

STATEMENT OF
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AMERICAN PETROLEUM INSTITUTE
BEFORE
THE SCIENCE ADVISORY BOARD
ENVIRONMENTAL ENGINEERING COMMITTEE (EEC - AUGMENTED)
PUBLIC MEETING ON EPA'S RESEARCH STUDY ON THE
POTENTIAL RELATIONSHIP BETWEEN HYDRAULIC FRACTURING
AND DRINKING WATER RESOURCES
APRIL 7 - 8, 2010

API appreciates the opportunity to present our views on the draft Scoping Materials for the Initial Design of EPA's Research Study on the Potential Relationship between hydraulic fracturing and drinking water resources. We would also like to share some thoughts and information on the importance of and opportunities for natural gas development in the U.S. API is a national trade association representing over 400 member companies involved in all aspects of the oil and natural gas industry in the United States. Our members have extensive experience with the drilling and completion techniques used in gas shale development and in developing America's oil and natural gas resources in a safe and environmentally responsible manner.

America's oil and natural gas companies recognize that securing our energy future will require the sound development of all forms of domestic energy; oil, gas, coal, nuclear, and alternatives. However, oil and natural gas remain the lifeblood of the nation's economy and are vital to our energy security. This will be the case for decades to come. Oil and natural gas keep our transportation systems running, heat and cool our homes, and are the building blocks of thousands of consumer products we use daily. Furthermore, sound energy policy requires that we promote the expansion of natural gas for future clean electricity generation.

Revolutionary advances in technology in recent years have dramatically increased the ability of our companies to find and produce oil and natural gas. Few industries have relied so heavily on state-of-the-art technology as has the oil and natural gas industry for its operations, improved environmental safeguards and competitiveness. In the past three decades, the petroleum and natural gas business has transformed itself into a high-technology industry. These technological advances have enabled the industry to keep up with the ever-increasing consumer demand for reliable oil and gas supplies.

The development of our nation's domestic unconventional gas resources is a major success story and extremely good news for our country. The fact that we have these enormous reserves gives this nation increased energy security and flexibility in dealing with issues such as climate change because natural gas is a cleaner-burning fuel that can help to reduce carbon emissions. By combining new advanced technologies involving directional and horizontal drilling with improvements to proven technologies such as hydraulic fracturing, we have increased onshore natural gas production by more than 20 percent over the past three years—an accomplishment that most energy experts thought impossible a few years ago.

Development of this resource has and will continue to move forward safely without harm to the environment or drinking water. The industry has an excellent environmental record using technologies such as hydraulic fracturing, which is critical to the development of unconventional gas resources. Hydraulic fracturing has been used successfully for over 50 years on over one million U.S. oil and gas wells. Not a single case of water contamination has been directly attributed to hydraulic fracturing operations. Application of this technology is estimated to account for 30 percent of the recoverable oil and gas reserves in the United States. Furthermore, experts estimate that 90 percent of gas wells drilled in the United States now utilize hydraulic fracturing operations. This is certainly true of horizontal wells that may be drilled in the Marcellus Shale, the formation with the largest domestic resource potential.

API recognizes there has been substantial public concern over the use of hydraulic fracturing, however we are confident that a comprehensive review of the sound application of this technology following well recognized risk-based decision making principles will show that when properly planned and executed, hydraulic fracturing poses no significant risk to human health, drinking water resources, or the environment.

Industry best practices and existing state regulations have proven effective in protecting water sources from impacts related to drilling and production activities, including hydraulic fracturing. We continue to improve our operations and API continues to develop industry guidance specific to this topic, including documents on well construction, water use and management, and surface environmental considerations. The industry has been implementing best practices for decades and these documents provide a straightforward written framework for sound operations. We will be sharing these best practices and guidance documents with state regulators.

With this expertise, API and its members share the common interest with the panel of ensuring the best possible study is performed and stand ready to assist the Science Advisory Board and EPA in the development of the scoping document for this study, as well as its execution. We are the experts in the field and have a tremendous knowledge and experience resource to offer the Agency – on the operational practices, on chemical characterization and monitoring, on modeling, treatment technologies and management practices, and on the potential risks posed by these operations. We appreciate your recognition that openness, transparency, and stakeholder involvement are an integral part to the overall hydraulic fracturing study and we plan to remain engaged at every step in the process. We also recommend that, at appropriate milestones, EPA makes all data available to the public and that the report be peer reviewed by a qualified cross section of stakeholders.

Beyond the expertise of industry, we also feel it is essential that interstate organizations, such as the Interstate Oil and Gas Compact Commission (IOGCC) and the Groundwater Protection Council (GWPC) become active partners with EPA providing the essential background data and information necessary to properly inform the study design.

In addition to having the appropriate expertise involved in this study, we believe that this planned study can best achieve its primary objective in a timely manner, by ensuring that the scope of this study is clearly focused on issues directly related to hydraulic fracturing as was put forth in the charge from Congress and does not become sidetracked by trying to examine broader industry issues at the same time.

An extensive body of literature from government, academic, and independent sources sufficiently documents the risks and best practices associated with all aspects of conventional oil and gas exploration and production practices. Robust federal and state regulatory programs already surround these conventional practices. Most of the same practices used in conventional development are also utilized in the development of shale gas resources. We encourage EPA to rely on this existing knowledge in order to focus more fully and effectively on the intended scope of this investigation — the processes directly related to hydraulic fracturing that differ from conventional drilling operations.

We also strongly recommend that this Committee further supplement its membership with candidates knowledgeable in industry operations and hydraulic fracturing specifically. We stand ready to offer the names of individuals and to discuss operational procedures and practices to assist EPA in appropriately defining and carrying out the scope of the study.

Thank you.