

Congress of the United States
Washington, DC 20515

July 20, 2012

The Honorable Ken Salazar
Secretary of the Interior
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20420

Dear Secretary Salazar,

On Tuesday, June 26, 2012, the Administration officially announced the delay of the Bureau of Land Management's (BLM) proposed rules to regulate hydraulic fracturing on public and Indian lands for 60 days. While an extension may ensure greater participation from state and local governments, tribes, citizens, and potentially affected businesses and institutions, we still have several concerns regarding the proposed rules.

Hydraulic fracturing has the potential to revitalize our economy and provide an increase in future domestic energy supply. If this country is serious about moving toward energy independence, hydraulic fracturing must be part of the equation.

While we support appropriate regulation of oil and gas exploration and production, the proposed federal regulations on hydraulic fracturing could have significant consequences for the development of domestic energy. For several decades, oil and gas producing states have had comprehensive sets of state and local laws regarding hydraulic fracturing. These pre-dated, effective regulations are tailored to local geology and contain provisions on accountability, responsibility, and disclosure when necessary.

However, in May, BLM announced a proposal to regulate hydraulic fracturing on federal and Indian lands despite a comprehensive set of state and local laws already in existence. BLM alleges that in developing the proposed rules, it sought feedback from a wide range of sources, including state governments. We have heard from several interested parties that BLM did not listen to the feedback from oil and gas producing states. States overwhelmingly believe that federal regulation is not necessary. Consulting state governments and taking into consideration the needs of the states and local municipalities should have been a top priority for BLM in developing the proposed rules.

We are concerned about the lack of state consultation during BLM's rulemaking process and would like to know the following:

- 1.) Which oil and gas producing states and tribes did BLM consult in developing the proposed rules?
- 2.) If BLM did consult such states and tribes in the development of the proposed rules, what comments and feedback did they provide to BLM?
- 3.) What specific parts of the proposed rule did you adopt as a result of any comments received by the states and tribes?

- 4.) What incident on public lands is prompting BLM to move forward with the proposed rules?
- 5.) Were all parts of the proposed rules provided to the states and tribes for comments and feedback?

Furthermore, BLM has analyzed the cost and benefits of the proposed rules with the estimated benefits ranging from \$12 million to \$50 million per year. These figures indicate that current state regulations are inadequate and inefficient and that businesses and institutions may maximize profits with federal regulation. We ask that the BLM explain how imposing federal regulations on an already heavily-regulated industry would create such a benefit.

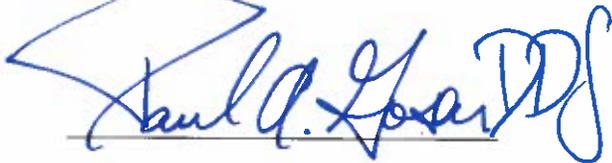
BLM also estimates that the costs of implementing the proposed rules ranges from \$37 million to \$44 million per year. Western Energy Alliance has conducted a more thorough economic analysis that takes into account all cost factors associated with the proposed rule. The full total estimated cost of the rule is \$1.615 billion annually in the aggregate with a per well cost estimate of \$253,800. Given that the rule exceeds the \$100 million threshold, we ask that BLM suspend the current rule making process while it conducts a thorough economic assessment as required by law.

Thank you for your attention to this important matter. We look forward to your prompt response.

Sincerely,





















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