



March 26, 2010

Via Certified Mail

Edward Hanlon
Environmental Engineering Committee
Augmented for Hydraulic Fracturing Review
Office of Research and Development
U.S. Environmental Protection Agency
1200 Pennsylvania, N.W.
Washington, DC 20004

Re: **COMMENTS ON "SCOPING MATERIALS FOR INITIAL DESIGN OF EPA RESEARCH STUDY ON POTENTIAL RELATIONSHIPS BETWEEN HYDRAULIC FRACTURING AND DRINKING WATER RESOURCES"**

Dear Mr. Hanlon,

Penneco Oil Company ("Penneco"), an independent producer of natural gas and oil primarily in Pennsylvania and West Virginia, and a member of the Independent Petroleum Association of America (IPAA), hereby submits the following comments in response to the above-referenced Scoping Materials regarding their request for ideas and suggestions from the public regarding the design a hydraulic fracturing research program.

As you are aware, hydraulic fracturing is currently regulated by the various state regulatory agencies, as is the case in Pennsylvania and West Virginia. Penneco does not believe that any further regulation of hydraulic fracturing by EPA is necessary or warranted at this time. It is our strong opinion that the clear historical record shows that hydraulic fracturing has been employed for decades successfully and without incident.

We are concerned that bureaucratic machinations have caused the EPA to hypothesize a problem and that EPA is now seeking research to justify a solution to a nonexistent problem. We are adamant that this process should start from the context of reality; Hydrofracing is a modern industrial and technological success which has delivered clean reliable energy to millions of American homes, reducing our dependence on foreign sources of energy – and that the research should work forward from that premise.

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We would like to see questions for research prefaced and asked from the positive regarding hydraulic fracturing.

- Q:** What has been the benefit to the environment from increased well production as a result of hydraulic fracturing thereby maximizing the amount of recoverable reserves that can be accessed from a single drill site?
- Q:** What has been the benefit to America's streams and waterways as a result of hydraulic fracturing allowing for fewer acres of disturbance while increasing the amount of recoverable reserves?

In addition to questions like these, we believe that it would be beneficial to answer questions that improperly attempt to fix blame on hydraulic fracturing for situations and conditions that naturally occur in nature. For example:

- Q:** The earth's crust is laced with a matrix of natural fractures which allow for normal migration of hydrocarbons to the surface. What is the effect of naturally occurring migration of hydrocarbons on ground water, absent hydraulic fracturing?

Much debate and discussion has been centered around the use of chemicals in hydraulic fracturing. As an industry, we believe that there may be some benefit to employ the science of industrial hygiene to quantify the relative risk of hydraulic fracturing chemicals in dilute solution as employed. For example:

The formula for Coca-Cola is a closely guarded secret – though the ingredients are disclosed. In its dilute form – as a beverage – Coca-Cola is a known acid. It is entirely likely, that in transport, as a concentrate, Coke may qualify as a toxic chemical. Perhaps, on game day at a stadium, where the stadium may have thousands of gallons of Coke syrup waiting to be mixed with carbonated water, the stadium may have high levels of toxic chemicals on hand. However, as we all know, there is no practical risk and the substance is relatively harmless. We believe that the same reasonable standard of common sense needs to be employed with hydraulic fracturing chemical studies. The chemicals pumped in hydraulic fracturing are pumped at very dilute concentrations into formations which contain oil, natural gas, and brine. All of these naturally inherent resources of the earth, when brought to the surface, are classified as industrial waste, if disposed of. Industrial hygienics is a legitimate tool to compare the relative risk of the fracturing fluid to the relative risk of the naturally occurring chemicals residing in the formations being fractured.

- Q:** A legitimate research question would be: What is the relative risk posed by the dilute solution of hydraulic fracturing chemicals when compared to the risk of the naturally occurring chemicals comprising the resources (oil, natural gas, and brine) being extracted through the process?
- Q:** As a follow up, what is the benefit to the environment of employing this technology to extract these sources of energy relative to the harm that the environment would incur if legitimate sources of domestic energy were not available and this energy had to be extracted from ecosystems in countries with less developed environmental controls and regulations than the United States?

With these comments in mind, we strongly oppose the concept of increased regulation of hydraulic fracturing. **We request that any study considers the absolute benefit that our society and the environment have reaped as a result of the introduction of hydraulic fracturing technology.**

In this regard, comments by your Agency are requested on the following nine (9) topics:

- 1) Hydraulic fracturing is closely regulated by the states.

