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October 26, 2011

John Deutch, Chairman  
Natural Gas Subcommittee  
Secretary of Energy Advisory Board  
U.S. Department of Energy  
100 Independence Ave., SW  
Washington, DC 20585

CC:

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**Attention:    Comments of the American Gas Association on the Shale Gas Production Subcommittee's 90-Day Report – August 18, 2011**

Ladies and Gentlemen:

The American Gas Association (“AGA”) is pleased to submit for your consideration the following comments on the Shale Gas Production Subcommittee of the Secretary of Energy Advisory Board’s (“Subcommittee”) 90-Day Report issued August 18, 2011. AGA represents 201 local energy companies that deliver clean natural gas to more than 65 million customers throughout the United States.

AGA commends the Subcommittee for its thoughtful and balanced 90-day report and its continued efforts to develop a framework for reducing environmental impacts and safety concerns for shale gas development. The Subcommittee has wisely rejected calls to ban hydraulic fracturing while recognizing and identifying opportunities for continuous improvement. The 90-day report also adopts a core observation of the Massachusetts Institute of Technology’s recent study that “the environmental impacts of shale development are challenging but manageable.”<sup>1</sup>

As set forth in AGA’s [Principles for Responsible Natural Gas Resource Development](#), our member natural gas utilities see it as vital that the natural gas production community

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<sup>1</sup> MIT Energy Initiative, *The Future of Natural Gas: An Interdisciplinary MIT Study*, Massachusetts Institute of Technology (June 9, 2011).

employs operational and risk management systems to ensure safe, environmentally sound, responsible, and sustainable development of natural gas resources in the United States.

A review of some of the over 25,000 written comments received by the Subcommittee shows that there are some widely divergent views regarding the national security, economic and societal benefits – and environmental impacts -- of natural gas shale production. AGA strongly supports efforts that will improve public confidence in our industry's ability to develop this important domestic energy source.

As the report recognizes, there must be an ongoing process of continuous improvement in operational and environmental performance that relies on best practices and is tied to measurement and disclosure. States require sufficient resources to develop and enforce appropriate regulations, and the industry must make a consistent commitment to effectively address legitimate environmental concerns. Recent developments, such as the [Pennsylvania Governor's Marcellus Shale Advisory Commission Report](#) and the New York Department of Environmental Conservation's [Revised Draft Supplemental Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program](#), show that affected states are committed to addressing concerns arising from shale gas development. Likewise, the [National Petroleum Council's recent assessment](#) of the North American natural gas resource reflects industry leaders' and key stakeholders' understanding that realizing the benefits of the natural gas resource depends on its environmentally responsible development.

## **AGA Comments on the Subcommittee's Findings and Recommendations**

### **1. SEAB Recommendation: Improve Public Information about Shale Gas Operations and Improve Communications Among State and Federal Regulators**

AGA believes that public confidence in our industry's ability to develop this important domestic energy source will be enhanced by open, fact-based dialogue, collaborative actions, public accountability, and an informed, transparent discussion on how to ensure public safety and boost environmental performance.

As recognized by the Subcommittee, the State Review of Oil and Natural Gas Environmental Regulation (STRONGER) and the efforts of the Ground Water Protection Council's project to extend and expand the *Risk Based Data Management System* have been exceptionally meritorious. AGA agrees with the Subcommittee that these efforts should be fully funded and expanded to include other environmental areas.

### **2. SEAB Recommendation: Improve Air Quality**

AGA supports efforts to improve the already significant greenhouse gas and air emissions benefits of natural gas. Many producers' efforts to reduce well-site methane emissions during shale development, through their voluntary participation in the Environmental Protection Agency (EPA) Natural Gas STAR Program, are particularly noteworthy. AGA has long regarded the Natural Gas STAR program as an effective way to reduce fugitive methane emissions, and believes that the industry should be encouraged to participate in it and adopt methods such as green well completions to reduce methane emissions during shale gas production. Further, EPA has recently proposed amendments to its regulations governing air emissions from oil and gas operations that will reduce methane emissions by the equivalent of 65 million metric tons

of CO<sub>2</sub>, largely by requiring green well completions in shale gas production, except where this would be technically infeasible or would pose a safety risk.

### **3. SEAB Recommendation: Protection of Water Quality**

AGA agrees with the Subcommittee that water protection is critical, even as the likelihood of properly injected fracturing fluid reaching drinking water through fractures is remote. AGA also agrees that a process of continuous improvement is needed to ensure that water supplies are not polluted by any actions resulting from shale gas development. It is particularly important to ensure that best practices are used to isolate and protect drinking water aquifers, in order to prevent methane migration. On that note, AGA understands that the American Petroleum Institute has developed industry standards on well construction/integrity, surface impacts mitigation and water management for hydraulic fracturing activities; these standards are reviewed every five years and will be updated in 2012.

