

# **Exxon Mobil, XTO face panel's questions on fracking'**

**Maria Recio, McClatchy Newspapers, 1-21-10**

WASHINGTON Exxon Mobil's proposed \$41 billion merger with based XTO Energy Inc. was met Wednesday with a largely favorable reaction on Capitol Hill - with one notable exception.

At a hearing to review the merger's competitive and environmental impacts, Rep. Ed Markey, D-Mass., chairman of the House Energy and Commerce Committee's energy and environment subcommittee, said the deal, which would expand Exxon Mobil's presence in unconventional natural gas markets, amounted to "a \$41 billion bet on what America's energy future will be."

"I think that's a smart bet," he said.

Texas Reps. Joe Barton, Michael Burgess, Ralph Hall and Gene Green were all supportive of the merger during the hearing. But Rep. Diana DeGette, D-Colo., vice-chair of the House Energy and Commerce Committee, sharply questioned XTO founder Bob Simpson and Exxon Mobil CEO Rex Tillerson about the environmental impact of the deal.

At issue for DeGette is a provision in the merger document nullifying the deal if Congress put limits on hydraulic fracturing, the drilling technique which forces water and a combination of chemicals and sand or plastic beads into dense rock to release hydrocarbons.

"As I have introduced legislation on hydraulic fracturing, this piqued my interest," said DeGette, whose bill would require the disclosure of chemical ingredients to comply with the Safe Drinking Water Act.

"Good news," said DeGette. "I support hydraulic fracturing. Let me say that again: I support hydraulic fracturing. My bill would not make hydraulic fracturing illegal, nor would it make it 'commercially impracticable.' I simply worry about the effects on drinking water if hydraulic fracturing is not done in an environmentally responsible manner."

In terse exchanges with Tillerson in particular, DeGette demanded to know how much regulatory disclosure now costs, with only four states with regulations on hydraulic fracturing, and the problem with disclosing the non-proprietary components in the blast.

"I've dealt with EPA," said Tillerson, saying the "devil is in the details."

"I don't know how the regulation is going to be written - nor do you," he told DeGette.

Asked if the proposed regulation amounted to being a deal-killer, or "commercially impracticable" as the merger document says, both Tillerson and Simpson said, "I do not know."

Markey tried to be a peacemaker at the conclusion of the hearing, saying, "There's no secret plot to ban hydraulic fracturing." Markey said that lawmakers, led by DeGette, have asked the EPA to study the impact of hydraulic fracturing on drinking water.

Tillerson testified that there are "over 1 million wells drilled with hydraulic fracturing and there is not one reported case of a freshwater aquifer being contaminated."

Simpson, who created the company with a handful of employees in 1986, testified about the benefits of the merger - which would create a new Exxon Mobil unit in Fort Worth, Texas - as taking advantage of XTO's experience in natural gas exploration and Exxon's financial capability.

"I believe it's a great American success story," Simpson said of his company. He recalled how when he built a home in Fort Worth 30 years ago, he couldn't get natural gas to heat it "even though I was in Texas." Now, the city is known to sit on the natural-gas-rich Barnett Shale.

But the folksy Simpson didn't exactly emerge unscathed from the hearing. Rep. John Shadegg, R-Ariz., took Simpson to task for saying that he "couldn't imagine" Congress would intervene in hydraulic fracturing.

"I find that statement to be stunningly politically naive," said Shadegg, a 16 year member who just announced his retirement from Congress. Later, his spokeswoman, Nicole Philbin, said that the congressman meant it in a "light-hearted, teasing manner."

DeGette spokesman Kristofer Eisenla said the lawmaker would seek a committee hearing on her bill, HR 2766, the FRAC Act - or Fracturing Responsibility and Awareness of Chemicals Act.