CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

August 22 , 2013

Neil Kornze
Principal Deputy Director, Bureau of Land Management
U.S. Department of the Interior, Director (630)
Bureau of Land Management
Mail Stop 2134 LM
1849 C St. NW,
Washington, DC, 20240,

Attention: 1004-AE26

Re: Comments on Proposed Rule on Oil and Gas; Hydraulic Fracturing on Federal Lands

Dear Principal Deputy Director Kornze:

The undersigned members of the California Legislature urge major improvements to the Bureau of Land Management (BLM) draft regulations on hydraulic fracturing. It is essential that these regulations ensure the protection of public and environmental health and safety from well stimulation activities on public lands[1].

We call for the comprehensive regulation of all well stimulation activities to ensure that any contamination is readily identified and addressed. This includes thorough groundwater monitoring requirements that require the collection of baseline water quality data and site-specific monitoring post stimulation. In California, 30 million residents rely on groundwater for all or part of their drinking water and approximately 2 million may not have access to reliably clean drinking water. It is critical that we do not allow any new contamination from oil and gas drilling.

A fundamental shortcoming of the current draft is that the regulations would only apply to hydraulic fracturing and not to other forms of well stimulation, such as acid

[1] As currently drafted, BLM's regulations would affect both federal lands and 56 million acres of Indian lands. With regard to Indian lands, we ask BLM to respect tribal sovereignty; if any regulations are adopted that affect Indian lands, it should be with tribal approval.

stimulation, which can pose similar risks. Previous drafts of the regulations covered these processes, yet the scope is now limited. As justification for changing the scope, BLM stated that their definition of well stimulation "could also be interpreted to mean other operations such as thermal stimulation and maintenance fracturing," which the rule was not intended to cover. However, the BLM could have easily modified the definition to exclude these practices instead. Here in California, this is of particular concern.

These proposed rules will apply to the 47 million acres of federal mineral estate that the BLM manages in California, which includes parts of the largest shale oil reserve in the US, the Monterey Shale. This is almost half of the entire state's mineral estate. Some industry reports claim that the key to unlocking the Monterey may not be hydraulic fracturing, but that matrix acidizing and other forms of well stimulation may be more effective. Recent lease sales indicate there is a clear interest from oil companies for expanding operations on Federal land in California, raising the stakes for these rules. Acidizing poses many of the same environmental and human health risks as hydraulic fracturing – including risks related to mechanical integrity, chemical disclosure, and waste water handling – and should be regulated similarly. As such, the limited scope of the proposed BLM rules falls short of what is needed to protect California. We also note that the proposed rules do not address many related areas of risk including transport of chemicals, geologic site characterization, and updated well design and construction standards.

In June, the California Senate Committee on Natural Resources and Water and the Assembly Committee on Natural Resources jointly held an informational hearing on the subject of well stimulation, focusing on the use of acid. The hearing revealed that there is a need for greater oversight of these processes. Acid stimulation has been under regulated for many years, and, as a result, there is very little regulatory data available on these practices. This makes it very difficult to understand the risks involved, particularly as the technology evolves and is used in new and non-traditional ways. There are efforts underway as a result of this hearing to pass a bill – specifically SB 4 (Pavley) – that would encompass all well stimulation activities. Federal standards must meet those being developed in California, to create regulatory consistency and adequate protections. As the BLM itself states in the preamble to the proposed rule, " One of the BLM's key goals in updating its regulations on hydraulic fracturing is to complement State efforts by providing a consistent standard across all public... lands nationwide."

For many years, state and federal regulatory schemes have lagged behind the technology in use by drillers. While the BLM's decision to regulate hydraulic fracturing would start to address this problem, omitting all forms of well stimulation from this regulatory effort would likely ensure that regulators will

continually have to play catch up every few years as new well stimulation techniques are developed. The public's concern about the public and environmental health and safety risks associated with hydraulic fracturing and other well stimulation techniques will not be addressed without providing a regulatory environment that promotes transparency and accountability.

Sincerely,

Fran Pavley, Chair
Senate Natural Resources and Water Committee

Wesley Chesbro, Chair
Assembly Natural Resources Committee

Noreen Evans
Senate District 2

Mike Gatto
Assembly District 43

Jerry Hill
Senate District 13

Hannah-Beth Jackson
Senate District 19

Mark Leno
Senate District 11

Marc Levine
Assembly District 10

Bill Monning
Senate District 17

Mark Stone
Assembly District 29

Das Williams
Assembly District 37

Lois Wolk
Senate District 3

Richard Bloom
Assembly District 50

Nancy Skinner
Assembly District 15