

November 18, 2013

The Honorable Eric Cantor
Majority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Cantor and Ms. Pelosi:

On behalf of the Oklahoma Independent Petroleum Association's (OIPA) more than 2,650 members who work nationwide to find and responsibly produce U.S. crude oil and natural gas resources, I urge bipartisan support for H.R. 2728 and H.R. 2850.

H.R. 2728 would prohibit the federal government from enforcing duplicative, expensive, and unnecessary hydraulic fracturing regulations in states that already regulate hydraulic fracturing, but allow federal baseline standards in states where no regulations exist.

H.R. 2850 would require the Environmental Protection Agency (EPA) to maintain an objective peer review process when studying the potential impacts of hydraulic fracturing on drinking water. The bill also would require objective estimates of the probability and consequences of any potential impact.

Hydraulic fracturing is a technique used to provide pathways for natural gas and oil that is trapped inside rock so they can be brought to the surface. The earliest hydraulic fracturing jobs occurred in the late 1940s in Oklahoma and Kansas. The technique has been continuously used and improved since that time. Generally, a solution that is 99.5 percent water and sand is pumped under pressure into the rock. The pressure creates tiny fractures in the rock. The fluid is then pulled out of the rock while the sand remains behind to prop open the fractures and allow the oil and natural gas to flow into the wellbore.

More than 100,000 Oklahoma wells have been hydraulically fractured over the past 65 years without a single documented instance of contamination to ground water or drinking water.

This is because state ground water regulations were developed long before hydraulic fracturing began and have proven more than sufficient in regulating the practice. Oklahoma's first commercial oil well was drilled in 1897, 10 years before statehood. The Oklahoma Corporation Commission was given responsibility for regulation of oil and gas production in Oklahoma in 1914. The Commission has exclusive state jurisdiction over all oil and gas industry activity in Oklahoma, including oversight and enforcement of rules aimed at pollution prevention and abatement and protecting the state's water supplies.

Such state regulations established well construction standards including protective steel casing and cementing requirements. They were designed to protect ground water from contamination by



oil and its produced water. These regulations, in force for almost 100 years, have effectively prevented contamination of drinking water and ground water in more than a million instances where hydraulic fracturing has been used nationwide.

State regulators understand the unique geology of their states better than distant federal regulators, are far better equipped than their federal peers to regulate hydraulic fracturing, and already have proven that they are doing an excellent job.

Despite efforts by fossil fuel opponents to frighten the public and promote policies to curtail domestic production, science and 65 years of practical application support OIPA's contention that hydraulic fracturing is safe and that further federal regulation is unwarranted.

As you know, each stage of the well drilling and completion process already is heavily regulated at the federal level through an alphabet soup of laws intended to protect the environment, public, and wildlife, including the Clean Air Act (CAA); Clean Water Act (CWA); Comprehensive Environmental Response, Compensation and Recovery Act (CERCLA); Emergency Planning and Community Right-to-Know Act (EPCRA); Endangered Species Act (ESA); Federal Insecticide, Fungicide and Rodenticide Act (FIFRA); Safe Drinking Water Act (SDWA) for disposal wells; and the Toxic Substances Control Act (TSCA).

An additional layer of costly, unnecessary and duplicative federal regulations for hydraulic fracturing will not only create economic waste but also continue to drive more oil and gas production off private, federal, and Indian lands and rob the U.S. Treasury and the tribes of much-needed revenue streams.

Today, the economic, social, and national security benefits of our nation's oil and gas renaissance are difficult to overstate.

U.S. energy security is no longer a distant dream. In half a decade – thanks to horizontal drilling and hydraulic fracturing – the United States has turned a corner with regard to energy production. The U.S. Energy Information Administration (EIA) estimates the United States has increased its proved reserves to 29 billion barrels of oil and lease condensate, almost 349 trillion cubic feet of wet natural gas, and 334 trillion cubic feet of dry natural gas. The United States now measures its natural gas supply in centuries and imports only 35 percent of its daily petroleum needs – down from more than 60 percent a few short years ago. This revolution is having a positive impact nationwide.

According to IHS Global Insight, 2012 unconventional oil and gas industry activity driven by hydraulic fracturing and horizontal drilling:

- supported 2.1 million jobs;
- increased average household disposable income by \$1,200 due to lower utility bills and savings in the costs of everyday goods and services;
- cut the U.S. trade deficit by 13 percent;
- kept \$70 billion that would have gone toward oil imports here at home; and
- created \$74 billion in revenue for federal, state and local governments;

IHS further estimates that low fuel costs due to unconventional oil and gas activity will increase U.S. industrial production by 3.5 percent by the end of the decade and already is revitalizing America's organic- and agri-chemicals, resins, petroleum refining, metals fabrication, and machinery manufacturing sectors.

The greatest threat to this national gift of natural resources continues to be poor public policy choices at the federal level. The OIPA strongly urges Congress to embrace hydraulic fracturing as a safe and proven completion method and uphold the practice of its regulation by the states instead of the federal government.

Sincerely,



Ronnie K. Irani
Chairman



Mike Terry
President