



## **Industrial Energy Consumers of America** *The Voice of the Industrial Energy Consumers*

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February 23, 2012

The Honorable Ken Salazar  
Secretary  
U.S. Department of the Interior  
1849 C Street, NW  
Washington D.C. 20240

Dear Secretary Salazar:

On behalf of the Industrial Energy Consumers of America (IECA), we urge you to not introduce new hydraulic fracturing related regulation on federal lands. Western states with federal lands already have regulations in place that protect the environment. New federal regulation is not needed and will slow natural gas and oil production just when it is needed most – impacting manufacturing jobs and competitiveness. Furthermore, gasoline prices are projected to reach \$5.00 per gallon this summer. Ample supplies of domestic oil will help to reduce the increases and prevent U.S. economic growth from stalling.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$700 billion in annual sales and with more than 650,000 employees nationwide. IECA membership represents a diverse set of industries including: chemicals, plastics, cement, paper, food processing, brick, fertilizer, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

IECA member companies have good reason to be concerned. In the period from 2000 to 2005 natural gas prices doubled and tripled because demand exceeded supply. We remember that the Bureau of Land Management's (BLM) permitting system, heavy with increased bureaucracy and inadequate staffing, resulted in thousands of drilling permit backlogs. Wells did not get drilled, natural gas and oil did not get produced and the manufacturing sector and the economy as a whole suffered. There were plenty of natural gas reserves and the federal government was directly responsible for the failure to allow producers access to the natural gas in order to produce it for us, the consumer.

The manufacturing sector lost 3.0 million jobs from 2000 to 2005 and a great number of these jobs were directly related to the high price of natural gas. Thousands of chemical, plastics, fertilizer, steel, paper, glass and aluminum manufacturing plants shut down. We cannot and should not let this happen again.

In a recent interview you have commented that rules to be proposed by the Department of the Interior will focus on “one, disclosure, two, well bore integrity and three, what happens with respect to flowback water.” Mr. Secretary, states, especially states with federal lands, have done an exceptional job in all three of these areas. It is also important to mention that federal

law already covers water quality and wastewater disposal issues. At minimum, we urge you to consult with the States and their regulatory agencies with federal lands, before advancing new hydraulic fracturing-related regulations.

For example, Department of the Interior regulations similar to those that exist under the EPA's Underground Injection Control (UIC) Program would be inappropriate given that the UIC rules are designed to keep injected waste in the ground rather than to allow safe oil and gas extraction. The result would be unnecessary delays of gas and oil production. The draft rules would require filing a hydraulic fracturing fluid disclosure for each well no less than 30 days in advance of operations. Once the disclosure form is submitted, no changes can be made to the stimulation fluid makeup without resubmittal and the start of a new clock.

Clearly, these rules would slow down the production of the gas and oil that we need for economic growth. Federal revenues from such production would slow as would revenue to the States themselves. There are no winners – only losers.

As significant consumers of natural gas, we support disclosure of fluids used in the hydraulic fracturing process. We have reviewed the Groundwater Protection Council and Interstate Oil and Gas Compact Commission national online registry, FracFocus (<http://fracfocus.org/>), and believe it to be a superb example of what is needed and demanded by consumers. We recommend that the Department of Interior implement FracFocus as the vehicle for monitoring and protecting health and the environment.

Since 2000, the manufacturing sector has lost 5.5 million jobs. For the first time in two decades, we have the potential for a manufacturing renaissance because of low natural gas prices. Low natural gas prices provide a strategic advantage over our non-U.S. competitors and companies are beginning to invest in the U.S. We urge you to not impose regulations that are unnecessary – the consequences are too great.

Sincerely,

Paul N. Cicio  
President

cc: The Honorable Jeff Bingaman  
The Honorable Lisa Murkowski  
The Honorable Doc Hastings  
The Honorable Edward Markey  
The Honorable Fred Upton  
The Honorable Henry Waxman