Lake Erie Drilling: The Untold Story

This report analyses and summarizes Lake Erie drilling information received in response to Freedom of Information Act requests to the Ohio Department of Natural Resources and the Office of the Governor of Ohio. These requests were made in an attempt to determine the following: the role(s) played by agencies in the executive branch in promoting Lake Erie drilling; the level of coordination between Great Lakes states regarding drilling; and the level of public interest and special interest influence over consideration(s) of drilling in Ohio’s Lake Erie.

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# Table of Contents

Executive Summary ........................................................................................................1
Lake Erie Drilling – Why Then, Why Now? .................................................................2
The Governor’s Office ...............................................................................................3
Ohio Department of Natural Resources.................................................................4
A Real and Present Danger ......................................................................................9
What’s So Bad About Lake Erie Drilling? ..............................................................10
Conclusion ...............................................................................................................12
Recommendations ....................................................................................................13
Appendix ...................................................................................................................14
On 01 October 2002 and 18 November 2002, the Ohio Public Interest Research Group submitted Freedom of Information Act (FOIA) requests1 to the Ohio Department of Natural Resources and the Office of the Governor. These requests were made in an attempt to determine the following: the role(s) played by agencies in the executive branch in promoting Lake Erie drilling; the level of coordination between Great Lakes states regarding drilling; and the level of public interest and special interest influence over considerations of drilling in Ohio’s Lake Erie.

Documents provided under the FOIA request reveal several important facts that have not been made public before. Contrary to public statements to the contrary, since 1998, at least four companies have tried to gain access to the Lake for drilling. More importantly, consideration of drilling in Lake Erie, though eventually placed on hold, began at the top, with Governor Taft. Finally, in the documents reviewed by Ohio PIRG, some Ohio Department of Natural Resources staff appears to have pressed in favor of Lake Erie drilling.

Current Threat to Lake Erie

- At least four companies – Algonquin, Talisman, Hopewell, and Vadose – have either formally or informally attempted to gain access to Ohio’s potential petroleum reserves under Lake Erie in the last four years.2

Office of the Governor

- The Governor kicked off official consideration of Lake Erie drilling in Ohio.3
- The Governor has not taken any formal action to “close the door” on Lake Erie drilling during his term in office.4

Ohio Department of Natural Resources

- The complete ODNR memo appears to support a decision to move forward on proposals to drill for oil and gas in or under Lake Erie, although the agency remained officially “neutral” on the issue.5
- ODNR has a long history, stretching back to the 1950s, of advocating for oil and gas drilling in Lake Erie, despite the clear objections of the Ohioans for whom the resources are held in trust.6

Great Lakes States and Provinces

- The Council of Great Lakes Governors actively facilitated Ohio’s – and other Great Lakes states’ – development of potential Lake Erie drilling plans.7

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1 The original FOIA requests are photocopied in the Appendix, as are the letters from ODNR and the Governor regarding those requests, pp. AP-1 - AP-4, AP-7 - AP-9, and AP-55 - AP-57.
4 Governor Taft’s actions on the issue of Lake Erie drilling appear to have been limited to a few statements opposing drilling to media at press meetings that were not open to the public. See, for example, “Taft Stresses Opposition to Great Lakes Oil Drilling.” Toledo Blade, April 11, 2001.
5 ODNR memo, 10 January 2001, AP-41.
6 ODNR memo, 10 January 2001, AP-41.
LAKE ERIE DRILLING – WHY THEN, WHY NOW?

In the winter of 2000-01, Ohioans came uncomfortably close to the threat of oil and gas drilling in our portion of Lake Erie. Due to a short term, albeit extraordinary, rise in natural gas prices, the state’s elected officials and appointed public servants actively sought numerous measures to lower home heating costs. In the process, they spent over four months deliberating the future of Lake Erie, without public input or involvement. While the Governor ultimately decided against drilling in the short term, documents obtained from a Freedom of Information Act (FOIA) request to the Ohio Department of Natural Resources (ODNR) and the Office of the Governor (Governor) indicate that the door to drilling has not been closed.

Natural Gas in the Winter of 2000-01

From January 2000 to December 2000, the average wellhead price of natural gas in Ohio increased over 200%, from $2.12 to $6.35. Ohioans felt the bulk of this increase during the peak home heating season, leading to unpredictably large increases in natural gas bills for Ohio’s consumers. It was this occurrence, coupled with renewed drilling plans in Michigan, which led Ohio’s elected officials and oil and gas industry to consider opening Lake Erie to oil and gas drilling.

