



STATEMENT FOR THE RECORD

Kathryn Z. Klaber, Marcellus Shale Coalition, President

U.S. House of Representatives, Subcommittee on Energy and Mineral Resources
*"Natural Gas – America's New Energy Opportunity:
Creating Jobs, Energy and Community Growth"*

Monday, February 27, 2012
Eastern Gateway Community College, Steubenville, Ohio

Chairman Lamborn, Congressman Johnson, and Members of the Subcommittee, thank you for the opportunity to provide comments for the record, and thank you for holding this important hearing.

The Marcellus Shale Coalition (MSC) was formed in 2008 and is currently comprised of approximately 300 producing and supply chain members who are fully committed to working with local, county, state and federal government officials and regulators to facilitate the development of the natural gas resources in the Marcellus, Utica and related geological formations. Our members represent many of the largest and most active companies in natural gas production, transmission, and gathering in the country, as well as the suppliers and contractors who service the industry.

Put simply, the development of natural gas from shale presents an unprecedented opportunity to provide sustainable and broad-based economic benefits to our region, and our nation.

Last year, the MSC again commissioned economists from The Pennsylvania State University to examine the economic impact of the Marcellus Shale, resulting in the release of *"The Pennsylvania Marcellus Natural Gas Industry: Status, Economic Impacts, and Future Potential"* – the third update in a series of studies on that subject. According to this latest update, the Marcellus Shale industry continues to generate billions in economic activity in Pennsylvania; more than a billion in state and local tax revenue each year; and family-sustaining jobs in both core and ancillary industries. This record of job creation is underscored by recent Pennsylvania Department of Labor and Industry statistics showing nearly 230,000 jobs supported by the Marcellus. Similar positive economic impacts are being felt throughout the Appalachian Basin, including Ohio and West Virginia.

It has become clear that the economic benefits of shale gas development will be spread throughout the region's economy, benefiting local governments, farmers, construction workers, professionals, and thousands of other workers that have been negatively impacted by recent economic conditions. Just as important, producing natural gas from shale also represents a significant opportunity to provide energy security and environmental benefits to our nation. Development of the Marcellus Shale, for example, has already allowed Pennsylvania to become a net exporter of natural gas and is providing lower cost energy to the surrounding states. American natural gas also can be a part of a more sustainable energy future and it has the potential to significantly reduce air and greenhouse gas emissions.



These tremendous opportunities come with a collective responsibility to protect the environment in a manner firmly grounded in the law and sound science. It is for this

reason that the MSC's members have already spent hundreds of millions of dollars on industry-specific environmental, health, and safety programs to ensure that their operations meet or exceed the regulatory requirements applicable to their industry, and why they are fully committed to the development of natural gas in a manner that will protect the environment in the areas in which they operate.

Indeed, to maximize the benefits of this opportunity for future generations, we understand that we must continue to operate responsibly with regard to critical resources, including air, water, and land.

The MSC is committed to the development and implementation of recommended practices, which cover a wide range of topics including safety training, 911 addressing for emergency response, well construction, well completion, pre-drill water well testing and wellsite facilities. An example of a recommended practice is the use of an impermeable liner on a well pad site to prevent spills from hitting the ground. Another is the recycling of flow back and produced fluids which reduces the demand on fresh water and minimizes the amount of traffic associated with water management and transportation. Likewise, advances in well construction have been extremely important as new wells are designed to ensure maximum protection of the water supply and nearby ecosystems.

When it comes to safety, the industry's record speaks for itself. But don't just take our word for it. As U.S. Interior secretary Ken Salazar has said of hydraulic fracturing, "From my point of view, it can be done safely and it has been done safely." Last year, EPA administrator Lisa Jackson said, "I'm not aware of any proven case where the fracking process itself has affected water." Administrator Jackson reiterated that message earlier this month when she affirmed that hydraulic fracturing is an environmentally responsible technology. The Pennsylvania Department of Environmental Protection, along with state regulatory agencies from Alaska to Alabama, have similarly underscored the safety of hydraulic fracturing.

Moreover, a recent study from the University of Texas at Austin released earlier this month confirmed there is "no evidence" of hydraulic fracturing causing groundwater contamination. This coincides with what state regulators from across the country have repeatedly found in terms of hydraulic fracturing not being linked to water contamination. The University of Texas study also found that two-thirds of all media coverage of hydraulic fracturing is decidedly negative, and less than one-third of all media reports actually cite the available science on the issue. It's another reminder that, despite what one might read in the media, the facts present a clear safety record, which is a product of high industry standards and effective state regulation. I should add that the MSC, despite the often one-sided nature of media coverage, continues to encourage a spirited public dialogue and fact-based education about responsible shale gas development.

On the subject of state regulation, there are some who claim that the federal government, not state regulators, should be in charge of hydraulic fracturing. In addition to the enormous cost this would impose on taxpayers and energy producers across the



country with duplicative regulations, it would also be completely unnecessary. States have proven themselves more than capable of regulating the industry.

Late last year, West Virginia passed a set of new rules and regulations that will apply to shale wells and help guarantee that the public is protected. Colorado, Pennsylvania, and Texas, for example, have finalized rules to require the disclosure of additives used during hydraulic fracturing, joining a long list of other states with similar requirements and complementing the highly effective FracFocus.org database, which discloses additives used in the hydraulic fracturing process on a well-by-well basis.

And earlier this month, Pennsylvania passed a law that strengthens the Commonwealth's already leading health, environmental, and safety regulations, many of which incorporated recommendations from an advisory commission which included industry representatives and many other stakeholders. Importantly, the MSC proactively agreed to participate in FracFocus.org last year to enhance transparency.

Additionally, a 2010 study of Pennsylvania's hydraulic fracturing regulations by the independent State Review of Oil and Natural Gas Environmental Regulations (STRONGER) found the program to be well-managed and meeting its objectives.

It should also be noted that in addition to these strong regulations crafted at the state level, even the federal government has admitted that federal regulations would be redundant. The director of EPA's Drinking Water Protection Division said, "I have no information that states aren't doing a good job already" with regard to regulating hydraulic fracturing. And recently, EPA Administrator Lisa Jackson admitted that regulations don't need to be federalized. These common sense views are shared by Fred Krupp, president of the Environmental Defense Fund.

Some might say that this clear record of safety is enough. We view it as a good start. As underscored in our *Guiding Principles*, the natural gas industry is continuously working to improve recommended practices while seeking transparency across all operations. The MSC is fully committed to and supports the collaborative efforts led by the Ground Water Protection Council (GWPC) and the Interstate Oil and Gas Compact Commission (IOGCC), to launch and operate the aforementioned FracFocus.org database. In fact, all MSC operators of record are registered for well by well disclosure of their Marcellus wells.

Again, and on behalf of the entire organization, thank you for the opportunity to submit this testimony. We look forward to answering any questions that you or your staff may have.