



June 5, 2013

Senate Committee on Energy & Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Wyden, Ranking Member Murkowski and Members of the Committee,

On behalf of the four ANGA panelists and entire ANGA membership, thank you for convening the recent Senate Energy and Natural Resources Committee Natural Gas Roundtable on Shale Development. The discussion and follow-up provide a useful opportunity to clear up several areas of confusion with regard to the safe and responsible development of natural gas. ANGA represents the leading North American independent natural gas exploration and production companies. As part of our efforts to promote increased use of domestic natural gas resources to advance a cleaner and more secure energy future, we share a strong commitment to responsible development. We are pleased to provide additional information for the record and to answer specific questions raised by members of the committee. We also stand ready to assist as you explore potential next steps.

Safeguarding Water

We appreciate the opportunity that the roundtable provided to clear up a critical misunderstanding related to the potential for groundwater contamination from hydraulic fracturing.

The actual hydraulic fracturing process is typically separated from groundwater supplies by a mile or more of dense rock. Multiple layers of steel and cement further isolate each well from local groundwater. Additionally, pressure and integrity tests are conducted on each well before fracturing operations commence.

The risks associated with this process have been successfully managed through a framework of federal, state and local regulations, as well as industry practices, for decades. The process has been routinely and safely used more than 1 million times in communities across the country. In fact, former EPA Administrator Lisa Jackson has testified before Congress that she is “not aware of any proven case where the fracking process has affected (ground) water.”

As with many other industrial activities, however, water-related risks from surface activities (e.g. handling of fuels and materials or management of wastewater) can result in incidents that are typically temporary, minor and quickly contained. Strong regulations and well-established industry standards and practices are in place that emphasize prevention and proven safeguards. They also require timely reporting and prompt mitigation of any incidents that may occur. In conducting our operations, we work closely with state regulators and several federal statutes apply, including the Clean Water Act, Clean Air Act, Occupational Safety and Health Act, the National Environmental Policy Act and the Emergency Planning & Community Right-to-Know Act, and others. The attached

chart from the National Petroleum Council 2011 Prudent Development Report shows the project development requirements for natural gas drilling and production in Pennsylvania. This exemplifies how industry works with regulators at all levels to responsibly produce natural gas.

With regard to specific claims of contamination, we refer you to the detailed analysis provided by the Independent Petroleum Association of America (IPAA).

FracFocus

ANGA strongly endorses use of FracFocus as a transparency tool for the public and policymakers. All ANGA member companies disclose the chemicals used in our operations via the FracFocus online public registry, which is jointly managed by the Ground Water Protection Council (GWPC) and the Interstate Oil and Gas Compact Commission (IOGCC). Because we believe FracFocus is an important public resource, we also contribute funds to help ensure its continued operations.

ANGA supports appropriate state-led oversight, and we have engaged constructively as states have worked to update their regulatory regimes, often requiring FracFocus disclosure. States have the ability to ensure accurate reporting to the FracFocus online registry just as they have the ability to enforce compliance with any other regulatory requirement in their state.

FracFocus and state law requirements for chemical disclosure have been effective in addressing public interest in fracturing operations, while encouraging the use of innovative technologies, including many cutting-edge “green” technologies, by protecting proprietary business information. The registry continues to evolve and improve. In fact, FracFocus 2.0 launched June 1 and includes several new features that enhance the usability and informational content of the system.

We believe advance disclosure of hydraulic fracturing fluid constituents, however, is unwarranted. During hydraulic fracturing operations, as with any industrial process, strict regulations require that appropriate chemical information is maintained at the worksite. This requirement ensures critical information is available to protect workers and the environment in the event of an actual emergency. Requiring public disclosure of hydraulic fracturing fluids prior to hydraulic fracturing operations does not add value or provide any practical utility because the actual make-up of the fluid is adjusted in “real time” to allow operators to optimize performance and respond to onsite conditions.

Existing state regulatory requirements and the steady, rapid expansion and improvement of FracFocus render federal disclosure mandates unnecessary.

Flaring

This is another area where the committee’s roundtable provides an opportunity to clarify ongoing confusion and misunderstanding. Where gas cannot be stored or used commercially, flaring and venting are essential safety practices. Flaring is the controlled burning of natural gas. It is actually an emission control technology. Venting is the controlled release of natural gas—typically associated gas that lacks adequate hydrocarbon content to burn.

There are very strong market disincentives to both venting and flaring of gas. This, of course, is our product, and we want to bring as much of it as possible to market. So from a business perspective, the goal today is minimal flaring and venting.

A key distinction with emerging plays like the Bakken Shale in North Dakota is that the pipeline and processing infrastructure is new and building out at a rapid pace. Some \$4 billion has been

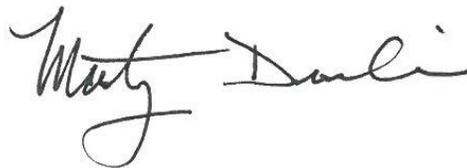
invested in infrastructure projects in the state so far. As a result, we have seen a 20% decline in flaring in this emerging play in the past two years alone. That positive trend line will continue, so long as we continue to see a constructive policy environment that encourages these robust investment levels.

Markets are working to drive the desired outcome in this instance. Permitting delays or unnecessary mandates, however, have the potential to interfere with these effective markets and slow the development of necessary infrastructure. We appreciate the committee's interest, and we will provide you with updates should conditions on the ground change.

Conclusion

Thank you again for the opportunity to provide this input for the record and for creating a forum that is bringing facts and science to the center of these important conversations. We hope this correspondence is useful to you and the first step in an ongoing dialogue. Both my staff and I stand ready to assist the committee in its efforts.

