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Thank you. Chairman Barrasso and members of the committee, my name is Mark Watson and I am the Oil and Gas Supervisor for the Wyoming Oil and Gas Conservation Commission.

Wyoming was one of the first states to implement comprehensive rules on hydraulic fracturing, or fracking, and these rules have been enforced on all state, private and federal minerals since 2010. We were the first state to require disclosure of all chemicals used in the fracking process prior to issuing a permit. In fact, Secretary of the Interior Sally Jewel often cites Wyoming's rules on fracking as a standard for other states to follow. Our rules governing wellbore integrity and water management have been in place for decades and are updated as new technologies become commonplace in the energy industry. Wyoming's new baseline water quality rule, which requires testing of offset water wells before and after the drilling of a well, and air quality rules in the Pinedale area are a few of the many examples of Wyoming's progressive approach to rulemaking.

Recently the Bureau of Land Management (BLM) announced a new rule on fracking. Not only does this rule come late, it adopts a one-size-fits-all approach. It creates confusion and bureaucracy in an already complex process. It will inevitably lead to delays in the permitting process for operators without increasing environmental protection or providing more information for the public to review.

Wyoming maintains public access to the fracking plans including pre and post reporting on fracking operations in its files and electronically on its website. All information collected on fracking operations is available to the public, to industry, and to regulators for use in reviewing best management practices, determining fracking impacts to offset wells, or even to a homeowner who wants to know what is going on at the well near their home. The BLM frack rule has no current method to provide any information on a publically available website other than post fracking operations chemical disclosure reported to FracFocus. While reporting the chemical information to FracFocus or another

publicly available database is vital, reviewing other details concerning the fracking operations can be just as important. It would be very difficult for anyone outside of BLM staff to review information related to cement quality, well integrity, injection pressures, etc. using current information systems employed by the BLM. All this data is readily available on our website for public viewing.

In its response to comments under federalism assessment, the BLM noted that they do not believe that production from federal lands will be reduced and therefore no financial impacts would occur to states as a result of the new fracking rule. Currently in Wyoming, 54% of oil production and 76% of gas production comes from federal minerals. To make a statement that the new fracking rule will not impact states such as Wyoming is simply wrong. Currently, Wyoming's average time for processing a drilling permit is 60 days while the BLM processing time is in excess of 200 days. Further delays will occur with the BLM using the same staff that approves drilling permits to also approve fracking operations. The practice of horizontal well drilling further complicates the approval of fracking operations. More of the proposed wells in Wyoming are encountering a combination of minerals by drilling through and producing from a mix of federal, fee, and state minerals. The uncertainty and potentially long wait times for BLM approval of fracking operations will act as encouragement for operators to exclude the federal minerals from the planned well. This will potentially strand the federal minerals, leaving them out of the production of the well and creating waste. There have already been several cases of federal minerals being excluded from drilling and spacing units that have been approved by the Wyoming Oil and Gas Conservation Commission due to the length of time it takes the BLM to approve an APD. The additional delays for approval of fracking operations by the BLM will clearly provide a disincentive to develop production on federal minerals.

In comments to the federal fracking rule, several states, including Wyoming, requested exemptions for those states that already had comprehensive frack rules in place. The BLM, in an attempt to address those concerns, included a section in the final rule allowing for states to apply for a variance for all wells within a state. However, upon further review and meetings with BLM officials, it became apparent that the variance was simply a requirement that allowed the BLM to require additional information if the states requirements exceeded those objectives of the BLM frack rule. The goal being that both

the state and the BLM would receive the same package of information. This is clearly a duplication of effort that forces operators to comply with two regulatory agencies. The Wyoming Oil and Gas Conservation Commission has one office versus the BLM who has nine field offices in Wyoming, which could lead to varying interpretations when implementing the new frack rule. This creates confusion and uncertainty and leads to unnecessary delays in the permitting process.

A better solution would be a mechanism to allow states to apply for primacy if they could demonstrate that the objectives of the BLM frack rule could be met by the states rules and regulations. This would provide certainty and uniformity in enforcing a frack rule for the benefit of citizens and the oil and gas industry. The Underground Injection Control Program, a program that regulates injection wells, is a prime example of a federal rule that is implemented and enforced by the states.

In conclusion, Wyoming believes that the states are best positioned to regulate hydraulic fracturing. Wyoming has successfully imposed its hydraulic fracturing rule on federal, state and private minerals for five years and has an experienced and qualified staff to enforce these rules.

This concludes my oral testimony.