Higher natural gas prices were a result of natural gas shortages, but those shortages were not due to a lack of access to reserves such as Lake Erie. Rather, experts agree that temporary gas spike was caused by four circumstances: a lull in the natural gas market due to recent warm winters (which served as a disincentive to explore and develop natural gas reserves); low oil and gas prices from January 1998 to March 1999 (which put producers in a cash flow crunch); followed by unusually high oil and gas prices in 2000 (which kept dual fuel users “on gas” instead of using oil and caused companies to forego storage of natural gas for the coming heating season); succeeded by very cold early-winter temperatures (which caused a dramatic increase in natural gas usage early in the season, compared with usage over the previous two seasons).

Lake Erie: The Oil and Gas Industry’s Long-term Goal

Ohio’s oil and gas industry is primarily – and historically – a collection of small, independent operators. These independent producers may drill as few as five wells per year. The companies also operate on the fringe of affordability, producing an industry that is acutely sensitive to adverse fluctuations in natural gas prices – commonly known as the boom-and-bust cycle of the oil and gas industry.

Drilling for oil and gas in Lake Erie remains a long-term goal for Ohio’s oil and gas producers. Offshore drilling in Lake Erie would alleviate the access issues currently bemoaned by the Ohio Oil and Gas Association (OOGA) because the drillers would not have to worry about siting or zoning requirements. The leases for such drilling would also provide access to oil and gas reserves in large, contiguous blocks. Because the geological formations under Lake Erie are low producing, industry would require over 4,200 wells to fully develop the resource. For that reason alone, the industry remains committed to gaining access to Lake Erie’s reserves.

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10 ODNR memo, 10 January 2001, p. AP-45.
Consideration of oil and gas drilling in Lake Erie originated with the highest elected official in Ohio. A review of FOIA documents from the Ohio Department of Natural Resources and the Office of the Governor indicates that Governor Taft initiated consideration of oil and gas drilling in Lake Erie during the winter of 2000, at least as early as December. In particular, the Governor requested summary data regarding Lake Erie drilling including arguments for and against drilling.\textsuperscript{11}

On 13 December 2000, in response to the Governor’s request, ODNR Director Sam Speck submitted a memo\textsuperscript{12} to Tom Tugend, Deputy Chief of the Division of Mineral Resource Management, requesting information on oil and gas drilling in Lake Erie. According to Mr. Tugend’s reply memo,\textsuperscript{13} this request for information was made at the behest of Governor Taft. In particular, Director Speck requested\textsuperscript{14} the following information in response to the Governor’s request:

1. How much natural gas reserves would be producible if only directional drilling is allowed?
2. What percentage of wells has to be plugged because of oil or wet gas shows?
3. What impact of 100 wells a year being drilled in the lake on recreation, etc.?
4. Do any of the other Great Lakes states allow drilling?

On 29 January 2001,\textsuperscript{15} Director Speck submitted to Kate Bartter, Executive Assistant to the Governor, a final summary\textsuperscript{16} of the Canadian and Ohio status of drilling for oil and gas drilling in Lake Erie. That summary only provided information to back up a policy that would support oil and gas extraction via directional drilling in Lake Erie, despite publicly available data critical of such action.

In the same memo, the director stated, “I will be glad to provide you with more information on a range of options if the Governor wishes to consider further whether Ohio should permit drilling for gas in Lake Erie.” No additional correspondence between the Governor’s office and ODNR was unearthed in the FOIA request.

Prior to his statements on the issue, Governor Taft appeared to be ambivalent about the issue of drilling. In a draft response\textsuperscript{17} to a letter in opposition to drilling from US Senator George Voinovich, the Governor stated that ODNR had not made a recommendation regarding drilling, nor had the Governor made a decision about the issue. The Governor also stated, “As you are probably aware, there are diverse positions on this issue.” The letter then states several “facts” in support of oil and gas drilling in the Great Lakes, followed by a reference to the 1986 Statement of Principles Against Oil Drilling in the Great Lakes. The letter shows that the Governor was still actively considering oil and gas drilling in Lake Erie as late as 20 March 2001.

The Governor ultimately said\textsuperscript{18} he would not recommend drilling in the foreseeable future, but took no official action in that regard. As one reporter observed,

“…no executive order was signed, no news release was manufactured and no moratorium was declared. All Taft did was call a time-out.”\textsuperscript{19}

To his credit, the Governor sought a great deal of agency input on the issue and deliberated for some time before indicating his position.

