to

1 have annual training on certain things. If you're going to be
2 doing well control, that standard is going to be every two
3 years. You know, vehicular safety, DOT requires that these
4 guys driving these big trucks have to have their proper CDLs
5 and all of the requirements with it, and they themselves have
6 to follow drug and alcohol processes. DOT also applies to
7 pipeline.

8 Q. So the truck drivers, I'm sure, would
9 need, in addition to a CDL, some type of Hazmat training or
10 some type of certification?

11 A. The way that DOT stipulates it is if
12 you're hauling hazardous materials, then you have to have that
13 extra training in there. Not everybody that has a CDL has to
14 have it because, you know, if you got somebody that's just
15 hauling fresh water everywhere, it's not going to apply to
16 him.

17 Q. And I appreciate your indulgence,
18 sir. I just want to make sure because there's a lot of us out
19 there that are just trying to get a handle on this and educate
20 ourselves. And as part of our discussion, we want to be able
21 to educate some people to a higher degree than before we had
22 this discussion.

23 A. One standard that the one other
24 gentleman was talking about with regard to pipeline earlier is
25 any time you build a DOT pipeline, all of those people have to

1 have operator qualification training. So that, you know,
2 there are some commonalities, you know. If there's ever a
3 pipeline that has maintenance work required to it and it's
4 DOT, the only people authorized to ever work on that has to
5 have that qualification.

6 Q. Okay. And someone had mentioned
7 earlier and I believe in response to Representative Seip's
8 question about the work schedule, the 12 hours on, 12 hours
9 off and two weeks on the jobsite, two weeks back home, could
10 you elaborate on that a little bit further? Just a little bit
11 of --- your out of state employees, or do all employees work
12 two weeks on and two weeks off?

13 A. No. These are people who are
14 assigned to that drilling rig. So if that rig is working ---
15 and as I used earlier in my reference, if that rig is working
16 in Susquehanna County or working in Washington County or
17 working in Colorado, where that rig goes is where those
18 employees go if they want to continue working with that rig.
19 So, you know, fortunately there's going to be enough work here
20 to keep them here for a long time. But that's just the nature
21 of the industry that, when that rig moves from point A to
22 point B, then these guys rotate out. And some of them,
23 wherever they may live, if live they here in Pennsylvania,
24 they go home to Pennsylvania. If they live in Ohio ---.

25 Q. It's not that there's a cheaper pay

1 scale or a willingness for employees from outside of
2 Pennsylvania to work for a lower hourly rate than Pennsylvania
3 workers. Does that have anything to do with it?

4 A. What we had talked about earlier was
5 that these guys are working for the drilling rigs and, you
6 know, we don't get into their salary. However, you know, some
7 of them receive overtime. Some of them receive bonuses. Some
8 receive allowances, a number of different things. But when
9 they applied to work on the drilling rig, they applied to work
10 wherever that office is for that particular company. The
11 company that the gentleman mentioned earlier, they own their
12 rigs. That's why they can say they --- that's where they do
13 it. The other people are, for lack of a better term,
14 contracting these drilling rigs to come in and do the work.
15 And we're working with them to try to get the personnel
16 working on it switched over from, you know, anybody being out
17 of state to somebody locally. In fact, what we had mentioned
18 earlier was that we were putting on --- we're paying to put on
19 extra people we don't need just so that they can be trained,
20 and then try to start eliminating the other guys out.

21 Q. I appreciate that. And thank you for
22 sharing that with us, because the consensus has been that
23 Pennsylvania workers are more conscientious about Pennsylvania
24 environment and environmental threats than those that work
25 here and, you know, move on from state to state. So I don't

1 know, and I don't want to stereotype the employees that work
2 there. I'm sure they're very conscientious employees. But
3 that was one of the concerns that was brought to my attention.

4 A. I will admit a lot of the people who
5 are working within our industry that are from Pennsylvania,
6 have been from Pennsylvania, you know, they're just like
7 anybody else. I mean, they want to do a good job and be
8 recognized for doing so. And, you know, I'll give you some
9 other examples. We had one person, or a few people, actually,
10 that --- in fact, our president graduated from Pitt. So, you
11 know, this is close to his home. But we've had a number of
12 people who have applied for jobs that were born here, educated
13 here, but there was no future for them in this industry at
14 that time, so they moved on to other places. We are now
15 starting to have a lot of those guys coming back. Do they
16 have Texas license plates? Yeah. Are they Pennsylvanians?
17 Yeah. So in a lot of cases, you know, we encourage those guys
18 to come back home because this is where their families are.

19 Q. On a different line of questions just
20 for a moment. With regards to violations that occur, some
21 very serious, some not quite as serious, but any type of
22 environmental instance where a violation could be very
23 serious, is the industry opposed to a significant increase in
24 performance bonds or in fines associated with those problems?

25 A. I have not posed that to the

1 industry, but I will give you my opinion.

2 Q. Okay.

3 A. If you don't have anything to worry
4 about, it shouldn't be an issue. Therefore, if there aren't
5 any violations, you know, you don't have to worry about
6 anything with regard to having to worry about the bonding.

7 Q. Part of the reason, and the biggest
8 part of the reason I pose that question is I think that the
9 safety --- environmental safety and peace of mind of
10 Pennsylvanians is more important than maybe a performance
11 bond. And I think a lot of Pennsylvanians would feel a lot
12 more comfortable in knowing that, you know, possibly corners
13 wouldn't be cut to ensure that there's a significant financial
14 risk to the gas industry if there are breaches of the
15 environment, if there are incidences of violations in the
16 future. And that's something that we're going to try to
17 incorporate and we're going to try to advocate for.

18 But are there any stipulations to the
19 severance tax that's being debated and discussed down in
20 Harrisburg that the gas industry has been advocating for? And
21 I'm looking for examples of possible amendments to the
22 severance tax legislation that may compromise the legislation
23 to a point to --- unless there are certain amendments, eminent
24 domain, forced pooling, things like that, that the gas
25 industry is advocating for to tie into the severance tax

1 package, that the people of Pennsylvania, by overwhelming
2 majority, want and need.

3 A. I do not have all the answers on that
4 one. There's been a few different discussions as to how the
5 severance tax should come into play, whether it should be
6 small on start up and grow with the industry or, you know,
7 some people want to go for the top and some want to start at
8 the bottom. And hopefully we can meet somewhere in the
9 middle. I do have a concern with regard to, like we were
10 talking about earlier, first responders. I think we need to
11 make sure that these guys have something for them to equip
12 themselves so that they can respond in an appropriate manner
13 with the right tools to do the job.

14 Q. Okay. The second to last thing is
15 organized union labor. Do you have any idea of what
16 contractors, subcontractors hire Pennsylvanian organized
17 labor?

18 A. I asked that question yesterday once
19 I read what the agenda was. And I know that the majority of
20 the work being performed with regard to pipelines, the three
21 companies I spoke with are all using union labor. There are
22 other companies that some of the construction of their gas
23 plants is 85 percent union labor. That's really all the
24 information I have right now. We go to some contractors and
25 we find out, you know, we don't dictate to them who they use.

1 You know, it's a business. We ask for a quote. We're not
2 looking for cheap. We're looking for inexpensive. We want
3 the job done right. So, you know, as we're finding out, even
4 some of them are using unionized labor. It doesn't matter to
5 us. The job's going to get done properly and that's what we
6 want. So how many of these are actually unionized, I couldn't
7 give you that information. But I do know that a number of
8 people are actually using them.

