

Natural gas drillers feeling pressure

Government considers forcing them to reveal more on chemicals

Jennifer A. Dlouhy, Houston Chronicle, 12-1-10

WASHINGTON — The Obama administration is considering forcing energy companies to reveal more details about the chemicals they use to help extract natural gas from public lands, Interior Secretary Ken Salazar said Tuesday.

The federal government is weighing the new disclosure requirements for natural gas wells on public lands that are stimulated using a technique called hydraulic fracturing, amid mounting fears that the practice can contaminate nearby drinking water supplies.

"There is a bright future with respect to natural gas in the United States of America," Salazar said at an Interior Department forum. But, he added, the nation must "move forward in a way that can reassure the American public that what we are doing is in fact safe and is protective of the environment."

Energy companies use hydraulic fracturing techniques - high-pressure injections of water, sand and chemical mixtures deep underground - to release natural gas locked in shale rock formations. Combined with horizontal drilling, hydraulic fracturing, called "fracking" in oil field parlance, is allowing companies to produce gas from rock that is barely permeable, unlocking what industry analysts generally describe as a 100-year supply of natural gas.

But environmentalists worry that chemicals used in fracking or natural gas escaping from poorly designed wells could taint water sources.

On Monday, those fears prompted the New York State Assembly to pass legislation that would bar approvals of new hydraulically fractured wells in the state until May. The state Senate passed the measure earlier this year, and New York Gov. David Paterson is expected to sign the moratorium into law.

Fracturing common

Fracturing is used in nine out of 10 wells on public lands, but the Bureau of Land Management, which oversees 250 million acres of public lands and 48,000 drilling leases, has not updated regulations for fracturing in years.

For instance, operators aren't specifically required to disclose the chemicals they use, said the bureau's deputy director, Marcilynn Burke.

And the bureau's well integrity requirements are modeled after state regulations and standards developed by the American Petroleum Institute, an industry group, said Steve Salzman, a fluid minerals division chief for the bureau.

The Environmental Protection Agency is about to launch a congressionally mandated study of fracking. It recently subpoenaed Halliburton Co. for more information on the chemical components of its hydraulic fracturing fluids after the company refused to provide the information voluntarily.

Although Halliburton began revealing information about its fracturing fluids on its website last month, the

disclosure falls short of what environmental groups are seeking, because it does not specify what chemicals are being used at particular sites.

The oil and gas industry is fiercely competitive, and companies are wary of revealing proprietary information that they believe gives them an advantage.

"Disclosure is very important, and we support that, and we want to do it responsibly," said Fred Toney, a Baker Hughes vice president. At the same time, he said, companies must protect intellectual property.

It's not 'poison'

"It's not that we're pumping poisons in there," Toney added. "It's just a specific formula we're trying to protect."

Energy producers insist that hydraulic fracturing is safe and stress that the chemical cocktails used in the process are water-based.

But public fear has been fanned by the industry's resistance to widely revealing details about the ingredients in fracking fluids, said Peter Lehner, executive director of the Natural Resources Defense Council. People naturally assume that if the chemicals aren't revealed, they must be toxic, he said.

Industry officials speaking at a separate Heritage Foundation event Tuesday acknowledged the skepticism.

"There is a growing sense of distrust of the industry, primarily due to backlash from the BP disaster," but also because of the disclosure issue, said Mark Boling, executive vice president of Southwestern Energy Co. "This debate is just going sideways, and it is not doing any of us any good."

Lee Fuller, vice president of government relations for the Independent Petroleum Association of America, said energy companies generally support disclosure of chemical information to regulators, "but that is different than providing information on a broad scale that is not understood by the public and that is being used, in many cases, to frighten them."

Administration officials at the Interior Department forum stressed that the White House is committed to natural gas production.

President Barack Obama highlighted natural gas as an area of possible common ground one day after the Nov. 2 elections put Republicans in control of the House starting next year and weakened Democrats' hold on the Senate.

Because natural gas combustion produces about half of the carbon dioxide emissions as coal, administration officials view it as a key way to slash the production of greenhouse gases linked to global warming.