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\textsuperscript{11} Attachment to ODNR memo, Speck to Tugend, 13 December 2000, p. AP-67; and reference to the Governor’s request in ODNR memo, 29 January 2001, p. AP-5.

\textsuperscript{12} ODNR memo, Speck to Tugend, 13 December 2001, p. AP-66.

\textsuperscript{13} ODNR memo, 07 Oct 2002 [sic], p. AP-48. Note – the date of this memo appears to be either a misspelling or other clerical error. An identical version of this memo was provided to US Representative LaTourette on 16 February 2001. That version was dated “January 10, 2001.”


\textsuperscript{15} ODNR memo, 29 January 2001, p. AP-5.

\textsuperscript{16} Ibid, p. AP-6.

\textsuperscript{17} Draft Letter, Taft to Voinovich, 20 March 2001, p. AP-11 - AP-12. Note – Page 1 of the letter was inadvertently omitted from ODNR’s original reply to the Ohio PIRG FOIA request. The page was faxed from the Deputy Director of ODNR to Ohio PIRG on 28 October 2002.

\textsuperscript{18} “Taft Stresses Opposition to Great Lakes Oil Drilling.” Toledo Blade, April 11, 2001.

Throughout the Lake Erie drilling discussions that began in winter 2000, the Ohio Department of Natural Resources apparently advocated a path leading to drilling in Lake Erie. Documents obtained through a FOIA request to ODNR indicate that the agency took part in coordinated plans for drilling in Great Lakes states; sought ways around the “Statement of Principles Against Oil Drilling in the Great Lakes;” and sought to avoid public oversight of the agency’s activities. At times factual, at times disdainful, ODNR proved adept at promoting oil and gas drilling in Lake Erie with little consideration of the environmental impacts posed by such activities.

**Lake Erie Drilling File Review**

A review of ODNR files related to Lake Erie drilling reveals Ohio’s long, checkered history of dealing with the issue. Between 1955-59, ODNR developed leasing rules for drilling in Lake Erie. Interest in the rules – and drilling in the Lake – ended in the early 1960’s due to strong public opinion against the efforts and discovery of new oil and gas resources on land in Ohio. ODNR initiated attempts to open the Lake to drilling again in 1968, but abandoned the efforts due to overwhelming public opposition.

In 1982, ODNR officially reversed course in responding to a US Corps of Engineers Environmental Impact Statement (EIS) that supported drilling in limited circumstances with strong regulatory controls. At that time, ODNR stated that it did not feel it appropriate to pursue drilling in Lake. In 1997, ODNR advocated for drilling – this time, directional drilling. ODNR’s policy with regard to oil and gas drilling in Lake Erie has frequently been at odds with the expressed wishes of Ohio’s citizens and, at times, its elected officials.

**The Drilling Memo**

On 13 December 2000, ODNR Director Sam Speck issued a memo requesting information on oil and gas drilling in Lake Erie. The Director issued the memo in response to inquiries from Governor Bob Taft. The final memo, delivered to the Director on 10 January 2001, provided a summary file review on Lake Erie drilling, summary data on Canadian drilling in Lake Erie, summary data on Michigan drilling in Lake Erie, overviews of potential revenue for the state, and pros and cons of Lake Erie drilling. Sections of the memo have the appearance of supporting a decision to move forward on proposals to drill for oil and gas in or under Lake Erie.

The background research sources used to prepare the memo speak volumes about ODNR’s approach to natural resource management. All of the data was based on information from companies or government agencies that support drilling and was simply accepted without context or question. In preparing the memo, ODNR staff consulted with the Ontario Ministry of Natural Resources, Michigan Department of Environmental Quality, Geological Survey Division, and ODNR’s MRM, Division of Geological Survey, Petroleum Geology Section. In turn, these sources relied on data from the Ontario Petroleum Institute, Talisman (a petroleum extraction company), Michigan Oil and Gas Association, Ohio Oil and Gas Association, and political appointees to science and regulatory boards.

Despite obvious industry access to ODNR decision making, at no time during the development of pros and cons – the list upon which the final determination of ODNR and the Governor would be based, in part – did the agency review information from the USEPA, Ohio EPA, or agencies in states that have banned drilling, such as Wisconsin and New York. The agency also failed to reference independent research into the issue from nonprofit organizations (who, unlike industry, have no financial stake in drilling decisions). In fact, some ODNR staff was disdainful of non-profit research and perspective on the issue, later referring to them in one email exchange as “propaganda.”

