

Oil economist says fracking fears are unfounded

Marga K. Cooley, Lompoc Record, 9-18-11

The chief economist for the American Petroleum Institute defended the safety of oil and natural gas extraction by “fracking” in a local interview last week and said the process is well regulated by state officials.

Concerns about groundwater contamination from the process known officially as hydraulic fracturing are unfounded and more regulation is unnecessary, added the API economist, John Felmy.

“Before you call for more regulation, prove there’s a problem first,” he said, speaking after an appearance on a local radio show.

Fracking, in which pressurized liquid is pumped into a wellbore so that the pressure cracks the surrounding rock, has been used since the 1940s, but only recently in Santa Barbara County. How it’s regulated is being debated at the state and federal level, as well as locally.

On Tuesday, the county Board of Supervisors will discuss whether to move forward with a local moratorium on the practice.

Felmy, however, said that fracking has fallen victim to “hysteria” brought on by misinformation, such as that contained in the film “Gasland,” and a lack of education on the subject on the part of both the public and politicians.

“As an industry we have to get out there because it’s (oil and natural gas production) so vital to the nation’s interest,” he said.

Felmy used as an example his home state of Pennsylvania, which has one of the largest shale gas reservoirs — the Marcellus Formation.

Because of the need for jobs in the state, he said, people recognize fracking “as an opportunity,” although Pennsylvania also has its share of fracking opponents.

But, he said, “you gotta do it right or you won’t be able to continue to operate.”

“Learn what it is before you listen to rhetoric,” he continued. “There has been a lot of irresponsible conversation.”

When fracking’s high-pressure liquid cracks underground rocks, it allows oil or gas to flow out at a greater rate than normal. The process is contained, industry representatives say, and occurs below the water table so that the chemicals injected into the well do not mix with groundwater.

Oil producers are not required to disclose their mixture of chemicals. Many, however, voluntarily state what chemicals are used without revealing the actual recipe, which is considered a trade secret.

Some of the chemicals used are toxic, including diesel, polycyclic aromatic hydrocarbons, methanol, formaldehyde, ethylene glycol, glycol ether, hydrochloric acid and sodium hydroxide.

The process is estimated to account for more than

30 percent of U.S. recoverable oil and gas reserves, and has been responsible for the addition of more than 7 billion barrels of oil and 600 trillion cubic feet of natural gas nationwide, according to the petroleum institute.

Fracking gained local prominence in June when rancher Steve Lyons discovered that wells on his property near Los Alamos had been fracked by Venoco Inc. Property owners have no power to stop the owners of their land's mineral rights from drilling on the land.

The operations on the Lyons ranch were the first known instances of fracking in the county.

Wells on property owned by Gerard and Kathleen Kilgallon were also fracked by Venoco, and in a June 6 letter to county supervisors, their attorney, Brian McMahon, stated that fracking causes risks in underground oil and gas wells, on the surface around the well site, in the transportation of fracking fluids and in disposal wells, and that it uses enormous amounts of fresh water and is much noisier than standard drilling.

He contends the county "has not been sufficiently vigilant in monitoring oil and gas drilling operations and in enforcing its regulations, given the environmental risks that fracking creates."

The fracking incidents led to informational hearings with state and industry representatives by the county Board of Supervisors, as well as several local meetings on the topic.

The California Division of Oil, Gas and Geothermal Resources has numerous regulations and monitoring protocols for fracking operations, including those to protect against fresh-water contamination. For example, all underground injection wells have at least two lines of steel defense against leaks in areas where fresh water is present,

DOGGR also requires operators to run periodic tests to ensure no holes have formed and seals are adequate, and has a comprehensive set of standards to ensure underground fresh-water resources are protected.

But locals say there are loopholes, and have asked the county to take more responsibility.

In August, the Board of Supervisors asked county staff to research the feasibility of a local moratorium on fracking and the possibility of a programmatic environmental impact report, which would require a broader look at the impacts of a fracking project.

On Thursday, Doug Anthony, deputy director of the county's Planning and Development Department, said that based on recent actions in the U.S. and France, county staff is recommending an amendment to the county's Land Use and Development Code rather than a moratorium.

The amendment would explicitly clarify that any hydraulic fracturing in existing or new wells requires approval of an oil drilling and production plan by the county Planning Commission.

Anthony said that supervisors may decide to go ahead with a moratorium, but they would need to work with the county's legal counsel on it.

He said that while state regulation of casings and cementing of new wells is good, concerns specific to fracking need to be addressed, such as formation fluids being released back up through the well head and the status of other wells in the vicinity that might be affected by the fracking process.

Anthony said the state also needs to address the disclosure of chemicals used in the fracking process.

“Industry is on record as saying they don’t oppose it (disclosure), and some members voluntarily disclose, but not everybody does,” he said. Disclosure needs to come before a fracking operation, not after the fact, he added.

With regard to a programmatic environmental impact report, the Coastal Oil and Gas Operators Group, made up of most of the oil producers in the area, told county staff during talks that there is no consensus to pay for such a report because not all members have plans to use fracking in existing or new oil extraction operations.

Additionally, Venoco Inc. expressed disappointment with fracking results at six California wells, according to the operators group, and plans to refocus on a less expensive, vertical-well program with acid treatment instead of fracking.

In a summary letter to the Board of Supervisors for their Tuesday meeting, Anthony refers to recent findings of the Shale Gas Subcommittee of the Secretary of Energy’s Advisory Board in four areas of major concern: possible pollution of drinking water from methane and chemicals used in hydraulic fracturing; air pollution; community disruption during shale gas production; and the cumulative effects on communities and ecosystems.

Several findings and recommendations may have relevancy for oil production, the letter states.

The subcommittee notes the “enormous difference in perception about the consequences of shale gas production,” and states that while hydraulic fracturing has been conducted over many decades, it was only in 2002 and 2003 that the industry combined the technique of hydraulic fracturing with that of horizontal drilling.