Drilling for Oil and Gas: An Interview with John Holko

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Drilling for Gas and Oil: An Interview with John Holko

Forward:
Throughout my first year at Binghamton University, I researched gas and oil drilling and the management of waste products associated with such drilling in New York and Pennsylvania. The topic interested me not just because of the controversy surrounding hydrofracking and its recent ban in NYS, but also due to its continuation just across the border from Binghamton in Pennsylvania. Considering the necessity of this industry, I wondered, how does this industry impact the environment? In the initial stages of my research in November of 2019, I interviewed John Holko, president of New York based company Lenape Resources, in order to learn more about the industry and its future. The following is a transcript of that interview exchange.

Interview Transcript:
Logan Kinney: I have a couple of questions to ask you about your company and just what your company does. To start off, my first question is, what exactly does Lenape Resources do?

John Holko: We're an oil and gas operator, we drill and produce oil and gas.

LK: And how long have you been in this industry?


LK: What got you interested in this business?
JH: Well, what got me interested, I was a mechanical engineering major at Penn State and some of these kids that were in our dormitory were petroleum engineering majors, and they seemed to have some pretty exciting jobs working offshore, in California and Louisiana. And I knew a lot of people in Northwestern Pennsylvania that had oil and gas wells on their property. And I seemed to think, "Oh hey, this may work for me." And I wanted to try to find a job that I can work in this part of the country. I switched my major from mechanical engineering to a petroleum engineer.

LK:

What would you say is the most beneficial aspect of oil drilling?

JH:

Providing energy to the nation.

LK:

In doing some research I saw that you have locations in a variety of different counties: Livingston County, Wyoming County, Genesee County. How does your company go about choosing these places as drilling locations?

JH:

Well, our historical focus was in New York State. So what we did is, it's all based on geology and availability of resources. You're drilling for underground resources. So you do technical and
geological reviews to find out where the opportunity is. Then you find out if there are mineral
rights available that you can lease or buy, and then you pursue the development of the resource.

LK:

So what would you say drives the oil and gas industry? What keeps this industry booming in the
economy?

JH:

As you probably know, right now, it's not really booming. I think what drives the majority of us in
the business is the need for energy and the need for hydrocarbons beyond just the gas in your
car or the heat in your house or the energy required for the industry. Our core product is used in
just about everything in your life. And I think for a lot of us, that makes us feel a part of
something. And it also makes us feel as though it's something that's going to have a lasting
impact. So you have a business that's not here today gone tomorrow, it's going to be around for a
long, long time.

LK:

How would you compare your company to other oil drilling companies?

JH:

Very small.

LK:

What do you do differently? Yours is smaller?

JH:
Very small in today's environment. New York has had a little bit of a negative impact on the general one on gas development, as well as the smaller companies that have been operating here for years. So a lot of us moved from New York into other areas, including surrounding states like Ohio and Pennsylvania, as well as the Southwest. Some of us have actually gone overseas and done some work in England, China, Saudi, South Africa, and other places like that.

LK:

Do you have competition in this industry?

JH:

No, not really. There's very little competition for oil and gas in New York, because of the current political environment.

LK:

How would you say that, that political stance on this industry affects your business?

JH:

Drove it into the ground. Before the political climate changed, we were spending large amounts of money, developing resources and exploring for resources throughout New York state. All that capital has dried up and gone to other areas. Just tens, if not hundreds of millions of dollars has gone elsewhere. And for us, the money that we were getting to develop New York, has gone to other companies and other areas, because we didn't have the immediate development
opportunities that other places with politically more amicable to oil and gas development. The money that would have come to us, went to other companies.

LK:
Right. So being that there are new laws servicing surrounding climate change and things like that. What is your company doing that is environmentally conscious?

JH:
What are we doing that is environmentally conscious?

LK:
Yeah.

JH:
Well, we have a lot of resources that are utilized by others. I mean, the concept of storage of energy has been something that our industry has done for years. So we've seen the idea of the intermittent energies like wind and solar, that have a hard time supplying firm energy for long periods of time. We've tried to develop a joint venture if it would allow us to utilize our existing well-bores or other methods to store energy that would give them energy supplies when they're not available.

JH:
The other thing we've worked hand in hand with a lot of the bio-type gas, whether it's landfills or farms, where we've tried to utilize existing infrastructure and like everybody else, we take a more pronounced view to environmental concerns where an issue seems to be arising about methane.
So we've worked with farmers to try to minimize the methane from large dairy farms that are in and around our development to try to utilize. Since we're a company that produces and burns methane, we've tried to convince them to work with us, to turn their methane from a waste into an energy supply. And that's been our latest focus.

LK:

Being that there are these environmental concerns surrounding this industry, where do you think the gas and oil industry market will be by 2025?

JH:

Larger than it is right now.

LK:

You do think it'll grow?

JH:

Yes.

LK:

What opportunities do you see for companies such as yours to grow in this industry in the future?

JH:

I think the biggest opportunity we have is providing low cost energy directly to consumers and bypass a lot of the middlemen and provide the economic world for users to have alternate energy supplies so that no one has all their eggs in one basket.
JH:

It's the sort of bill... When you're in the energy marketplace, when you're a consumer of energy, your primary responsibility is security. You want the energy supply that's going to be there. Right now, the alternate energies that people perceive as green. And we won't even get into that. Let's say that, somebody's pushing wind or solar as a green technology, their intermittent use doesn't allow consumers to feel comfortable that they'll have it. So what we're able to do is to provide that backup generation or those things that can get security, to make it happen.

JH:

The example would be when hurricane Sandy hit the East coast... Excuse me, I'm getting a cold. When hurricane Sandy hit the East coast, the hospitals and the open activities in the New York area were all run by generators. And those generators were run by natural gas, because it was a secure source of energy provided through a secure piping system that allowed them to run when everything else was down. That's the kind of security that we want to continue to provide. And the use of electricity continues to grow and grow and grow. And these other sources... Need to get a glass of water. The other sources just can't meet the demand. So the growth in oil and gas is going to continue. We just don't have enough surface area in this planet to occupy it with wind and solar to supply the energy needs that this world continues to grow on.

LK:

How do you regulate shipments to supply that energy need?
JH:

Most of our natural gas is our predominant product. And most of that is supplied through pipelines and all the gas in the pipeline is metered and the consumption is metered. So you match the consumption to this clock.

LK:

Okay. I have one last question for you. And that question is, what has Lenape Resources done to face and overcome certain law regulations upheld by the department of environmental corrections?

JH:

If you could give me a specific one, I can provide a little bit more detail. Is there anything in particular you want to address?

LK:

Has the DEC put a regulation on how much gas and oil you are able to supply?

JH:

No.

LK:

They have not put limitations on anything?

JH:
The DEC is a regulatory agency that deals with environmental issues. The public service commission is a regulatory agency that deals with a lot of safety issues and supply issues for natural gas. The state also has groups that handle waste. Within the DEC, there's a waste structure that handles any waste products. And they also have a group that deals with air emissions within the DEC. Our industry has always been heavily regulated. So it's not like there's any new regulations that we have to overcome.

JH:

What's happening is, the interpretation of the existing regulations is changing. So what we do and what we have done is basically, try to understand the new interpretations and adjust our operating and control models to meet the requirements. How do I say this? Nothing has really changed, except that the regulatory agencies, as they adjust their view, they are focusing on different things. And historically those things have always been taken care of. What's happening now is we end up with more reporting, not really changing what we do. We're not really improving any of the environmental controls, because we've always had those. All we're doing is providing more administrative work, so that the regulatory agencies are comfortable with what's being done. So that's really what's happening.