While much of the memo related simple facts and figures – how much gas might be under Lake Erie, how much the Canadians were drilling – it did so without context or condition. For example, the memo took at face value the Ontario Ministry of Natural Resource’s assertion that drilling had not led to any environmental impacts. Yet the memo fails to note that Ontario has extremely weak oil and gas reporting requirements. In addition, the province has never tracked – or attempted to study – the environmental impacts of its Lake Erie drilling.

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industry. Without any real oversight or accountability, it is quite likely the supposedly clean record of Ontario’s drilling industry is a product of lax reporting, not a clean process. As a result, the pros and cons of the ODNR memo were woefully incomplete, because they were not based on data presented in context.

The pros and cons list, based on incomplete information, inadequately covered the cons, and heavily favored the pros, of drilling in Lake Erie. Two of the three cons were of a “public relations” nature (i.e., that public sentiment would be strongly opposed to drilling). The final con noted a lack of companies aggressively pursuing drilling, yet attributed that to the CGLG “Statement of Principles.” The pros list, however, revealed a decidedly different direction.

ODNR, in considering the pros and cons of Lake Erie drilling, showed a willingness to actively promote oil and gas drilling in Lake Erie.24 A plan for drilling, for example, would necessitate, in part, “… developing an extensive PR package that we versus the industry would have to proactively promote (not currently or historically the approach taken within ODNR). Time needed, 1.5-2.5 years and a minimum of $250,000.”

This public relations campaign would cost Ohio’s taxpayers at least a quarter of a million dollars and would consist of efforts to assure Ohioans that drilling would not harm the environment or economy.

The pro list did include development of “reasonable” rules to protect public health and the environment. However, actual recommendations or specific rules were not forthcoming. In fact, the only specific notation – hiring one additional well inspector – regarding oversight or enforcement was noted under the rubric of revenues to ODNR for leasing drilling. While the agency was willing to consider spending taxpayer money on a PR plan to promote drilling, it only contemplated hiring a single inspector to beef up oversight of the estimated 100 new drilling sites per year in or near Lake Erie.25

The pros also asserted that current drilling science and technology would make Lake Erie drilling “very feasible with negligible effect on the environment” – an assertion without factual data in the memo. Moreover, the “pros” would include direct payments to ODNR in the sum of $276 million over the course of 20 years; industry access to a larger domestic natural gas base; and attraction of major oil and gas companies to Ohio (due to the availability of large leasing tracts in Lake Erie).

Of the memo’s most telling pros is a final statement that, on its face, appears to be a recommended course of action. That paragraph reads as follows:

“At a minimum, directional drilling could be encouraged. The drilling of vertical wells has occurred in the immediate vicinity of Lake Erie for many years as well in direct drainage to lake Erie’s water from Ashtabula County to Sandusky County with no documented adverse affects. Reasonable permit conditions can be placed on directional drilling that would virtually eliminate threat to the lake.” [italics added for emphasis]

From the tone and substance of this and other items under pros and cons it appears that ODNR staff sought to provide a basis of support for drilling, either on or offshore. It also appears that ODNR staff did not seek information that would argue against oil and gas drilling in the Lake.

Coordination with Other Great Lakes States and Provinces

The Council of Great Lakes Governors (CGLG), a loose-knit group created to advance environmental protection and economic growth, previously weighed in on the issue of drilling in the Great Lakes in their 1986 “Statement of Principle Against Oil Drilling in the Great Lakes” (Statement). This “gentleman’s agreement” was traditionally interpreted to include drilling for natural gas. For over 14 years, the Statement guided state policy regarding offshore drilling in all states and directional drilling in all states other than Michigan.

In January 2001, the Ohio Department of Natural Resources began an active dialogue with the CGLG to determine if the Statement was still in effect.26 Subsequent emails reveal that ODNR was attempting to find out if the agreement would preclude drilling in Ohio, while the CGLG was actively assisting states in their attempts to do so. In addition to providing pro-

24 ODNR memo, 10 January 2001, p. AP-46.
25 See fiscal analysis of HB 194 in the 124th General Assembly, information for which was provided by ODNR.
drilling information from Michigan and contacts in Ontario. CGLG staff also indicated that the Statement was still in effect, but pointedly referred to it as a ‘voluntary, ‘good faith’ agreement.’

Most disconcerting, however, was the manner in which CGLG staff viewed ODNR requests. In seeking out information on Michigan’s Great Lakes drilling program, Jeff Edstrom with CGLG stated, “We’ve been getting requests for information on drilling on the Great Lakes from other states the last week or so. Seems that a lot of people are saying that drilling for natural gas under Lake Erie should be allowed.” This was a clear reference to ODNR’s inquiries. In the same message, ODNR Mineral Resource Management (MRM) staff referred to a Michigan report on new drilling as “[a] very positive write-up. Ohio would be well to educate its public.”

