

May 1, 2013

As Governors of states that provide the oil and natural gas that help fuel this country and its economic well-being, we are seeking your support to continue this crucial mission. State regulatory programs have been at the forefront of oil and gas exploration since 1935. Our programs, which are as varied as the geography, climate, geology and social fabric of our states, are designed to be flexible yet effective in providing the world's best environmental protection and regulation.

The states' ability to design effective regulations that reflect state-specific needs is a vital element in the resurgence of our nation's oil and natural gas industry. In fact, thanks to technology and American ingenuity, the United States is on target to become the world's largest producer of oil and the world's largest net exporter of natural gas.

We are proud of the job that state regulatory agencies are doing and want you to be aware of a new initiative, **States First**, that states are undertaking to continue their worldwide leadership as the laboratories of effective regulatory development. As previously announced at the Annual Meeting of the Interstate Oil and Gas Compact Commission (IOGCC), this initiative is a joint venture between the IOGCC and the Ground Water Protection Council (GWPC), a national association of state water-protection officials.

States First is an innovative and exciting state-led effort. Its first task was the formation of the *State Oil and Gas Regulatory Exchange*, a unique network of experts who will be available to help meet emerging regulatory challenges and solve unique problems in all oil and gas producing states.

State Oil and Gas Regulatory Exchange

The State Oil and Gas Regulatory Exchange (SOGRE) will bring state policy and technical staff together on a routine and coordinated schedule to share the way they do business, review internal operations, and open up opportunities for extrapolating effective practices from one state to another. The SOGRE creates a dynamic forum where states can reach out and communicate with one another in an ongoing effort to keep current with rapidly changing technology, as well as to share the very best and innovative regulatory procedures from state to state.

The SOGRE will focus first on field operations. This critical area is where the states know best how to conduct oversight of exploration and production activities. It is in the field where state regulators interact daily with the public and the operating companies. The program's initial goals are identifying opportunities for new operating procedures, improving communication with the public and improving efficiency and effectiveness in regulatory oversight.

Field Inspectors Education and Certification Program

We have teamed with highly respected university educators and will develop technical training opportunities for oil and gas inspectors and others associated with oilfield operations. The goal of this program is to provide a formal certification process for experienced field inspectors who desire an in-depth understanding of new and/or emerging technical practices, as well as for persons new to the field who need in-depth basic training.

FracFocus 2.0

Many states have revised, or are in the process of revising, regulations in response to changing technology and public concerns. Subsequently, twelve states have led in adopting chemical disclosure requirements, using FracFocus, that require companies to disclose chemicals used in the hydraulic fracturing process. A new, more searchable version of FracFocus, designed with the public in mind, will be fully functional June 1, 2013 and will contain information on over 45,000 individual fracturing jobs.

Underground Injection Wells (UIC): Peer Reviews

These UIC disposal well Peer Reviews will be conducted jointly by the states and USEPA, in the respective program offices. They will help states and the USEPA continuously improve their programs to protect the environment through the UIC program. UIC wells can safely dispose of a variety of fluids, including produced water which can include water returned from the hydraulic fracturing of wells. Conducting peer-to-peer reviews of this critical environmental protection program will help ensure an extra level of environmental oversight for the public.

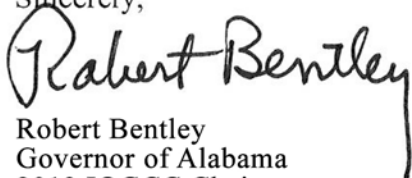
Science and Technology Transfer

This effort will focus on the emerging technology from pure and applied research projects being done through the US Department of Energy, National Labs, Universities, and other institutions. Opportunities will be provided for researchers to communicate with states on how the application of their work might improve environmental protection and regulatory oversight.

States will continue to deliver effective solutions to regulatory challenges. They are the incubators of regulatory innovation. State officials are uniquely qualified at understanding oilfield operations and emerging technologies because they live and work in the field.

Although we applaud the Federal Government's interest in the progress of domestic oil and gas production, we urge them to resist the temptation to intrude on a function best handled by the States. Our programs are working. Our people are on the ground, have decades of experience, and we are following a path of continuous improvement. Additional regulation is redundant, unnecessary and unwelcome.

Sincerely,

A handwritten signature in black ink that reads "Robert Bentley". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Robert Bentley
Governor of Alabama
2013 IOGCC Chairman

Sean Parnell
Governor of Alaska

Bobby Jindal
Governor of Louisiana

Mike Beebe
Governor of Arkansas

Phil Bryant
Governor of Mississippi

Edmond G. Brown, Jr.
Governor of California

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