

# **Analysts -- don't expect 'fracking' standards until after 2012 election**

**Andrew Restuccia, The Hill, 2-10-11**

A federal proposal laying out new standards for a controversial natural-gas drilling practice called hydraulic fracturing likely won't be issued until after the 2012 elections, an energy analyst said Thursday.

The practice is certain to be an election issue for lawmakers from states in which hydraulic fracturing is prevalent, but the timing of the standards would take that hot-button issue off the table.

In hydraulic fracturing, or "fracking," large quantities of chemicals, water and sand are injected into the ground to get access to valuable natural-gas reserves. Environmental groups have railed against the practice, arguing that the chemicals used in the process can pollute drinking water.

To address these concerns, the Environmental Protection Agency (EPA) is conducting a study on the impact of fracking on drinking water. The agency released a draft study plan this week that will be reviewed by scientists.

Analysts at ClearView Energy Partners, which was founded by aides in former President George W. Bush's administration, say that they don't expect initial results of the study to be released until the second half of 2012 and that there will be more conclusions released in 2014.

"This implies that any standards proposal predicated on the ongoing study may not surface until after the November 2012 presidential elections," the analysts say in a research note released Thursday.

The analysts said the timeline does not eliminate industry fears of the standards, but does allay near-term concerns.

"In our view, delay does not eliminate the regulatory overhang for operators, but it could diminish the near-term acuity of headline risks perceived by investors, because possible strictures may now appear years, rather than months, away," the research note says.

The analysts are watching the EPA study closely for signs that the federal government will intervene in state fracking regulations.

"[R]egulatory risks can be 'top-down' (e.g., EPA intervenes out of concern that state regulators may have inadequate resources to manage environmental risks) or 'bottom-up' (e.g., states lead the charge by tightening their own standards, potentially to pre-empt or obviate federal intervention)," the research note says.

Oil and gas industry groups have said the federal government should allow states to regulate the practice. But Democrats in Congress have called on the EPA to regulate fracking and to require companies to identify the specific chemicals used to get access to the natural-gas reserves.