From winter 2000-01 on, Michigan was the only Great Lakes state that was publicly moving forward with plans for new drilling and was contacted frequently by ODNR. ODNR did not, however, attempt to contact states that had or were considering bans on drilling, such as Wisconsin, Minnesota, and New York. The ODNR relied heavily on Michigan information with regard to the potential environmental impacts associated with oil and gas drilling in the Great Lakes – despite widely reported questions about the objectivity and completeness of the Michigan Environmental Science Board information.

ODNR coordination with other Great Lakes states and provinces was not limited to the Council of Great Lakes Governors and Michigan. In March 2001, ODNR Mineral Resource Management staff contacted the Pennsylvania Department of Conservation and Natural Resources (DCNR) regarding oil and gas drilling in their Great Lake. Stating in part that the issue of Lake Erie drilling was “getting considerable attention right now from industry and media,” MRM staff sought guidance on the state and nature of Pennsylvania’s drilling plans for Lake Erie. In response, DCNR staff stated that the department had been contemplating new drilling for a few years and would “very much like to share data and ideas with your department.” DCNR staff continued, stating:

“To be quite frank, if it were not for the Canadian (Ontario) experience on the Canadian side of the lake we would probably not even be considering these actions. The Canadians have done us all a huge favor with their no nonsense approach to development and have shown once again that while we argue about whether it is good or bad, they simply go ahead and do it with a flourish.”

FOIA documents also reference and record ODNR contacts with Ontario’s Lake Erie oil and gas industry and regulators – the most avid proponents of drilling in the Great Lakes. In response to an information request on oil and gas drilling in Lake Erie, ODNR MRM staff relied heavily on information from the Ontario Ministry of Natural Resources, despite the availability of other, conflicting information from agencies regarding the issue. Contact with the Pennsylvania DCNR was made possible by ODNR MRM work with “folks in Canada.” MRM staff also worked with the Ontario Petroleum Institute in studying potential gas leasing and royalties programs for Ohio’s portion of Lake Erie.

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29 Ibid.
31 Ibid.
33 At the time, both the Lake Michigan Federation and the Michigan Land Use Institute had produced critiques of the Michigan Environmental Science Board drilling recommendations; the Michigan drilling experience; and the potential environmental threats associated with drilling. These sources all questioned the objectivity and completeness of official data regarding Great Lakes drilling.
36 See, for example, Dirty Drilling, Ohio PIRG, January 2002. Ohio PIRG researchers were able to uncover Canadian agency documentation of numerous natural gas leaks as a result of drilling in Lake Erie. In addition, it is a matter of public record that the Canadian drilling industry is exempt from that country’s National Pollutant Release Inventory. As a result, there are no public documents to support claims that drilling on the Canadian side of Lake Erie did not utilize or release dangerous chemicals. Finally, ODNR referenced no official reports regarding the safety of the Canadian drilling industry, but failed to note a scathing report about lax regulatory oversight of that industry – a report written by the Ontario Environmental Commissioner.
**ODNR, Lake Erie Drilling and the Public**

ODNR responses to public inquiries about oil and gas drilling in Lake Erie were often less than forthcoming and, at times, misleading. Three examples – one a response to a public official, another an interview with the media, the last a letter to Ohio citizen – indicate ODNR’s willingness to gloss over its own role, and that of the Governor and the industry, in actively considering oil and gas drilling in Lake Erie.

On 28 March 2001, a public servant in Toledo emailed ODNR Mineral Resource Management regarding media reports on drilling in Lake Erie. In particular, the individual sought information about sources and reasons for the reports that indicated the state might be considering oil and gas drilling in Lake Erie. In response, Tom Tugend, Deputy Chief of MRM, replied that the “issue” reported by the media resulted from an internal file review and reserve estimates. He continued to state that Ohio had no leasing program, or requests to drill in the state’s portion of the Lake.

However, Mr. Tugend’s response failed to indicate that the file review and reserve estimates were not ends in themselves; they were the basis for potential recommendations regarding drilling in the Lake. The ODNR response also misled the inquirer by obscuring the very real interest in drilling expressed in the agency’s own research and reports, as well as the reason for a file review in the first place. In fact, Mr. Tugend was informed of the ongoing interest in drilling as early as 09 January 2001.