9 Q. I appreciate that. And the reason
10 that I mention that and the reason I asked about the
11 qualifications and about the certifications is because I
12 firmly believe that we already have a qualified workforce here
13 in Pennsylvania. And I think maybe the certifications, maybe
14 some of the schooling, years of training, hours of training,
15 on-the-job experience, in its totality, as a union employee,
16 may be superior to that of some of the qualifications and
17 standards that you currently have.

18 And now, having said that, I can't
19 judge that because, as you indicated in your testimony, most
20 of them do certain things but there's no standard for
21 certification. So it's hard for us --- you can't compare
22 apples to apples. And we'll have some people from organized
23 labor testify here later today as well.

24 The last thing that I have, and I
25 appreciate your indulgence, is that we've had a lot of public

1 discussion. And recently the director for Homeland Security
2 here in Pennsylvania, it's been disclosed that there was ---
3 they hired a firm from Philadelphia, ITRR, to investigate
4 those that may be opposed to Marcellus Shale drilling here in
5 Pennsylvania. And this isn't, you know, any type of
6 indictment on anybody within the industry. Do you have any
7 idea of what they're talking about? I heard about this
8 yesterday as I was driving home and it surprised me and
9 shocked me that Pennsylvania is spending money and disclosing
10 information potentially to the gas industry about those who
11 are opposing the industry. Do you have any knowledge of
12 anything like that?

13 A. What I read was that there was ---
14 that they contracted this company to provide different levels
15 of intelligence information to them. But I also read that
16 this was not industry-specific, that this was also a number of
17 other groupings or people getting together that were also
18 being identified in it. The MSE did not --- I mean,
19 apparently this things is supposed to be up, I think he said,
20 October and they're not going to renew it. Well, you know, we
21 weren't talking to anybody ---.

22 Q. That was on the governor and that was
23 on the director of Homeland Security in Pennsylvania. It
24 wasn't, you know, as a result of any agreement between the gas
25 industry and Pennsylvania, as you understand?

1 A. No.

2 Q. The last thing is the fracking system
3 itself. And a lot of people are concerned about what you're
4 putting into the ground. As you indicated earlier, they do
5 supply information as far as the materials that can be used in
6 fracking. Is that different than the materials that are
7 actually being used by individual companies during the
8 fracking process?

9 A. Yes. As I had indicated earlier, if
10 you go online, either Range's website or DEP's, because we're
11 not the only ones doing it, but we are currently disclosing
12 what's going into the frack fluid along with the percentage of
13 the total makeup.

14 Q. And I applaud you for that. There's
15 no question about it.

16 A. When you look at it, you're probably
17 seeing about five actual products being put in there. Also in
18 that same information, we're saying okay, this product here,
19 this is where it's being used at your house or this is how
20 people use this to wash their cars or --- you know, we're just
21 using references because some people may -- you know, they see
22 this long word and it's like, oh, my God, the world's coming
23 to an end, whereas in reality, you know, it's not really
24 anything more than soap. So what we want to do is explain to
25 them, okay, here's the common uses within the household that

1 you can relate to.

2 Q. Okay. But don't you think it would
3 go a long way to dispel the fears and concerns of
4 Pennsylvanians who have had problems ---? In Dimock here,
5 this is very close. They've had problems. I've talked with
6 residents and I've seen people that have polluted water that
7 comes out of their faucet or their wells and they have
8 legitimate concerns. And I understand that you're not
9 responsible for what's happening there and you're not
10 responsible for what's happening throughout the entire
11 Commonwealth. Today you're speaking as and testifying on
12 behalf of the Marcellus Shale Coalition, but you can't
13 possibly know everything about every operation. But don't you
14 think it would go a long way to alleviating some of the
15 concerns and fears of the Pennsylvanians who live in those
16 areas where they're extracting the natural gas from the
17 Marcellus Shale formation to know exactly what's being put
18 into the ground in their area?

19 A. As I just indicated, that information
20 is being made public for everybody to look at.

21 Q. By every company?

22 A. Let me finish. As more and more time
23 goes by, we're encouraging more and more companies to actually
24 do that. So, you know, we stepped up to the plate and said,
25 you know, we're going to go ahead and do it. And since we've

1 done it, at least three or four other companies has done it.
2 And we're hoping to get everybody to actually do that, because
3 in reality, when you look at the different companies that are
4 actually performing the fracturing operation, there's only a
5 handful of them. So once you start getting the information
6 from everybody, you know, whether they're doing this work or
7 us or any other operator, you've got the same crew out there
8 using the same chemicals.

9 Q. Some in the gas industry --- and it
10 was stated for a long period of time that it was a trade
11 secret. They wouldn't give up the trade secret of what they're
12 putting into their fracking concoctions. But, you know,
13 there's some that already has. The cat's out of the bag, so
14 to speak.

15 A. I think the original discussions
16 pertain to providing all of the different components,
17 regardless of mix, of what all was in there. And I think that
18 was where some of the confusion may have been. At the end of
19 the day, what really matters is what hazardous material is in
20 there and what percentage of it is actually being used.

21 Q. Thank you very much for your
22 testimony. It was very lengthy. And many of my colleagues
23 had a lot of questions, and maybe I was a little bit
24 longwinded. But these are some of the questions that have
25 been brought to my attention over the past year and a half.

1 And this is my first opportunity to pose these questions in a
2 public televised forum. And I thank you for your indulgence
3 and I appreciate your participation in this public hearing.

4 A. Okay. One thing I would like to add,
5 and we tell this to everybody. If anybody within union wants
6 to meet with us and talk about what our requirements are, we
7 would sit down and go over it just like we do with a number of
8 the different educational facilities that are looking to
9 develop training programs. We're more than willing to do
10 that.

11 Q. I appreciate you bringing that to our
12 attention because I know unemployment is high in certain
13 areas. Lackawanna County is one of the highest right now in
14 the state. And we have to work on employing hardworking
15 Pennsylvanians that are seeking to be employed. So I
16 appreciate your commitment to employing Pennsylvanians. And
17 hopefully we can work together and arrange some meetings with
18 groups from labor to see if they could possibly get
19 hardworking Pennsylvanians, and, you know, for that matter,
20 all Pennsylvanians an opportunity to work.

21 A. Okay. Well, we've already opened
22 communications on the west side of the Commonwealth. You
23 know, just contact us and we'll see what we can do.

24 Q. Thank you very much, sir.

25 A. Any other questions? No?

1 CHAIRMAN:

2 I don't believe so. Thank you very
3 much. Our next testifier is Robert Flanagan. He's the
4 director for the Lackawanna County Center for Public Safety.
5 And I want to thank all of our testifiers for your indulgence.
6 This is a serious topic. A lot of serious questions need to
7 be vetted out here. So we're running a little bit longer than
8 anticipated. But thank you very much for your indulgence.
9 Mr. Flanagan?

10 MR. FLANAGAN:

11 Good afternoon, gentlemen. I'm Bob
12 Flanagan and I'm the emergency management coordinator for
13 Lackawanna County. And part of the job that I have is dealing
14 with the local Emergency Planning Committee and handling
15 anything resulting in hazardous materials response, recovery
16 or releases in the county. I'm going to try and do this as
17 quickly as possible so we that we can try and move ahead.
18 I'll hit some of the highlights of what I put in the
19 testimony, and then if you gentlemen have questions, we'll go
20 from there.

