



Summary

Sixteen months ago, the Bureau of Land Management released its proposed well stimulation and hydraulic fracturing regulation for Federal and Indian lands. The original intent of the rule was to ensure that the hydraulic fracturing process does not contaminate groundwater. IPAA opposed this rule because it imposes costs that are not commensurate with any benefits the rule might provide and because the proposed rule is duplicative of States' efforts to regulate oil and natural gas. IPAA urged BLM to produce a gap analysis identifying inadequacies in existing requirements that BLM's proposed rule would remediate. BLM has not done so.

BLM received 177,000 comments from interested stakeholders in response to the original proposal. To address the shortcomings documented in those comments, in May 2013, the BLM issued a supplemental proposal. Unfortunately, the revised proposal reflected in BLM's current rulemaking still fails to account for the facts related to hydraulic fracturing. BLM's proposal is technically unsound, and does not provide any benefits that the already-existing regulations currently provide. Because the revised proposal arbitrarily imposes costs without providing any corresponding benefit, IPAA still opposes the proposed rule and respectfully requests that the Administration withdraw the regulation.

Below are various technical issues that we believe make the rule unworkable.

Usable Water Definition Creates Confusion for An Existing Regulatory Structure: BLM's proposal defines all water as usable down to a 10,000 part per million total dissolved solids standard and requires operators to protect that water.

- **Contrary to current practice, the proposed rule assigns individual operators, not the State agencies with specialized knowledge of local water zones, the responsibility to determine what geologic areas require protection**
- **The proposed rule imposes significant compliance costs associated with additional cementing and logging obligations without providing any environmental benefit or additional protection**

State/Tribal or Basin Variance Language is Flawed: The proposal purports to contemplate a procedure by which BLM would recognize compliance with a State or Tribe's requirements as equivalent to compliance with BLM's rule but does not provide any process or procedure for securing the variance.

- **The variance process is unclear, discussed only in the preamble with no technical language or proposed regulatory language provided**
- **The variance provisions provide operational uncertainty because BLM would have unfettered discretion to revoke or modify the variance**

Economic Analysis is Inadequate and the Rule is Arbitrary and Capricious: BLM's economic analysis estimates costs of \$3,138-5,011 per well for a cumulative cost to industry of \$12-20 million.

- **An independent analysis estimates cost per well to be \$96,913 reflecting a cumulative annual cost of \$345 million**
- **BLM's analysis omits several significant categories of cost to industry**