Statements by ODNR Director Sam Speck also call into question the agency’s commitment to an honest dialogue about the issue of drilling in Lake Erie. In a news article dated 12 March 2001, Director Speck stated that, “…he has not raised the issue [of oil and gas drilling in Lake Erie] with Gov. Bob Taft.” However, the director issued a memo, dated 13 December 2000, in response to the Governor’s request for information. The Director’s response was relayed to Kate Bartter, Executive Assistant to Governor Taft, on 29 January 2001.

While technically true – the Director raised the issue via written correspondence with the Governor’s Executive Assistant, not the Governor himself – the statement gives the impression that the Governor had not and was not considering the issue. Yet, the actions of ODNR, as well as the original memo issued by Speck, paint a different picture. Not only did the Governor ask ODNR to develop a summary, Director Speck did so with the expectation that Governor Taft wanted the documents and was thinking about allowing drilling. The Director’s comments misled Ohioans into thinking that consideration of drilling in Lake Erie was limited to Ohio agencies and the Ohio House of Representatives, not the Governor.

Finally, in a 25 June 2002 form letter to Ohio citizens who expressed opposition to Lake Erie drilling, Director Speck stated, “At this time, however, there are no active proposals to drill in the Ohio side of Lake Erie.” Again, while technically true – there were no pending leases or proposed rules – the statement completely misinformed the concerned citizen by giving the impression that there was no interest in Lake Erie drilling. Not only had three companies either formally or informally sought access to Lake Erie in the three years prior to the letter, Director Speck acknowledged industry interest in a letter to Toledo’s then-Mayor Carlton Finkbeiner in April of 2001.

**Governor Taft’s Statement – The Aftermath**

ODNR’s initial actions were brought to a close with the Governor’s quiet notice that he would not support drilling in the near term. Despite Governor Taft’s determination that Ohio should not, in the near term, allow oil and gas drilling in or under Lake Erie, ODNR was reluctant to give up on the issue. In a letter from ODNR Director Sam Speck to former Toledo Mayor Carlton Finkbeiner, Director Speck confirmed that there was interest in oil and gas drilling in the central basin of Lake Erie. After stating the Governor’s opposition to drilling, Director Speck provided four paragraphs of information biased in favor of oil and gas drilling in Lake Erie. He concluded, stating,

> “While the Governor has announced his firm opposition to development of state oil and gas resources beneath the Lake, the Department will continue to track resource development in Ontario. Access to mineral

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40 Ibid.
41 ODNR email and attachment, Wickstrom to Tugend, 09 January 2001, pp. AP-58 and AP-64.
45 Ibid.
resources on state lands will remain a legitimate issue, that should be evaluated objectively and scientifically...”

More recently, ODNR communications regarding oil and gas drilling in or under Lake Erie have simply stated that the Governor opposes oil and gas drilling in Lake Erie.\footnote{See constituent letter, ODNR, 25 June 2002, p. AP-13, and letter, Speck to Ullom, 19 April 2002, p. AP-14.}
Despite claims to the contrary, industry interest in oil and gas drilling in Lake Erie has not disappeared. In fact, that interest has been ongoing for over two decades. While some of the interest has taken the form of general calls for access to Lake Erie, recent requests indicate that some members of the oil and gas industry have moved towards actively seeking access to the oil and gas under Lake Erie.

**Oil and Gas Industry Supports Lake Erie Drilling**

The oil and gas industry has consistently tested the waters for Lake Erie drilling over the last two decades, according to staff at the ODNR Division of Mineral Resource Management. In correcting the claim that “We have not had any real interest in the exploration of Lake Erie natural gas development over the past 20 years...” Larry Wickstrom with ODNR MRM stated,

“This statement is false. We have had many companies approach us over the years expressing interest in Lake Erie Drilling (and from-shore drilling)... However, once companies learn of the 1985 Governor’s pact, they have backed-off due to the high cost of getting into such a political battle. With prices of natural gas at all-time highs, I think we can expect some renewed interest, especially if President Bush starts opening other federal lands and off-shore areas.”

Later versions of the memo fail to note Mr. Wickstrom’s objection. Rather, they amend the original claim as follows: “We have not had any companies aggressively pursue the exploration of Lake Erie natural gas development over the past 20 years.”

As recently as September 2002, members of Ohio’s oil and gas industry have sent mixed messages about their desire to access the petroleum under Lake Erie. Jerry Jordan, a member of the Ohio Oil and Gas Association, stated before the House Energy Policy Committee that Lake Erie should be viewed as Ohio’s “strategic petroleum reserve.” He also intimated that companies would aggressively push for access to the Lake if there were dramatic changes in the natural gas supply and demand calculus. At the same hearing, another member of the Ohio Oil and Gas association admitted that drilling technologies were not advanced enough to support Lake Erie drilling, but also claimed that “some day, some time, directional drilling may occur from this side.”

