

Kansas Independent Oil & Gas Association

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Testimony to House Energy & Utilities Committee

House Bill 2526

An Act concerning oil and gas; relating to regulation of hydraulic fracturing

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Good morning Chairman Holmes and members of the committee. I am Edward Cross, President of the Kansas Independent Oil & Gas Association (KIOGA). KIOGA represents the interests of independent oil and natural gas producers in Kansas. With over 1,400 members across the entire state, KIOGA is the lead state and national advocate for Kansas independent oil and natural gas producers. Our members account for 86% of the oil and 63% of the natural gas produced in Kansas. I am responsible for public policy advocacy and interaction with external stakeholders including elected officials, regulators, governmental decision-makers, and community thought leaders. I am here this morning to express our support for House Bill 2526 (HB 2526).

For more than 60 years, America's energy producers have relied on an innovative technique known as hydraulic fracturing (HF) to enhance the production of oil and natural gas. While the first commercial "frac job" - as it is referred to within the industry - was conducted in 1947, the technique quickly became the most commonly used method of stimulating oil and natural gas wells. Hydraulic fracturing is essential for recovering crude oil and natural gas resources from formations that would be unavailable through other completion methods and has been applied to a majority of Kansas oil and natural gas wells. Nationwide, the technology has been deployed more than 1.2 million times over a course of more than 60 years without a single verified or documented instance of harm to groundwater. Hydraulic fracturing is a proven technology that industry has demonstrated time and again can be used safely.

HF has been effectively regulated by state governments and oversight agencies since its inception. At both the federal and state level, all of the laws, regulations, and permits that apply to oil and natural gas exploration and production activities also apply to HF. These include all laws and regulations related to well design, location, spacing, operation, and abandonment as well as environmental activities and discharges, including water management and disposal, waste management and disposal, air emissions, underground injection, surface disturbance, and worker health and safety. The process of HF is subject to a rigorous and well established process, developed in accordance to the geology, hydrology, climate, topography, industry characteristics, development history, state legal structures, population density, and local economics unique to each state. The Ground Water Protection Council (GWPC), considered one of the nation's leading groundwater protection organizations, released a report in 2009 underscoring this record of safety and performance on the state level finding the "current state regulation of oil and gas activities is environmentally proactive and preventive." GWPC additionally found that the "regulation of oil and gas field activities is managed best at the state level where regional and local conditions are understood and where regulations can be tailored to fit the needs of the local government."

Well operators not only work with state regulators, but also comply with numerous federal requirements. The Occupational Safety and Health Administration, the Environmental Response Compensation and Liability Act and the Toxic Substances Control Act all contain record keeping and reporting rules followed by energy producers. These regulations ensure all chemicals used in the extraction process are properly handled and stored, and that workers and first responders are made aware of the substances they handle.

An extensive regulatory apparatus at all levels of government, including the state and federal level, is in place to ensure hydraulic fracturing continues to be well regulated. The USEPA has played an increasingly politicized role in regulatory enforcement. Because they understand the regional and local conditions and have every motivation to protect the environment in which they and their families live, state regulators are in the best position to protect groundwater and drinking water sources. Industry also has strong incentives to maintain a high level of environmental performance, and it has worked hard to review and improve its operations and communication with the public. Should any additional regulation specifically associated with hydraulic fracturing be necessary, HB 2526 grants the Kansas Corporation Commission (KCC) authority to promulgate any such regulations.

KIOGA believes it is important to maintain the current state regulatory process and the KCC is the best place to address any hydraulic fracturing concerns. We support passage of HB 2526 as introduced. Thank you for your time and consideration. I stand for questions.