AGA also endorses state-level initiatives that recognize the importance of protecting water resources, and urges the Commission to recognize the role of state laws governing water use and withdrawal. Further, the state-level discourse is crucial to the industry's efforts to engage in voluntary compliance programs. For example, earlier this year, the Colorado Oil & Gas Association's member companies – natural gas producers – signed on to a voluntary Baseline Groundwater Quality Sampling Program. This program's mission is to demonstrate that drilling operations are safe and do not compromise the quality of Colorado's water resources, and it is the first statewide voluntary groundwater quality monitoring program for oil and gas operations in the United States.

### **4. SEAB Recommendation: Disclosure of Fracturing Fluid Composition**

AGA supports the full disclosure of chemicals used in the hydraulic fracturing process. State regulators and industry stakeholders at the Ground Water Protection Council ("GWPC") have initiated a response to SEAB's 90-day report recommendations to expand the FracFocus database for chemicals used in proppant fluid. At the GWPC's annual forum on September 25, state officials passed a resolution stating that "FracFocus shall provide for the reporting of all hazardous and non-hazardous chemicals that were intentionally added and used for the purpose of creating a hydraulic fracturing treatment while protecting proprietary information... FracFocus shall defer to applicable federal and state standards and procedures with respect to proprietary information."<sup>2</sup> AGA believes that this is a significant step toward addressing public concerns that remain around the usage of chemicals in the hydraulic fracturing phase of shale development. AGA supports FracFocus as a national database and a vehicle to restore public confidence in the industry and its commitment to safe and environmentally sound practices.

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<sup>2</sup> Resolution 11-3, "Concerning FracFocus.org", September 25, 2011, available at <http://www.gwpc.org/advocacy/documents/resolutions/Resolution%2011-3.pdf>.

**5. SEAB Recommendation: Reduction in the Use of Diesel Fuel**

The 90-day report deals with two different aspects of diesel fuel use. One is the use of diesel fuel in equipment and engines used as part of the shale development process, and the other is the use of diesel fuel in hydraulic fracturing fluids.

AGA does not support the elimination of diesel fuel as an on-site fuel for drilling and other operations. However, AGA does support the increased use of natural gas in place of diesel fuel in field equipment where such use is practical and cost-effective— as the Subcommittee recommends, this conversion should take place as soon as practicable, recognizing that there are legitimate impediments to rapid conversion of such field equipment.

AGA supports industry efforts to move away from use of diesel fuel as an additive to hydraulic fracturing fluid and awaits EPA guidance on this issue, which is expected later this year.

**6. SEAB Recommendation: Managing Short-Term and Cumulative Impacts on Communities, Land Use, Wildlife, and Ecologies**

AGA supports the engagement of all critical stakeholders as it applies to environmental protection and the communities impacted by natural gas resource development. AGA believes that state and local regulatory agencies should be adequately staffed and funded to effectively serve in this capacity. AGA agrees with the 90-day report's recommendation that resulting regulations should be fact-based and goal-oriented.

**7. SEAB Recommendation: Organizing for Best Practices**

AGA supports an approach of continual refinement and improvement in safety and environmental practices that engages all stakeholders and rests on lessons learned in the information sharing process. The Subcommittee called for the creation of a shale gas industry production organization dedicated to continuous improvement of best practices. Whether existing multi-stakeholder processes are adapted or a new organization is created, AGA believes that it is important to improve the dissemination of best practices and for various stakeholders to understand what efforts are already underway to address legitimate public concerns.

**8. SEAB Recommendation: Research and Development Needs**

AGA believes that the federal government has a role in developing basic R&D associated with hydraulic fracturing technology. This effort could serve as a conduit supporting a national database to link public information sources on shale gas development. The Department of Energy also serves an important role in providing independent analysis of the potential benefits and impacts of resource development and how to ensure environmentally responsible domestic production.

AGA therefore urges the Subcommittee to prepare its final 180-day report with an informed, balanced view on the importance of safely and responsibly developing natural gas

resources for the benefit of our nation's consumers, energy goals and national security priorities. AGA hopes that the Subcommittee's final report will encourage and support policies that enhance the safe, effective and responsible use and deployment of our abundant, clean natural gas resource. AGA appreciates the opportunity to comment. If you should have any questions, please contact Chris McGill, AGA Managing Director for Policy Analysis, at 202-824-7132 or [cmcgill@aga.org](mailto:cmcgill@aga.org).

Respectfully submitted,

American Gas Association

A handwritten signature in blue ink, appearing to read "Paula Gant", with a long horizontal flourish extending to the right.

By: \_\_\_\_\_

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