

August 23, 2013

Acting Director Neil Kornze
Bureau of Land Management
U.S. Department of the Interior
Mail Stop 2134LM
1849 C Street, NW
Washington, DC 20240

RE: RIN 1004-AE26; Comments on “Hydraulic Fracturing on Federal and Indian Lands”

Dear Mr. Kornze:

Consumer Energy Alliance (CEA) submits the following comments on the U.S. Bureau of Land Management’s (BLM) proposed rule for “Oil, Gas: Hydraulic Fracturing on Federal and Indian Lands,” RIN 1004-AE26.

Founded in 2006, CEA is a nonpartisan, nonprofit organization advocating for a balanced energy policy and responsible access to resources. CEA represents virtually every sector of the U.S. economy – from the iron and steel industry to truckers, airlines, agriculture, restaurants, chemicals, small business and every day consumers – who are all concerned about North American energy policies, energy security and long-term price and supply stability. CEA also has more than 400,000 individual members throughout the United States.

CEA has long advocated for the increased production of all forms of domestic energy for the betterment of the U.S. economy and its hundreds of millions of energy consumers. Hydraulic fracturing and the development of shale oil and natural gas has enabled an energy revolution that has brightened the economic outlook for communities from Corpus Christi, TX to Washington, PA – and every U.S. energy consumer in between. Lower cost natural gas now saves budget-strapped homeowners and small businesses upwards of \$1,000 annually.¹ Furthermore, the United States is now “re-shoring” manufacturing facilities, bringing back tire, plastics, fertilizer and other value-added product manufacturing to America. Newly abundant sources of oil and natural gas have made American competitive again – and not just economically. Thanks to increased utilization of natural gas, the United States is also leading the world in reducing its greenhouse gas emissions.

CEA understands well the tremendous economic and environmental benefits that natural gas presents for the United States. Its continued safe development remains a core focus of CEA’s mission. In order to ensure these economic and environmental gains continue, the BLM should

¹ IHS, “The Economic and Employment Contributions of Shale Gas in the United States,” December 2011.
<http://press.ihs.com/press-release/energy-power/shale-gas-supports-more-600000-american-jobs-today-2015-shale-gas-predict>

only pursue regulations that encourage – not hamper – safe energy production and that acknowledge the historical safety record of hydraulic fracturing.

CEA and our members strongly believe that hydraulic fracturing can be employed in an environmentally sound manner. Recent federal studies and pronouncements have confirmed that the practice of hydraulic fracturing does not contaminate groundwater drinking supplies. A recent “landmark” study performed by the U.S. Department of Energy’s National Energy Technology Laboratory monitored hydraulic fracturing fluids injected deep underground in wells in western Pennsylvania for an entire year. Federal scientists tagged the fluid with “unique markers,” in order to locate fluid residue if it migrated into groundwater. The Department of Energy disclosed to the *Associated Press* in July 2013 that its researchers found that the fluids utilized to free natural gas remained deep below the surface and stayed thousands of feet below the shallower areas that supply drinking water.² Further, former U.S. Environmental Protection Agency Administrator Lisa Jackson has testified before Congress that the EPA has not verified any proven case where hydraulic fracturing contaminated drinking water supplies.³

The revised rule includes several improvements over the previous iteration, mostly eliminating duplicate regulations that would have required significant costs for producers. According to an assessment by John Dunham & Associates, the initial proposed rule would have resulted in \$1.28 billion in additional expenses to drillers.⁴ Despite improvements over the first draft, the cost of compliance for the rule remains significant. Dunham & Associates predicts that the rule will cost \$345 million if applied to the 3,566 impacted wells that BLM identified.⁵ The report from Dunham & Associates further illustrates how the federal government’s cost compliance estimate of \$12 million to \$20 million annually is overly conservative and does not properly account for various uncertainties that in application will add costs to operations. These costs will ultimately be passed on to the consumer in the form of higher natural gas prices.

Unfortunately, BLM has not demonstrated how this proposed rule will significantly improve the already strong safety record of hydraulic fracturing, nor has the agency sufficiently clarified the scientific need for the rule. As stated above, federal studies and officials have concluded that hydraulic fracturing can be done safely without harm to groundwater. Moreover, state governments already have strong regulations in place. In particular, in western states such as Colorado and Wyoming, where BLM manages a significant amount of federal land, state regulators have developed and implemented some of the nation’s strictest and most cutting-edge regulations on hydraulic fracturing and oil and natural gas development. State regulators have

² *Pittsburgh Post-Gazette*, “Study: Fracking doesn’t affect water,” July 20, 2013. <http://www.post-gazette.com/stories/local/marcellusshale/study-fracking-doesnt-affect-water-696121/>.

³ U.S. Senate Environment and Public Works Committee, “EPA Jackson ‘Not Aware of Any Proven Case Where the Fracking Process Itself Has Affected Water,’” May 24, 2011. http://www.epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=23EB85DD-802A-23AD-43F9-DA281B2CD287.

⁴ John Dunham & Associates, “Business Impact of Revised Completion Regulations,” July 22, 2013. <http://www.westernenergyalliance.org/wp-content/uploads/2013/07/Final-Economic-Analysis-of-the-BLM-Fracing-Rule-Revision.pdf>.

⁵ *Ibid.*

demonstrated well their ability to oversee hydraulic fracturing and other activities related to shale energy development.

Duplicative and inefficient regulation complicates the permitting process, slows development, wastes government resources and adds to the cost of energy. CEA fears that, without much scientific merit for the proposed rule, consumers will unnecessarily shoulder the costs of this proposed rule.

Our federal lands contain abundant natural resources that can be harnessed to create American jobs, fuel the economy, and generate revenue for our Treasury. Balancing the need for proper stewardship of these lands with the increasing need to develop our nation's energy resources can be done thoughtfully.

In closing, CEA urges the BLM to issue a final rule that includes provisions that allow efficient, sound permitting for operators on our public lands in order to eliminate or minimize the additional costs that producers and consumers will be forced to carry in order to comply with this rule.

CEA appreciates the opportunity to comment on this important rulemaking. If you have any questions about these comments, please contact me at abrowning@consumerenergyalliance.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew C. Browning". The signature is written in a cursive, flowing style.

Andrew C. Browning
Executive Vice President