21 I know one of the things that my
22 associates in the emergency management community and fire,
23 police, EMS have concerns about are, number one, I think going
24 back two years ago when we were first introduced to the fact
25 that Marcellus Shale was up here and that there was going to

1 be drilling going on for the natural gas, we had a number of
2 the drilling companies come up to our building at the Public
3 Safety Center. We brought in fire, police, EMS folks to get
4 an outline as to what was expected to be coming down the road.
5 I remember one of the --- well, quite a number of the fire
6 chiefs at that point had a concern about whether or not there
7 would be any type of major hazard when it came to the natural
8 gas drilling, because they were all familiar with dealing with
9 natural gas in homes, businesses, everything else. Every now
10 and again, you get an explosion. And that was one of the
11 questions. What happens if you get an explosion at one of
12 these rigs? At that time, unfortunately, one of the
13 representatives from the drilling company said, well, this is
14 a whole different process. We don't do that kind of
15 operation. Chances are you're never going to see that kind of
16 incident occur. Well, now we know different from what
17 happened just a couple months ago. We do know one rig had a
18 blowout. Another rig had a fire that lasted for about 16
19 hours. So we know that concern is still there. And I know it
20 is for a lot of our first responders as far as responding to
21 those kinds of incidents and how to deal with them.

22 One of the main concerns that we have
23 is making sure that when there are drilling sites, that we
24 have a specific location for all of those, that our 911
25 operators will know --- when they get a call from someone,

1 annually with pipeline companies, and I would like to see the
2 gas well industry do the exact same thing, a refresher. You
3 know, once the folks are trained, once a year you do a
4 refresher, bring the people in and keep them up to speed on
5 any of the changes that are going on, what's the latest things
6 in the industry, what should you do when you respond, what
7 shouldn't you do, who your contacts are.

8 We have all those things in place if
9 we're dealing with a major pipeline. And I'd like to see
10 those same things in place for the drilling. And at the same
11 time, we also know that there's going to be transmission
12 pipelines coming online from the drilling sites to get these
13 things --- to get the gas out to the transmission companies
14 and such. So, again, that's another part of the equation that
15 we want to make sure that the pre-planning and the training is
16 in place for.

17 We want to make sure that we've got,
18 you know, contacts for the different companies, the people
19 that can make decisions for us. That's one thing that I've
20 seen happen a lot over my years in emergency management, is
21 you respond to an emergency or a disaster location and
22 sometimes you'll get a company representative that'll show up
23 and you'll say, can you get this for us? Do you have this
24 information? Well, let me find out. I have to make a phone
25 call. And that doesn't help us out at all. What we need is

1 the information on the people that when we get there on the
2 site or when the fire chief gets there on the site, he's got
3 somebody that can make a decision right then and there, you
4 know, from the company without having to make phone calls and
5 track people down.

6 We want to know in advance a lot of
7 the transportation routes, you know. Are they capable of
8 handling the truck traffic? If something happens, what's the
9 best way to respond? What kind of things do we need to
10 respond? If you have a chemical spill or frack water spill,
11 you know, is there equipment that we need that we don't have
12 right now? A lot of our fire companies, our Hazmat teams are
13 really well trained. We have about 120 responders in the
14 County that are trained to their hazardous materials
15 operations level and they're nationally certified, but that
16 doesn't mean that they know everything about Marcellus Shale
17 operations.

18 This is a whole different animal that
19 we haven't dealt with before, and so we want to make sure that
20 the folks --- you know, or the things that we need to know
21 right up front, you know, on issues that we may not be aware
22 of that we have to deal with? We get somebody injured on the
23 site, you know, roughnecks or some of the other laborers up
24 there, you know, does the EMS company coming in have to know
25 any particular information? Would there be any particular

1 thing happens. It would be, you know, a major, major
2 advantage to us, you know, in the first responder community to
3 be able to have all that information right up front. And we
4 can make that happen if we get the cooperation of the various
5 companies. That's all I've got right at the moment. If
6 you've got questions, I'll be more than happy to answer them.

7 CHAIRMAN:

8 Thank you, Mr. Flanagan.

9 Representative Pashinski?

10 MR. FLANAGAN:

11 Sure.

12 REPRESENTATIVE PASHINSKI:

13 Q. I always have a question. What kind
14 of communications have you already had with the industry? We
15 have a gentleman here who represents the Coalition.

16 A. Well, from our perspective in
17 Lackawanna County, we've only actually had one company set up
18 operations so far in Greenfield Township, and we did have
19 direct communication with that company. The fire chief in
20 Greenfield Township actually initiated it for us so we could
21 get together and meet with that company and start doing some
22 pre-planning. There's more that we have to do along those
23 lines. So we don't have any other communication with any
24 other industry operations because none of them have actually
25 started to do any operations or give us any indication that

1 they're ready to do that. We do know that there have been
2 several hundred leases signed, if not over 1,000, with
3 property owners, but that's as far as we know right now. We
4 haven't had any other direct communication from the industry.

5 Q. Knowing full well, though, you're
6 going to have this potential of the drilling soon, do you have
7 the Bible, so to speak, of all the things that you need that
8 when any new company would come into the area, you would have
9 your policies and your concerns already in place that you
10 would share with the new company that's coming in?

11 A. We have some of it. We have what we
12 normally deal with in dealing with hazardous materials,
13 extremely hazardous substances. So we've got our generic
14 plans that we have for those kinds of things. But as far as
15 the industry-specific items, we don't have any of that yet.
16 And that's where we're looking to Marcellus Shale companies
17 and folks such as the Gas Well Control to be able to provide
18 us with some of that information so that we can add it into
19 what we're going to need. And so we're going to need to sit
20 down with some industry players and folks like the Gas Well
21 Control to finalize all that information so that we actually
22 have that entire playbook to go from.

23 Q. That's what I'm looking for. What
24 steps or plans so that you're going to be ready as that
25 industry opens up? Because I think that we can all agree that

1 it's only been a short time that all of a sudden the flood
2 gates have opened up in certain areas.

3 A. Right.

4 Q. It's a massive industry.

5 A. Our first step from the county
6 perspective is to get together with the Gas Well Control
7 folks, get our first responders trained in what they can tell
8 us about the specific hazards and operations of the industry.
9 And like I said, Wayne County and Wyoming County are in the
10 process of doing that right now so that we're going to be
11 coming up next on the rotation to train and get all that
12 moving. And then we have to start trying to find out --- and
13 we have to contact the Marcellus Shale to see if they have any
14 clue as to what companies are looking to set up operations,
15 and DEP the same way, to see if they can give us a clue as to
16 what companies are looking to set up operations in the county
17 so that we can start tapping their knowledge to give us an
18 idea as to exactly where we're going from here. What do they
19 have?

20 Q. And just be proactive and ---?

21 A. Right.

22 Q. Thank you.

23 CHAIRMAN:

24 Q. Thank you, Mr. Pashinski. Mr.
25 Flanagan, I just briefly --- after listening to your testimony

1 and realizing as the Lackawanna County director for the Center
2 for Public Safety, you have an extraordinary responsibility on
3 your shoulders to ensure the safety of Lackawanna County
4 residents. And after listening to your testimony, I think it
5 would be prudent to have all of the pre-planning in place
6 prior to permits being issued by DEP for natural gas drilling
7 permits because you have identified some serious concerns
8 here. And I think the Coalition will be more than happy to
9 work with you to make sure that you have the tools at your
10 disposal to make sure the first responders have the tools at
11 their disposal and also to ensure that they're safe and that
12 they have everything as far as safety requirements necessary
13 and equipment necessary to handle the unfortunate situation.

14 A. Exactly. And that's the kind of
15 thing that we want to try and make sure that we have so that
16 we're not chasing around after operations have already
17 started. And we do the same kind of thing when there's
18 chemical companies that come into the area. If we know that
19 they're getting ready to set up operations, that's when we go
20 out and sit down with them and find out all the particulars
21 that we need to know and do the pre-planning. And so I agree.
22 It's one of the things we may absolutely want to see before
23 anything starts happening, before any equipment arrives on the
24 site, that we know up front that there's a plan in place to
25 deal with anything that happens, because once the operations

1 start, even once you start setting up the rigs, the potential
2 is there for any kind of an incident.