As reported in the February 10, 2010 Dow Jones News Release, a senior EPA official very recently stated that "State regulators are doing a good job overseeing a key natural gas production technique called hydrofracing and there's no evidence the process causes water contamination. I have no information that states aren't doing a good job already," Steve Heare, director of EPA's Drinking Water Protection Division said on the sidelines of a state regulators conference here. He also said despite claims by environmental organizations, he hadn't seen any documented cases that the hydro-fracing process was contaminating water supplies."

- 2) The materials used in the fracturing process are widely disclosed.

The process, which injects water, sand and a small amount of chemicals into natural gas reservoirs under high pressure, has unlocked new sources of energy for development, dramatically expanding estimates for domestic production. The materials used are not proprietary and are reported by OSHA regulation on Material Safety Data Sheets.

- 3) Hundreds of thousands of high-wage jobs are directly tied to the continued use of fracturing.

It's a potential that is, in fact, already being realized in many communities across this country. Consider that in just the past few years, more than 100,000 high-wage jobs

have been created in Oklahoma and Pennsylvania alone, all of them tied to the responsible development of American natural gas, and every bit of that made possible thanks to the safe and steady deployment of hydraulic fracturing technology.

At a time of unprecedented economic uncertainty and in a year in which four million Americans lost their jobs, shale gas exploration represents a proven and powerful engine of economic growth.

4) Hydraulic fracturing is redefining America's energy future.

The use of hydraulic fracturing has "tremendous potential" to "contribute to the nation's energy independence and reduce carbon emissions."

5) Study after study has found hydraulic fracturing to be safe.

In 2009, the Ground Water Protection Council (GWPC), a national association of state groundwater and environmental protection agencies, working with and partially funded by the U.S. Department of Energy (DOE), published two significant studies focused on hydraulic fracturing. The first report, released in April 2009, finds that technologies such as hydraulic fracturing enable us to "produce more natural gas from the shale formations ... [with] fewer disturbances of surface environments" while "protecting and conserving water resources." The second report, issued in June 2009, takes a more focused look at how states are regulating the practice, finding the process "is managed best at the state level where regional and local conditions are understood."

The bottom line, according to GWPC: "Based on over sixty years of practical application and a lack of evidence to the contrary, there is nothing to indicate that when coupled with appropriate well construction, the practice of hydraulic fracturing in deep formations endangers ground water."

These views offered by state regulators and compiled by GWPC are corroborated in full by our nation's governors. In 2002, the Interstate Oil and Gas Compact Commission, an organization of 37 states and territories that "works to ensure our nation's oil and natural gas resources are conserved and maximized while protecting health, safety and the environment," released its own survey on the topic which, like GWPC, found that hydraulic fracturing posed no discernable risk to drinking water supplies. In 2009, the organization's members, including states like California, New York, and Florida, passed a resolution citing hydraulic fracturing as "a common operation" used "in all the member states ... without groundwater damage."

- 6) It has never been directly regulated by EPA under the federal Safe Drinking Water Act (SDWA).

States would still have the right under the federal Safe Drinking Water Act to use their own delegated regulatory standards to enforce any violation.

- 7) Production of oil and natural gas continues to be regulated both under SDWA and the Clean Water Act.

Both re-injection of that waste water and water treatment at the surface is already regulated by the federal government under the Safe Drinking Water and Clean Water Acts.

- 8) Industry continues to lead the way on best practices, new technologies.

According to a recent publication by IPAA: **“Hydraulic fracturing is one of the U.S. oil and gas industry’s crowning achievements, enabling us to produce energy supplies at enormous depths with surgical precision and unrivaled environmental safety records. And, simply put, new innovations are making these technologies better and better by the day – a fact widely recognized by the agencies that regulate hydraulic fracturing in energy-producing states.”**

Fracturing has a long and clear record of safely leveraging otherwise unreachable homegrown, clean-burning, job-creating energy reserves. Today, the responsible development of America’s shale gas resources represents a crucial turning point for our nation’s long-term energy security. Hydraulic fracturing is the tool that can safely make this possible, and can continue to help lead us on a path toward stronger energy independence and economic competitiveness.

- 9) Hydraulic fracturing is not new.

Hydraulic fracturing (HF) is a well stimulation technique used by gas producers to explore and produce natural gas from sources such as coalbed methane and shale gas formations. The process has been in continuous use since its inception in the 1950s. It has been used successfully on hundreds of thousands of wells without incident.

AS INDICATED ABOVE, PENNECO DOES NOT BELIEVE THAT ANY FURTHER FEDERAL REGULATION OF HYDRAULIC FRACTURING IS NECESSARY. Penneco wishes to thank the EPA for this opportunity to submit its comments in regards to EPA's Hydraulic Fracturing Study and proposal with respect to regulating hydraulic fracturing.

Very truly yours.

PENNECO OIL COMPANY

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