Sincerely,

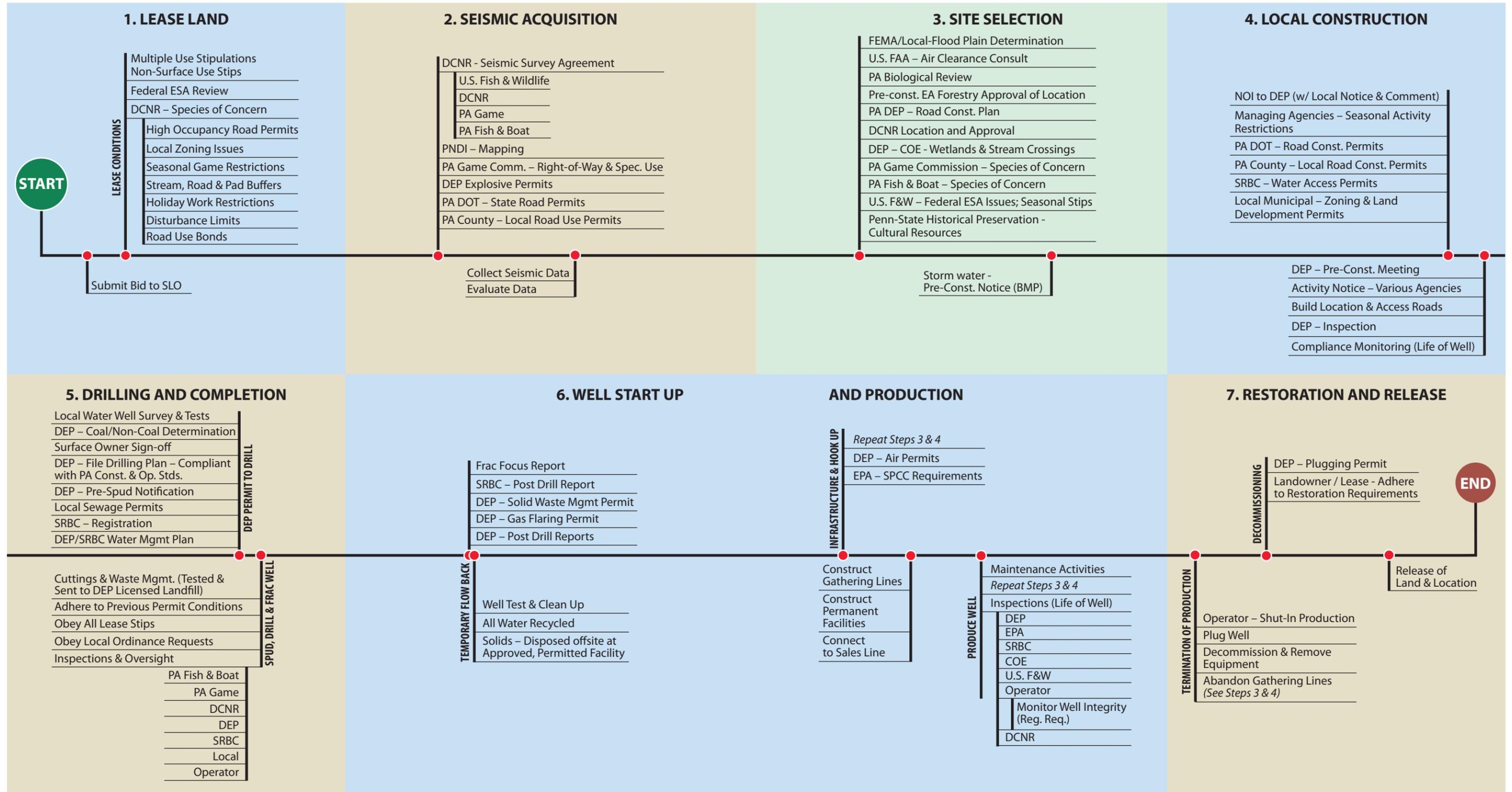
A handwritten signature in black ink that reads "Marty Durbin". The signature is written in a cursive, flowing style.

Marty Durbin
President and CEO

cc: Todd Wooten, Majority Staff
Kate Williams, Minority Staff

National Petroleum Council 2011 Prudent Development Report

Figure ES-11. The Natural Gas and Oil Industry Is Well Regulated: Project Development Requirements in Pennsylvania



LEGEND:

BMP – Best Management Practice
COE – U.S. Army Corps of Engineers
DCNR – PA Dept. of Conservation & Natural Resources
DEP – PA Dept. of Environmental Protection
EA – Environmental Assessment

EPA – Environmental Protection Agency
ESA – Federal Endangered Species Act
FAA – Federal Aviation Administration
NOI – Notice of Intent
PA DOT – PA Dept. of Transportation

PNDI – PA Natural Diversity Inventory
SLO – State Lands Office
SPCC – Spill Prevention, Control & Countermeasure Plan
SRBC – Susquehanna River Basin Commission
U.S. F&W – U.S. Fish & Wildlife Service

Source: Adapted from "Governor's Marcellus Shale Advisory, Commission Report" by Jim Cawley, Lt. Governor, Commonwealth of Pennsylvania, July 22, 2011. Full Report Found at <http://www.pa.gov>. Also see Pennsylvania Public Records for Grugan development: Gathering Line - Permit #ESX10-035-0002, GP0518291004, GP0818291001; COP Tract 289 Pad E - Permit #ESX10-081-0076, API #37-081-20446 (Well #E-1029H); COP Tract 285 Pad C - Permit #GP0718291001, ESX10-035-0007. Additional reporting and oversight required for exceptions to permitted activity not shown.