3 Q. And one of the things I'm sure that
4 you look at with regards to ensuring the safety of the people
5 that respond and those you're potentially responding to is
6 that there's a source for water around at the drill site, to
7 make sure that they ---. Is that ever a problem or is that
8 something that you've ---?

9 A. Well, it depends on the situation.
10 But for the most part, most of your local fire companies
11 already have their sites pre-planned for where they need to
12 get water from to deal with the situation, you know, whether
13 it's a fire or Hazmat situation or anything like that. So
14 most of that's already pre-planned by the local fire
15 companies. But it looks like it's something that maybe what
16 we would have to find out from this point on is, is that
17 adequate? What Greenfield Township has for their normal water
18 supply for handling a structure fire or major incident, is
19 that sufficient to deal with something that'll happen at a
20 drilling site? It may be. It may not be. If it's not, then
21 we need to start figuring out, okay, where do we get that
22 from?

23 Q. And this would be all part of the
24 pre-planning stage that would be issued?

25 A. Part of the pre-planning situation.

1 Right. You know, is the water supply sufficient? Do we
2 automatically have to --- if something happens, do we
3 automatically have to institute a tanker task force to come
4 in, supplying water for a situation? Fortunately, we already
5 have a lot of plans for those, you know, such as tanker task
6 force, technical rescue team, which we have in place,
7 decontamination teams, which we already have in place. It's
8 getting all of those folks up to speed on the particulars of
9 dealing with the drilling industry and the additional
10 pipelines coming in that we want to make sure that we have in
11 place.

12 CHAIRMAN:

13 Thank you very much for your
14 testimony, Mr. Flanagan.

15 MR. FLANAGAN:

16 Anything else? Okay.

17 CHAIRMAN:

18 Our next and final testifiers for
19 this afternoon will be Gary Ford, president of the Carpenters
20 and Joiners Local 645, Vern Johnson, Council representative to
21 the Greater Pennsylvania Regional Council of Carpenters, Joe
22 Padavan, president of United Steelworkers Local 15253, and
23 we'll also have Rick Schraeder, president and business
24 representative from the IBEW, Gino Arcurie, member development
25 representative, and Paul Casparro, International Brotherhood

1 of Electrical Workers Local 81. Before we get started with
2 the testimony, I just want to ask the court reporter if he
3 would need a moment. Are you fine? Okay. Whoever would like
4 to start. Right to left. I'll leave it up to you gentlemen.
5 And thank you for your testimony today.

6 MR. PADAVAN:

7 My name is Joe Padavan. I'm
8 president of the United Steelworkers.

9 CHAIRMAN:

10 If you could please repeat your name?

11 MR. PADAVAN:

12 Yes. My name is Joe Padavan, local
13 union president, United Steelworkers, Heavy Highway
14 Construction. What I'd like to say, I mean, we're here for
15 safety and to make sure that the job gets done and gets right.
16 And what's important to all of the unions here is that safety
17 is our number one goal. I mean, we're there for --- we want
18 to be safe in the morning. We want to be safe at night when
19 we're going home. I believe, and I think all of us together
20 believe that safety is the most important thing.

21 But you don't become safe if you're
22 not trained. And we all work very hard to train our members.
23 When we put people to work, it's not people. It's our
24 members. We give blood together. We donate together. We get
25 involved politically together. So when we're out there doing

1 the job, we're making sure that our guys know the job before
2 they get there. So, you know, we've got CCO crane operators
3 that have been trained ultimate and all the way down to flag
4 traffic control. I mean, we make sure that our guys are
5 trained. That's our number one issue here. When we get on
6 the job, we want to do it right.

7 We don't believe that's being done.
8 We think that we can do a lot for this Marcellus Shale to make
9 sure the job's done right, protected. We want to do the jobs
10 on time, under budget. We want to make sure the companies
11 make all the money they can make so that we can make all the
12 money that we can make. So we're here to just say that, you
13 know, we believe that we have the right to be there.

14 And one more thing from me is, you
15 know, you guys are involved in --- we should be doing this
16 with Pennsylvania pipe. We make a lot of pipe in this state
17 and I'm hoping you guys are looking into that because ---
18 especially in the west, a lot of pipe out that way. We make
19 pipe and steel and we make it all over this State. So I think
20 it's a very important part that we're looking into. It's a
21 lot of union members, a lot of jobs. Thank you.

22 CHAIRMAN:

23 Thank you for your testimony. And
24 I'll let everyone testify before I ask any members if they
25 have any questions regarding this panel. Gino?

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MR. ARCURIE:

Gino Arcurie, Local 81 IBEW, Scranton Electricians. I'm going to defer to Rick Schraeder and Paul, who have quite a bit of it. But I'm just going to say I know the man from Range Resources mentioned earlier about talking to contractors. I've been going to a lot of webinars and seminars and stuff pertaining to Marcellus Shale. From my gathering from what I get, in order for our contractors or somebody to make contact, you got to go out in the field, look for the superintendent, hang around, sit around, wait however long you may have to if he's not there and get in touch with somebody. And that's a bit of a problem for our contractors to go out there. You know, we can go out there as representatives, but our contractors need to go out there and do that. And sometimes it takes them away from their normal everyday duties that they have to do besides go out and sit and look and wait.

We've been told --- we've been given cards by certain people, been told to contact these people, contact this. It just hasn't been happening. So we'd like to know a better way that our contractors can go out and meet with these people, know who's here, who the players are and where they are so they can go out and contact them and meet with them. We do have some contractors that have done some work here. Some are compression stations and so on and so

1 forth. But as far as well sites and stuff, I mean, we have no
2 contact with those people as to where they are. So we'd like
3 to know, you know, just where they are, where these sites are
4 located, who these people are and how they can be contacted.
5 That's all I have for right now.

6 MR. CASPARRO:

7 Thank you, Mr. Chairman,
8 Representatives. Thank you for being here. My name is Paul
9 Casparro. I'm a training director, Local 81, IBEW and NECA.
10 And we're here to talk pretty much about education and how our
11 people are qualified to work on these jobs. We listened to
12 testimony all afternoon and they talked about safety training,
13 qualifications to do the jobsites, and what I listened to is
14 what we already do. Our people are OSHA trained. Our people
15 have first aid, CPR. Our people have NFPA 70E. We're trained
16 in all these things before we even get on the jobsite. We
17 don't have to wait until there's a problem out there and then
18 train our people. We're very proactive. We spend a lot of
19 money on training our people. We have a five-year
20 apprenticeship program that's free to anyone who cares to
21 join. We train our people 200 hours a year in the classroom.
22 We give them 2,000 hours per year on-the-job training at no
23 cost to the taxpayers. So we feel our apprenticeship program,
24 not only the electricians, but all the building trades,
25 whether they have a three-year, four-year or five-year

1 apprenticeship program, our members are ready to go. We're
2 skilled. We're trained. We're qualified. We're safety
3 trained. We are also a drug-free environment. We drug test
4 all of our apprentices before they ever get onto a jobsite, so
5 we're proactive in that region.

6 And we listened to some of that
7 testimony today. We talked about there were accidents on some
8 of these jobsites, people falling off some of the towers
9 because there were no guardrails. A couple guys got killed.
10 They got hit in the head with pipes. So, you know, our
11 members are already OSHA trained, safety trained. I listened
12 to this gentleman from the Steelworkers. And that's what we
13 do. Our members are qualified. We're ready to go. We don't
14 have to waste time training once they get to the jobsite. So
15 in fairness to everybody else, for some time, I appreciate you
16 being here and thank you for letting us speak.