In a previous hearing before the same committee, Tom Stewart, with the Ohio Oil and Gas Association, claimed that none of his organization’s members were interested in drilling in Lake Erie. He did, however, state that, in his opinion, a ban on drilling would be bad public policy. Despite Mr. Stewart’s claims, both he and some of his organization’s members have indicated their support for drilling in the Lake on multiple occasions via several venues. For example, in April 2001, Mr. Stewart said, before many of the same Representatives, that Ohio should model itself after Ontario, which allows Lake Erie drilling, and touted the gas and revenues that could obtain from Lake Erie drilling in Ohio.

**Companies Eying Lake Erie**

The threat of oil and gas drilling continues to arise, in large part, due to the ever-present interest of the oil and gas industry. In an *Ohio Magazine* article in June 2001, Tom Stewart, of the Ohio Oil and Gas Association, indicated that “We’ve got to have the courage to look at it (drilling)...” and that “the powers that be would be ‘arrogant’ . . . to ignore the drilling alternative...” His organization’s lobbying memos have included maps of Lake Erie’s potential and possible reserves, as well as factoids about Canada’s supposedly “safe” drilling industry.

A review of public records and ODNR FOIA documents reveals that companies have shown a steady interest in Lake Erie drilling for decades, with increased interest since 1998. This contradicts oil and gas industry and ODNR assertions to the contrary. The following list includes both formal and

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47 See ODNR email attachment, Wickstrom to Tugend, 09 January 2001, p. AP-64.
48 Ibid, p. AP-64.
49 See ODNR memo, 10 January 2001 [sic], p. AP-46.
50 “Statewide Regulatory Program Better than Local Control, Oil and Gas Producers Argue.” Gongwer Report, 10 September 2002.
51 Ibid.
informal requests for access to Lake Erie made since 1998.

- In 1998, Algonquin Drilling approached the ODNR Division of Oil and Gas (precursor to the MRM) to request access to Lake Erie for oil and gas drilling, following a seismic survey.  

- In 1999, Marc Mereau, Manager, Western & Ontario Operations, indicated that Talisman Energy would like to expand its drilling operations into the US portion of the Great Lakes.  

- In 2000 and 2001, members of the oil and gas industry wrote numerous letters to the editor called for the lifting of Ohio’s “executive ban” on drilling in Lake Erie.  

- Since 2001, Hopewell Oil and Gas Development Company and Zane Petroleum, members of the Ohio Oil and Gas Association, have called for an end to the “ban” on drilling in Lake Erie, including legislative action to “make offshore natural gas reserves available to Ohio’s citizens.”  

- In 2002, Vadose Research, an oil and gas exploration and extraction company, submitted a request for oil and gas drilling leases to access those reserves under Lake Erie.

58 http://www.bright.net/~osage/lakeerie.htm  
In January 2002, Ohio PIRG released a report entitled *Dirty Drilling: The Threat of Oil and Gas Drilling in Lake Erie.* The report illuminated the potential risks associated with oil and gas drilling in Lake Erie. As the findings below indicate, oil and gas drilling in Lake Erie would pose unacceptable risks to the area’s environment, economy, and public health.

**Canadian Drilling in Lake Erie**

Drilling for natural gas and oil on the Canadian side of Lake Erie has been neither safe nor clean. For example, Fifty-one natural gas leaks directly associated with gas drilling in Canada’s portion of Lake Erie were documented between 1997 and 2001 – an average of almost a release a month. Moreover, Canadian regulations that track the use and disposal of toxic chemicals (the National Pollutant Release Inventory) expressly exclude oil and gas drilling operations from reporting. As a result, there is no publicly available data regarding the quantity or extent of toxic chemical release from the natural gas drilling operations in Canada’s portion of Lake Erie. The lack of available data restricts research into the safety of the drilling and hampers oversight of that industry.

**Economic Impacts of Drilling in Ohio’s Lake Erie**

Oil and gas drilling could have widespread net negative effects on the economy of the Lake Erie region in particular and the state of Ohio in general. The annual value of oil and gas drilling in Lake Erie would be equal to only about three weeks of tourism revenue. Drilling costs to Ohio’s $1.5 billion dollar per year tourism industry far outweigh potential revenues from oil and gas. For example, the cost of each beach closing has been estimated to be $3.75 million dollars during the tourism season. Because the peak tourism season and the oil and gas drilling season overlap, there is an increased likelihood that drilling accidents and routine operations would have a negative effect on Lake Erie tourism.

