

Christopher Rockers

Chief Financial Officer / Corporate Development

Magna Energy Services, LLC

Testimony on “Federal Regulation: Economic job and energy security implications of federal hydraulic fracturing regulation”

April 26, 2012

Magna Energy Services, LLC is a leading privately owned oil field services business operating in Colorado, Wyoming, North Dakota, Utah and Montana. Magna’s business lines include workover services, fluids management (fresh water hauling, water transfer, frac tank/equipment rental, and production water hauling), flow back, wireline, construction and well plug and abandonment. Magna and it’s predecessor companies have operated in the Rockies for over 40 years and currently Magna employs over 400 people. Magna works for all the major E&P companies in the Rockies. Magna (and all oil field services businesses) are the outsourced labor and equipment for domestic oil and gas energy production.

Implications of federal hydraulic fracturing regulation on Magna Energy Services:

1. Hydraulic fracturing has been used safely in the extraction of oil and gas for decades in almost every producing basin in the United States. Over that time the individual states have regulated hydraulic fracturing and when performed correctly and within state guidelines there have been no incidents of ground water contamination of which I am aware. In recent years states including Colorado, Wyoming, and North Dakota have worked successfully with industry to increase disclosure of processes and materials used in the hydraulic fracturing process. Each oil and gas basin is different including techniques used and geological formation which makes individual states regulating hydraulic fracturing work best for each state, industry, and basin. Federal regulation of hydraulic fracturing would appear redundant and looks more like an unnecessary solution looking for a problem.
2. Magna Energy Services is a Rockies based company that currently employs over 400 people. The average hourly wage we pay our field employees is \$24.00/hour. Magna has purchased over \$20 million in new capital equipment over the last 5 years. Except for when Magna plugs a well, every aspect of our business is affected by our customers being able to use hydraulic fracturing to extract oil and gas. Magna’s E&P customers have office and professional staff that plan and design drilling and production programs but it is companies like Magna who employ the majority of the people that do the work in the field. If new federal regulations cause Magna’s customers to change their planned production or drilling programs in the Rockies Magna would dramatically reduce operations or possibly even shut down. The brunt of the job loss in this scenario does not hit “big oil” but instead hits our field employees.
3. We support President Obama’s “all of the above” energy strategy disclosed in the most recent State of the Union Address. Additional unnecessary federal regulation on domestic gas and oil extraction puts 2 key components (gas and oil) of “all of the above” at a significant disadvantage and will further encourage E&P investment in other countries instead of domestic investment. The permitting on federal lands in the Rockies is already a long, cumbersome and costly process. BLM regulations have pushed much of current energy development to the private lands

of the east where there is no federal regulation. New fracking regulations from BLM would sound the death knell for oil and gas development on federal lands of the Rockies.