17 MR. JOHNSON:

18 Good afternoon. My name is Vern
19 Johnson. I represent the Greater Pennsylvania Regional
20 Council of Carpenters and Carpenters Local 645 here in
21 Scranton and the 18 counties in the northeastern part of the
22 state. I'd like to thank Representative Murphy and the Labor
23 Relations Committee for having us here today.

24 There are concerns about the
25 environment, safety and workforce problems our organization's

1 user, first aid/CPR, high lift, rigging and many others. And
2 they have a card in their pocket that it will pass. Some of
3 these training classes that other companies talked about, I
4 don't know if they're qualified. I don't know if they're
5 certified training programs. I've heard of forklift programs
6 where a guy jumps on a forklift and he says, now, that lever
7 is up, that lever is down, there's the steering wheel and
8 there's the brake. That gives you a card. Ours doesn't work
9 that way. Ours takes a full day to get them trained on that
10 forklift and more.

11 Our state-certified apprenticeship
12 program is one of the best in the country, allowing applicants
13 who qualify to enter into our four-year program and an
14 opportunity to earn 32 college credits while they work their
15 way to the journeyman certification. Our first-year
16 apprentice starts out with an hourly rate that is more than
17 \$13 an hour with a health benefit package included and an
18 option to contribute into a retirement plan, giving our
19 apprentices the opportunity to earn while they learn. I mean,
20 this is a great opportunity for the state. No money involved
21 from the state. We pay the way. The kids get to work with
22 journeymen. It'll probably teach them more than they'll ever
23 get out of a book. It's a great program. And from what I
24 see, possibly the reason we aren't getting the work is there
25 are some people working up there in the fields right now that

1 aren't making that \$13 an hour, let alone with the benefits.

2 Our organization highly doubts if any
3 of the companies operating under the MSAs do the same for
4 their employees or treat them in an equitable manner. For
5 example, the gas companies currently working in the Northern
6 Tier offer training programs where you have an unspecified
7 format and curriculum. What's more, they pay their employees
8 sometimes \$10 to \$12 an hour. I heard \$40,000 to \$60,000
9 there mentioned. You can make that on \$10 to \$12 an hour with
10 all this overtime. So it might sound like a lot of money, but
11 if these people are married, they may not even have a family
12 when they're done working those type of hours. You know,
13 these are not going to help us. One job we sent some guys up
14 to build some scaffold on, we got part of the job, just the
15 scaffolding, and they were the only people that spoke English
16 on the job. I find that hard to believe that some of these
17 people can run that job and go by our safety standards because
18 I don't think they know about them.

19 This issue is most critical. Action must
20 be taken to the legislation level. We are losing all of our
21 local state tax dollars to out-of-state employees hired to
22 work in the Northern Tier for gas companies that are from
23 Texas, Oklahoma, Utah, Arkansas and other states. We must
24 begin monitoring and examining the entire workforce of this
25 industry. We as citizens of Pennsylvania have a

1 responsibility to do so. These companies do not care about
2 our environment. They have personally told us this. And I've
3 had people on rigs say hey, you know, look out, boys, you're
4 in trouble here. And they don't care. They really don't
5 care, many of them. Our organization firmly believes this is
6 the main reason they do not want to hire local workforce on
7 the jobsites. Local people are concerned with their
8 environment. And local people do want to make a good living
9 here.

10 I have a friend of my son's that was
11 hired by one of the gas companies. They sent him to Arkansas
12 for training. He called my son. He said he's living in a job
13 trailer with no restroom facilities. There's a job down the
14 outside. There's a shower down at the end of the thing. And
15 they're let out twice a week to go to the store for what they
16 need. I don't think that's right personally for anybody in
17 America to have to go through something like that.

18 Let me remind you there is methane
19 gas currently contaminating the Susquehanna River. And I
20 think we all know that here. And I'm like the other gentleman
21 that was here. It's about a mile from my house. I was on a
22 well pad in our area with my neighbor, the well pads there.
23 DEP representative was there. I asked him some questions.
24 Three days later, one of the gas company employees came to our
25 well here in Scranton. The DEP guy had written down my

1 license number, turned it over to one of the gas companies,
2 and I'm not going to mention any names here. Somehow,
3 illegally, they ran my license number and came to our Local,
4 saying I was an eco-terrorist, that they were worried I was an
5 eco-terrorist, all because I'm trying to get people a decent
6 job with decent wages.

7 I've seen so many things up there.
8 On the one well pad, they were building the pad, and the dozer
9 was going up and down and up and down. We went up and we
10 talked to this young gentleman. And he was from possibly out
11 of the country. I'm not sure. But he told us it was the
12 first time he was ever on a dozer in his life. And he's
13 building a well pad. Talk about training. Does anybody
14 really care up there? I'm not sure that they do.

15 I live in Bradford County, and I see
16 what's going on up there. On the well pad that I asked those
17 questions on, shortly after that, they were there checking
18 about the oil that was spilled that was never turned in.
19 Where the pad had collapsed, they fixed that. There was a lot
20 of things done after that that wouldn't have been done.

21 I think we have to worry about the
22 workforce up there and the safety for our children and
23 grandchildren by enacting regulations on qualified workforce
24 and workforce safety in the Northern Tier. I could go on and
25 on and on. I'm sure you've heard some of this before. And if

1 you have any questions for me, I'm glad to answer them. Thank
2 you very much.

3 CHAIRMAN:

4 Thank you very much, Vern.

5 MR. FORD:

6 Good afternoon. My name is Gary
7 Ford. I'm the president of Carpenters Local Union 645 and I'm
8 also an organizer and representative of the Greater
9 Pennsylvania Regional Council of Carpenters. I apologize.
10 I'm getting over a head cold right now, but I wouldn't miss
11 this for the world.

12 A gentleman said earlier nobody even
13 knew what Marcellus Shale was up to two years ago. That's not
14 true. Mr. Johnson's lived up there all his life. Back in the
15 '40s and '50s, they were looking at the Marcellus Shale and
16 the natural gas in the Northern Tier. We talked about the
17 third-party MSAs. Mr. Johnson had talked about that also.

18 There is an OSHA standard. It's the
19 general duty clause. It reads, an employer must have an
20 environment that's free from any recognized hazards or
21 dangers. Okay. That's right in OSHA Standards 1926, so there
22 is a standard on that. And all I have to add to that is there
23 should be a written emergency plan on every site up there.
24 And MSDS sheets should be readily available. But other than
25 that, I think Mr. Johnson had said everything that we have to

1 say. I'll pass the questioning on.

2 CHAIRMAN:

3 Thank you very much, Gary.

4 MR. SCHRAEDER:

5 Good afternoon, Representative
6 Murphy, Representatives. I want to take time to thank you
7 guys. I realize and I see some of the workload that you
8 people are confronted with from day to day, so on a personal
9 note, thank you for taking the time to come up and to listen
10 to this even though it did get a little bit lengthy. I think
11 that maybe you'll at least leave here with a better feeling
12 for what is going on out there.

13 My name is Rick Schraeder. I'm the
14 president of IBEW, the International Brotherhood of Electrical
15 Workers Local 81 in Scranton. And I can tell you, Paul and
16 Gino had already spoke, but I hear up here earlier today that
17 we have to train all these people. You know, we have to go
18 out and get them training. We sit up here, everyone at this
19 table, with a different message to you. We have the people.
20 They're trained and I dare to say they're better trained than
21 anyone they have up there. We have the best apprenticeship
22 program in the world for training electricians. We train them
23 on all of the disciplines that they need to go and work on
24 these facilities, from conduit bending to doing the PLCs,
25 which is the programmable logic controllers for

1 instrumentation, telecommunications. You name it, we train
2 our people in it. They're very proficient in it. Codes. We
3 make sure that everything is done according to code. It's put
4 in safely. And I can tell you we will continue to always do
5 that.