**Environmental Impacts of Drilling in Ohio’s Lake Erie**

Despite industry claims to the contrary, oil and gas drilling is still a dirty, dangerous business. At every stage of the drilling process the environment around the drilling site is bombarded by toxic chemicals and threatened by accidental leaks and spills. Routine drilling wastes, such as drilling muds, cuttings, and produced waters, contain both profuse and varied toxic chemicals. Release of wastes, oil, or natural gas can cause risks to wildlife include developmental defects, shortened lifespan, and numerous cancers. Destruction of wildlife habitat also represents a serious threat from oil and gas drilling. The land area that would be impacted to accommodate the 2,000 wells necessary to achieve peak production would be greater than 3,000 football fields.

**Human Health Impacts of Drilling in Ohio’s Lake Erie**

Oil and gas drilling in Ohio’s Lake Erie would take place in one of the most densely populated portions of the state. In fact, counties surrounding the Great Lakes shoreline have the highest average population per mile (3,835) for a major coastal area in the United States. Routine drilling wastes, such as drilling muds and cuttings, contain a host of toxic chemicals that are known to be hazardous to human health. As pollutants from oil and gas drilling build up in the food chain, people who consume fish from Lake Erie will be at serious risk of health problems such as genetic defects and cancer. Routine discharges and accidental spills of toxic chemicals from drilling sites can also contaminate the water of Lake Erie, thus contaminating a primary drinking water source for millions of Ohioans.

**Regulatory Oversight of Drilling in Ohio**

The Mineral Resources Management division of the Ohio Department of Natural Resources oversees oil and gas drilling in Ohio. At present, ODNR lacks the staffing and mandate to implement a Lake Erie drilling program. As Ohio continues to slash agency budgets as a result of continued declines in expected state revenues, ODNR staffing and oversight problems will increase. Even with an adequately staffed oil and gas drilling division, current regulations that govern oil and gas drilling would fail to protect human health and the environment in and around Lake Erie. For example, well development and placement regulations in Ohio do not provide adequate environmental or public health protections.

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Ohio’s Lake Erie came perilously close to oil and gas drilling during the winter of 2000-01. At that time, Governor Bob Taft initiated official consideration of oil and gas drilling in the Lake, in addition to other potential “fixes” for a short-term natural gas crisis. Unfortunately, the Governor did not take any official action to close the door on drilling during his first term in office. While the Governor eventually made a public statement against drilling, his office never publicized it or made it “official.”

More importantly, many staff and managers at the Ohio Department of Natural Resources apparently sought to promote oil and gas drilling in Lake Erie. When considering the pros and cons of Lake Erie drilling, the agency’s proposed response was, in short, to run a taxpayer-funded PR campaign in support of such activity. Unfortunately, that potential recommendation was nothing new. Since the 1950s, ODNR, which is charged with managing state resources that are the property of all Ohioans, has repeatedly acted in a manner inconsistent with the expressed opinion of most Ohioans.

The threat of oil and gas drilling in Lake Erie is very real. Since 1998, there have been documented attempts to, whether formally or informally, open the Lake to oil and gas drilling. Most recently, Vadose Research requested the provision of leases to drilling for oil and gas under Lake Erie. This is simply the latest company to seek access to those resources. On a larger scale, industry groups, such as the Ohio Oil and Gas Association, continue to actively oppose drilling bans, while biding their time for drilling access to the Lake.

In the end, Lake Erie will remain threatened until official action is taken to deter would-be drillers. This action may take the form of an executive order, a directive to ODNR, or some other formal policy against oil and gas drilling in Lake Erie.
As an interim measure, the State of Ohio must take executive action to prohibit oil and gas drilling in Lake Erie. This action may take the form of an executive order against drilling; a directive to ODNR prohibiting the Director to issue permits; or a policy paper stating that drilling is against the public policy of the State of Ohio.

The State of Ohio should also take steps to insulate the Ohio Department of Natural Resources from the potential for undue influence from the regulated industry. This is especially problematic in that the agency is charged with both promoting and regulating oil and gas resources. At a minimum, environmental regulation of oil and gas drilling, as well as storage and disposal of wastes, should be transferred to the Ohio Environmental Protection Agency.

We also recommend that the State of Ohio adequately fund core agencies, such as the Ohio Department of Natural Resources and the Ohio Environmental Protection Agency. Without these funds, the agencies will not be able to fulfill their mandate to protect Ohio’s environment.