U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

Opening Statement of

Chairman Doc Hastings

Committee on Natural Resources
On Wednesday, May 8, 2013
1324 Longworth House Office Building
Full Committee Oversight Hearing on
"DOI Hydraulic Fracturing Rule: A Recipe for Government Waste, Duplication and Delay"

For over two years, the Natural Resources Committee has conducted aggressive oversight of the Obama Administration's pursuit of duplicative and potentially costly regulations of hydraulic fracturing on federal lands. We've held over five hearings and have travelled the country to hear firsthand from energy experts and state officials about what negative job and economic impacts could result from this new federal red-tape. In all our hearings, an overwhelming majority of the witnesses - state, local and private - have opposed the federal duplicative rulemaking as a threat to jobs and energy security.

Technological advancements in hydraulic fracturing and horizontal drilling have sparked an energy renaissance in this country and are enabling the development of unconventional oil and natural gas resources. In the year 2000, shale gas provided just one percent of our nation's gas supplies; today it is 25 percent. Half of the natural gas consumed today is produced from wells drilled within the last three and a half years.

As is often the case, when companies started developing these resources they found that there was much more there than previously estimated. According to a recent report by the American Gas Association, the U.S. possesses a potential of 2,384 trillion cubic feet of natural gas, up nearly 25 percent from 2010 estimates. That's enough natural gas to power U.S. homes for 581 years. That's good news.

Unfortunately, as we've heard over and over again in this Committee, the vast majority of this new energy production is taking place on state and private lands – not federal lands. Currently, 97 percent of shale wells are located on private lands. I support the development on state and private lands, but there is great potential on federal lands and we should not ignore that potential.

State like Montana, Wyoming, Texas and North Dakota are experiencing tremendous economic growth and have some of the lowest unemployment rates in the country due to their commitment to developing their energy resources.

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New regulations currently being considered by the Obama Administration's Department of the Interior will only make it worse. Imposing duplicative, burdensome, and unnecessary red-tape will further limit energy production, increase costs, and cost American jobs.

Hydraulic fracturing has been successfully regulated by states for decades. They have effectively and efficiently been able to manage this activity and ensure that it is done safely.

There have not been any confirmed reports of groundwater contamination from hydraulic fracturing – a fact that former Obama Administration EPA Administrator Lisa Jackson and former BLM Director Bob Abbey have both acknowledged.

Furthermore, states are able to carefully craft regulations to meet the unique geologic and hydrologic needs of their states. The regulatory needs in North Dakota, versus Ohio and New Mexico, are vastly different. Imposing a 'one size fits all' regulatory structure, as the Obama Administration is attempting to do, will not work. At a time when the Department is canceling lease sales, federal dollars and resources should not be spent duplicating state regulations, especially when states already have guidelines in place that are effective and successful.

The Department is expected to release its proposed rule very soon. I hope that the Administration will have considered the testimony and comments from stakeholders across the country who know firsthand the job and economic burdens that could result from this new layer of bureaucratic red tape.

According to researchers at the Oklahoma City University, the Obama Administration's proposed federal rule could cost up to $175,000 per well or $370 million annually. With these additional costs and regulatory burdens, it's no surprise that energy job creators are fleeing federal lands and taking their business to private lands.

There have also been serious concerns about the Department's proposed rule raised by tribal leaders who feel that they have not been properly included in the process and worry that it will impose additional hurdles to developing the energy resources on their lands. The Department's new rule must address these concerns.

I want to thank our witnesses for being here today. I look forward to hearing their thoughts on the economic impacts of the Obama Administration's proposed regulations on hydraulic fracturing and learn more about how states are currently regulating this activity.