6 Some of the other things that we do
7 that's very important for up there is hazardous locations. We
8 have hazardous location training that we take very seriously,
9 have a separate class that we upgrade all of our journeymen to
10 make sure that they're up to the latest codes and standards.
11 We have confined space, which becomes another issue up there.
12 There's a lot of issues that we have that already are probably
13 above and beyond what they'd be getting in any other training
14 that would be going on according to some of the people that
15 were here that people need to be trained.

16 I'll tell you, we have the forces.
17 We want to do the work. We've seen firsthand what our members
18 have suffered in this economic downturn. And you see it. You
19 see what it is just to try to get a budget passed in this
20 state. Well, imagine trying to raise a family and not having
21 a job and knowing there's a lot of work going on down the
22 street.

23 The percentages they give you for
24 people from out of state that's doing it versus in state, I'll
25 tell you what. I must be pretty bad in math and my vision

1 out very shortly that's going to say that, you know, in order
2 to work at these sites, they should have at least 75 percent
3 of the people that were trained in an approved state or
4 federally approved apprenticeship program. I certainly hope
5 that you guys would support something like that.

6 We need this work for Pennsylvanians.
7 We need this work for here. We're hurting. The state is
8 hurting. You know, we're not running to other states looking
9 to do the work that their natural resources have unless
10 there's an abundance of work there. We don't have our people
11 to work. If our people were all working, that's fine. You
12 know, you share the work with your surrounding areas. But we
13 certainly ask you to stop and think. The people that are
14 there from out of state, not one of them can cast a vote in
15 the State of Pennsylvania for Pennsylvania legislators, not
16 one of them. So we ask you, please, put our people to work.
17 It's about jobs. I know that you do what you can do. This is
18 here asking if there's any legislation, for you to support it.
19 And thank you for the time to even sit here and to give you
20 our point of view.

21 MR. JOHNSON:

22 Could I add one thing, Representative
23 Murphy?

24 CHAIRMAN:

25 Sure.

1 MR. JOHNSON:

2 The man camp he's talking about, we
3 were told we had a right to bid on that. Never came about.
4 First thing we know, the job was given out. And now they want
5 to build a headquarters for the one gas company in that area
6 on the KOZ ground. I think the money they're making, they
7 probably shouldn't even be on the KOZ ground.

8 CHAIRMAN:

9 Thank you for your testimony,
10 gentlemen. Before I open it up to questions from my
11 colleagues, we did have testimony from Rick Bloomingdale,
12 president of the Pennsylvania AFL-CIO, and I would like to
13 read it into the record, please.

14 Today you'll hear testimony or you
15 have heard testimony from various unions regarding their
16 experiences and involvement with Marcellus Shale. On behalf
17 of the 900,000 workers represented by the Pennsylvania AFL-
18 CIO, we respectfully submit our testimony and views regarding
19 the Marcellus Shale industry in Pennsylvania at this hearing
20 before the Pennsylvania House Labor Relations Committee.

21 The Marcellus Shale formation extends
22 beneath 60 percent of Pennsylvania's land mass.
23 Pennsylvania's geographic location enables it to efficiently
24 distribute natural gas throughout the northeastern United
25 States. Pennsylvania is the only mineral-rich state without a

1 natural gas severance tax, causing it, since October of '09,
2 to forfeit more than \$86 million of valuable revenue. Energy
3 companies continue to exploit corporate tax loopholes and
4 deprive the Commonwealth of millions of dollars of revenues
5 annually. Thus, the Pennsylvania AFL-CIO urges the General
6 Assembly to enact an equitable severance tax that will
7 generate desperately-needed revenue for our state. The
8 severance tax is an important source of state revenue that
9 will support our state's core services, such as education,
10 healthcare and environmental protection.

11 The Pennsylvania AFL-CIO supports
12 enactment of a natural gas severance tax that embodies the
13 following principles. A reasonable tax rate. Whether the
14 severance tax is levied as a percentage of the sales price or
15 a fixed rate, the rate must be equitable and fair. It makes
16 sense to use the West Virginia tax rate of five percent on the
17 sale price, plus 4.7 cents on each thousand cubic feet
18 removed. Two, hire Pennsylvania workers. Marcellus Shale is
19 a Pennsylvania resource, and out-of-state gas companies should
20 be compelled to hire Pennsylvania workers first. Lastly,
21 eliminate loopholes and unwarranted deductions. Labor opposes
22 the industry-backed proposal for a three-tier well tax,
23 exemptions and phase-ins. It's unfair to taxpayers to adopt a
24 severance tax rife with loopholes and giveaways, which will
25 result in less than one-third of natural gas production being

1 subject to a state severance tax. An equitable natural gas
2 severance tax will ensure gas companies that profit from
3 Pennsylvania's natural resources, not taxpayers, incur the
4 environmental and public costs associated with drilling.

5 The Pennsylvania AFL-CIO firmly believes
6 jobs created by the Marcellus Shale industry in Pennsylvania
7 should go to Pennsylvania workers. Language proposed in
8 legislation promotes hiring Pennsylvania workers first by
9 offering companies a tax credit for hiring Pennsylvania
10 workers. Additional revenue from the severance tax must be
11 invested in establishing and sustaining occupational safety
12 and health training programs for workers in the natural gas
13 industry. This training will benefit workers directly
14 involved with the drilling and first responders to
15 emergencies. First responders must be trained to practice the
16 safest and most effective procedures to address possible
17 emergencies associated with the drilling industry.

18 Pennsylvania's unions have a large
19 pool of potential workers suitable for jobs within the
20 drilling phase of the natural gas extraction. Hiring
21 Pennsylvania workers in local communities offers natural gas
22 companies a reliable business model. Local workers are
23 entitled to an industry operating in their own backyards. Our
24 state needs to invest in proactively training workers in these
25 communities to secure Pennsylvania jobs. Workers need

1 qualifications for labor-intensive jobs and gas well
2 production management. In this scenario, the community will
3 be stewards for their own environment.

4 The Pennsylvania AFL-CIO firmly
5 supports regulatory oversight of gas transmission lines
6 associated with Marcellus Shale by the Public Utility
7 Commission. The PUC will act in the interest of the consumer
8 by ensuring safe distribution. The Gas Safety Division of the
9 PUC enforces safety by frequent inspections of pipelines and
10 investigations of any incidents. Inspectors from the Gas
11 Safety Division will help identify and recognize preventable
12 problems to reduce safety hazards or accidents.

13 The Pennsylvania AFL-CIO urges the
14 General Assembly to act now to set a reasonable tax rate,
15 eliminate tax loopholes and unwarranted deductions, and
16 empower and support the working men and women of Pennsylvania.
17 By taking action now, we can assure an equitable severance tax
18 and prosperity for the Commonwealth of Pennsylvania. Thank
19 you. Rick Bloomingdale.

20 Now I'll open it up to my colleagues
21 for questions. Representative Gergely?

22 REPRESENTATIVE GERGELY:

23 Q. Thank you. Mr. Padavan, you're
24 absolutely right. Gentlemen from my district, the Mon Valley,
25 the heart of steel, we have infrastructure. We are in that

1 sense doing well with the Marcellus. The pipe is being made
2 by US Steel. Dura-Bond is coating the pipe. Camp Hill is
3 prepping the pipe. PGG Trucking is taking it out to the
4 fields. There's sustaining jobs there. You know, that's just
5 not enough. My question to you is, you identified as union
6 members. You also have a relationship with or are aware of
7 non-union contractors that, you know, exist in your areas.
8 And are they experiencing the same sense of frustration that
9 you are in the ability to obtain the jobs on the pads or is it
10 targeted to the union contractors?

11 MR. PADAVAN:

12 A. I'll take it on my end. I can't say
13 it's targeted. But I am seeing the non-union contractors
14 there, and I would have to absolutely say it's for one reason.
15 They're cheaper.

16 Q. Okay. It's trying to put a pin on
17 this. Is it about cost? Is it about ---. I can appreciate
18 the actual technical drilling of the equipment, y=those folks
19 that work in those cabs, those folks who work for those
20 companies. I can't appreciate the ability for operating
21 engineers or any of your particular trades who are having many
22 more opportunities outside of just putting that hole in the
23 ground and doing all the extensive work there.

24 MR. SCHRAEDER:

25 A. We have to realize --- I'm sorry.

1 Q. Go ahead.

2 A. With the high unemployment, it's not
3 just high unemployment for organized contractors. It's high
4 unemployment for those that aren't organized, non-signatories.
5 You have people running around, operating out of trunks of
6 cars. You have people running around that will do something
7 for a very low rate. What their skills and abilities are, I
8 don't know. But I can tell you this, that what happens as far
9 as the drilling sites themselves, there's minimal work there
10 for the electrical. Sometimes they even use generators. But
11 the work that is there, and sometimes there is, it's hard for
12 us --- it's done before we can even find out about it. And
13 that usually happens because they have people just driving
14 them hills day in and day out.

15 Q. Let's continue that discussion. So
16 if I were to write a letter to ABC and ask them if they're
17 experiencing the same issues that you are, and they're the
18 non-union representatives --- I think you said Pennsylvania
19 workers. Not for you, but you said Pennsylvania workers.

20 A. Right.

21 Q. Let's be clear about that. And so we
22 need to identify that. I mean, one of the biggest public
23 relation issues for these companies has been identified not
24 just here at this hearing, but many others, is that their
25 third-party subs are doing all the work on the sites. But the

1 can't be done properly. And as the one gentleman said here,
2 they're putting a guy in a machine and saying, pull this
3 handle, push this pedal and go to it. We don't allow that.
4 We make sure our men are trained, and I think that makes such
5 a difference for everyone involved here. And yes, we do want
6 to work for proper wages. But what's more important than
7 anything is a good health plan. We don't wait for our guys to
8 get hurt like these guys are working up there with no health
9 plans. When they get hurt, who's paying for that? That's a
10 big problem. We have pension programs. We have annuities.
11 Our guys are taken care of from day one right through. And if
12 someone's hurt on the job, everybody knows it. It's not a
13 sneak them out the door thing. That's enough for me.

14 MR. CASPARRO:

15 A. Maybe I'll just add to what you said
16 about Pennsylvanians working. You know, whether it's the ABC
17 or the localized union employers and contractors and workers,
18 the Workforce Investment Board person who spoke before, his
19 case was, let's put Pennsylvanians to work. Up in Bradford
20 County, they have a ten-percent unemployment rate. Well,
21 let's put those people to work. We've been up in those areas.
22 We've seen the license plates, Texas, Oklahoma, Louisiana,
23 Arkansas. Let's look at some Pennsylvania plates up there.
24 You know, we have the workers. It doesn't matter if it's
25 union, non-union. It's Pennsylvanians. Let's get those

1 people back to work.

2 REPRESENTATIVE GERGELY:

3 Q. And I want it to be the trades
4 because you are the trade professionals. You do have the
5 apprenticeship programs and your members are ready to go on
6 those sites without any additional needs. Believe me, I know
7 that. I don't have to be convinced of that. I know that.
8 The other point I wanted to ask is, you also have a
9 relationship with suppliers, those that supply the components
10 that are needed to be used on these pads. Are these suppliers
11 being given work from these third-party contractors to help
12 them create an economy in their areas?

13 MR. CASPARRO:

14 A. I think I can answer some of that.
15 We were at a gas fair back in October, and some of the
16 gentlemen told us that what they do when they need equipment,
17 they fly it in from Oklahoma and Texas. They don't even worry
18 about getting it from here. And that was right from some of
19 those companies up there.

20 REPRESENTATIVE GERGELY:

21 Q. And, again, that's what's most
22 disenchanting for me, is the way that our network of ability
23 is being just disenfranchised. We have professionals at all
24 those levels from supply to work availability. If you want to
25 say there's X amount of jobs in offices, in architecture and

1 in job trailers, Gary and I both. And when you wear a union
2 hat or a hardhat or shirt or something, oh, union, right off
3 the bat. It's like you've got the plague. We've even been
4 told that union's a four letter word. I don't think that's
5 very fair. We have a unionized workforce here that's well-
6 trained and ready to do this job.

7 MR. FORD:

8 A. And as far as Mr. Arcurie said, we
9 have to bring our contractors up onto the site. I personally
10 do that. I personally brought our contractor --- one of our
11 contractors onto a site, put the blueprints across the hood of
12 the truck and was ready to give a takeoff right there on site.
13 And they didn't have a complete set of blueprints, so they
14 sent us a disc. We got the takeoff done and that's what we
15 put on our testimony. I went up there and they were already
16 started on the job.

17 REPRESENTATIVE GERGELY:

18 Q. Let me give you a little food for
19 thought. One of the champions, believe it or not, of project
20 labor agreements in the State of Pennsylvania is now the
21 Marcellus Shale Coalition's biggest advisor, and that's
22 Governor Tom Ridge. It would be in your best interest to
23 remind him that he supported PLAs throughout his career as the
24 governor and he should revisit that with you in terms of your
25 professionalism and labor. He wanted you on jobsites. He

1 should want them on jobsites as well.

2 MR. FORD:

3 A. Absolutely.

4 CHAIRMAN:

5 Thank you, Representative Gergely.

6 Representative Pashinski?

7 REPRESENTATIVE PASHINSKI:

8 Q. Thank you, Representative Murphy. I
9 thank you, gentlemen, for your testimony. I can attest to the
10 fact that I've gone to many of the organizations'
11 presentations, the graduation of the electrical
12 apprenticeships, and I know that those kids that come out of
13 there are very, very well qualified. I find it extremely
14 upsetting that there seems to be the disconnect between the
15 WIB up in that area and the union organization. If we have
16 those members of your organization that are well-trained,
17 ready to go, there needs to be certainness in negotiation and
18 discussion with the industry. And we can put the Pennsylvania
19 workers to work very quickly.

20 I want to make it also very clear, no
21 one's trying to prevent this industry from coming into
22 Pennsylvania. We want this industry. We're going to welcome
23 this industry with open arms. But we want them to play fair.
24 We want to play by the rules and we want to keep them honest.
25 Simple as that. Whether it's the environment or whether it's

1 the labor, the workers.

2 Let me pursue a question here, Mr.
3 Padavan, because you did indicate that --- you implied that
4 the steel or the pipe is coming from someplace else. Do you
5 know whether it's coming from someplace else?

6 MR. PADAVAN:

7 A. No. Actually, just from rumors I've
8 heard. But, you know Bill Harberd (phonetic), who does a lot
9 of work at the Steelworkers, and he's out there full time with
10 the political end of it. And he's been doing some research,
11 saying that he's heard, now, I don't have anything in writing,
12 but that some of this pipe is coming in from China that's not
13 certified. I mean, if you're waiting for an explosion, there
14 it is. And, you know, at the same time, he did find out that
15 Pennsylvania is making pipe at different areas. And some of
16 our small companies that make pipe are making some money.
17 But, I mean, all of us here, imagine the amount of footage of
18 pipe. I mean, it's got to be in the billions of dollars. And
19 I mean, you want to put people to work, you got to make
20 things, not just build them or dig a hole.

21 And so no, I don't have complete
22 facts and I don't want to start rumors either. But I think
23 it's something that we all need to really look into and to
24 make sure that our people are being treated fair. There's a
25 lot more money in making the product than just sticking it in

1 the ground.

2 Q. I'm asking you that specifically
3 because in my discussion with the geologist from Wilkes
4 University, one of their concerns was the kind of standards
5 for the casting of the pipe. Because you can produce pipe,
6 but if it's not up to the right standard, the kind of pressure
7 that's going to be involved is extremely important. So that's
8 why I asked you that. And I would prefer that we not bring
9 something up that we don't have the facts to base it upon;
10 okay? But if you can get that information and find out
11 whether indeed we are getting pipe out of the country and that
12 isn't up to standard, then we certainly would like to know
13 that.

14 A. I can do so.

15 Q. I believe that Gino mentioned the
16 fact that you're wasting a tremendous amount of time because
17 there is no process. In order to begin negotiations, you have
18 to bring your contractors up there and it seems like a futile
19 effort. They spend the time away from their job to come up
20 there and they don't end up even getting a look see; okay? So
21 I think that that's something there that we want to start
22 looking into and beginning to devise how we can unify a system
23 whereby you can make a group presentation, bring the coalition
24 of the gas companies together. I'd like to see some kind of
25 round table discussion that I would be more than happy to

1 attend, I know my colleagues would as well, to make sure
2 everybody's getting a fair shot, including the non-union guys.
3 We'll bring them in there as well. You had mentioned that
4 your guys get about \$13 an hour, but they do get benefits.
5 They do have health benefits. They have an option ---.

6 MR. JOHNSON:

7 A. Yes. That's a first year apprentice.

8 Q. First year apprentice. Well, as
9 we're looking at a roustabout, those fellows that are starting
10 in that area, I heard numbers \$10 to \$12 an hour. They're not
11 that far away. They're not that far away. And when you
12 consider the difference between the \$10, \$12 and \$13 plus
13 benefits for a qualified guy who is well-trained and ready to
14 go, that's probably a real good deal.

15 You also mentioned the fact that
16 there's a \$6 million man camp. It's my understanding that
17 some of the work that's been done has had to be redone because
18 it was done improperly. Can any of you verify whether any of
19 that is taking place? It's my understanding that some union
20 electrical contractors had to come in and redo projects
21 because of the way it was done in the first place.

22 MR. FORD:

23 A. There's a union contractor up there,
24 but from the State of New York. Buel (phonetic) is up there
25 onsite right now.

1 MR. SCHRAEDER:

2 Bulliet (phonetic).

3 MR. FORD:

4 A. Bulliet. I'm sorry. I always mess
5 that one up. They are onsite there.

6 MR. SCHRAEDER:

7 A. I met with Bulliet up at his office,
8 and he's from up in the Elmira area. And he did have to go in
9 and redo some work that was done. He was one of the
10 contractors that had to go into the Southern Tier of New York
11 where the Marcellus Shale also spreads. There was some work
12 done that did cause an electrical explosion on the site, and
13 he did have to go in and redo that.

14 Q. Did you have any conversation --- how
15 would the New York electrical contractor become the New York
16 union electrical contractor in Pennsylvania?

17 MR. JOHNSON:

18 A. I think I might be able to answer
19 that. That particular company does have a headquarters right
20 now in Horseheads, New York. There's a couple of them in
21 Horseheads that have their main offices right there right now.
22 And I think it's very close to their office.

23 MR. FORD:

24 A. That's what Chesapeake's office is
25 doing.

1 MR. JOHNSON:

2 A. Yeah. There's a number of gas
3 companies that are situated there now, and they are looking to
4 try to get into Pennsylvania more.

5 MR. ARCURIE:

6 A. He ended up going and straightening
7 out that problem. That company was doing work in
8 Pennsylvania. He became their contractor of choice because of
9 the quality work that he did. So he, through default --- not
10 default, but because of the problem that developed, he ended
11 up getting that work.

12 MR. CASPARRO:

13 A. Mr. Pashinski, to add to that,
14 though, even though he is a New York-based contractor,
15 electrical contractor, when he comes into our jurisdiction,
16 he's got to go through our hall.

17 Q. Using your guys?

18 MR. CASPARRO:

19 A. Using our guys. Yeah. So our guys
20 are up there. That's the way it was.

21 Q. That's fine. Because I know Pennsy
22 guys do the same things as the other states. Okay. That's
23 good. The other thing is this KOZ zone stuff. And
24 Representative Murphy alluded to this and Representative
25 Gergely may have done the same. We have discussed at great

1 I want to go on record and say that we have met with Range and
2 they've been very cooperative with us in Western Pennsylvania.
3 But our dealings in this side of the state is they really
4 don't have that much work here that we're dealing with, and
5 it's mostly Chesapeake, Cabot and Chief.

6 Q. But it's important then, especially
7 for the record, that Range is working with you, ---

8 A. Yes.

9 Q. --- trying to be good neighbors. And
10 as long as we work together like this, we're going to have a
11 very productive industry.

12 CHAIRMAN:

13 Thank you, Representative Pashinski.
14 Thank you, Mr. Ford, for pointing that out once again, that
15 Range has been cooperative, that they're employing
16 Pennsylvania workers, that they're employing the union labor
17 here in Pennsylvania. And they're adding to Pennsylvania
18 economy by employing Pennsylvanians. But today and on behalf
19 of the Marcellus Shale Coalition that consists of everyone,
20 not just Range, we want to make sure that those that are in
21 the majority that aren't following the good example set by the
22 minority of these gas companies here in Pennsylvania, that we
23 get through to them, that we do as Gino had mentioned. We get
24 the right contact people and you work collaboratively with the
25 Coalition and through the Labor Committee here in the State

1 House of Representatives to put you in touch with the right
2 people.

3 Because I can't say that, you know,
4 to this point I've talked with an executive from the gas
5 company that has shut out Pennsylvania workers. I can't say
6 that. But if we establish the Coalition, we try to work
7 together to resolve this problem to spur some economic
8 development and put people back to work, work on the
9 unemployment problem that we have here in Pennsylvania by
10 hiring Pennsylvanians ---.

11 I think one thing by Representative
12 Pashinski was very poignant. And I've been through this on a
13 local level as an elected councilman here in the City of
14 Scranton. And Keystone Opportunity Zones, they were created
15 legislatively to help create jobs and keep people working,
16 keep businesses open, keep people employed. And that tax
17 incentive was for that purpose. We've seen residential
18 development. We've seen developers make money. And we've
19 seen a lot of people that use KOZs for what they really
20 weren't intended for. This is something that possibly they
21 are intended for, to keep Pennsylvanians working, put people
22 back to work, at the same time, work with an industry and
23 that's in the beginning stages here.

24 But I think everything that we've
25 discussed here today, I think it all ties in because we're

1 dignified manner. And I want to thank you all once again for
2 attending. I want to thank PCN and I want to think our host,
3 the Career and Technology Center here in Lackawanna County.
4 Thank you very much.

5 * * * * *

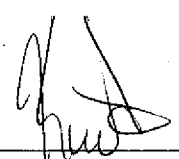
6 HEARING CONCLUDED AT 4:40 P.M.

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CERTIFICATE

I hereby certify, as the stenographic
reporter, that the foregoing proceedings were taken
stenographically by me, and thereafter reduced to
typewriting by me or under my direction; and that this
transcript is a true and accurate record to the best
of my ability.



Court Reporter