



July 10, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

The undersigned Governor of Virginia, Robert F. McDonnell, and Attorney General of Oklahoma, E. Scott Pruitt, write to express serious concerns with, and strong objection to, the U.S. Bureau of Land Management's (BLM) proposal to regulate hydraulic fracturing operations on federal and Indian lands. The rule will have significant and destructive impacts within our state borders and we request to have the proposal withdrawn based on the following:

- The arbitrary and capricious nature of the proposal by the lack of justification, erroneous cost estimates, clearly overstated and unfounded benefits, and failure to take into account the strong objections of affected states;
- The economic harm that states will suffer, both by increased costs to its citizens and investors, and by lost revenues;
- The states, not the federal government, are best positioned to appropriately regulate hydraulic fracturing operations. Current state regulations already provide effective and efficient oversight that is specific to the needs of the states.

It is important to note that today's shale energy revolution has been accomplished with a superb environmental record under the regulatory oversight of oil and natural gas producing states. Most of the lands where BLM has jurisdiction are in the West and Rocky Mountain states. These states have a long history of oil and gas production and are well suited to regulate well stimulation activities. More than one million hydraulic fracture stimulation operations, which are necessary to produce oil and natural gas from shales and other "tight" formations, have been performed safely. In addition, exploration and production companies follow appropriate operating practices on all lands within a state. And, states receive 50 percent of federal land oil and gas bonus, rental and royalty revenues within their borders, amounting to more than \$11 billion in 2011.

While the revolution has occurred primarily on private and state lands that have efficient permitting and regulatory compliance processes, some federal lands also produce energy from shale and have the potential to produce more. However, the BLM's proposed rule will only discourage exploration and production on federal and Indian lands, costing the federal government — and states that share in federal royalties — potentially billions of dollars in revenue. The BLM rule places sweeping new regulations on hydraulic fracturing and related operations — without any demonstrated problems that might need to be addressed. The BLM's proposal:

- Adds significant and unnecessary costs to the production of oil and natural gas without assuring additional environmental protection. Industry experts anticipate costs to the industry could reach more than \$1.3 billion annually;
- Includes numerous expensive and time-delaying measures such as cement bond logs that do not guarantee additional safety or effectiveness. Furthermore, BLM does not provide any scientific data showing there are incidents or problems with hydraulic fracturing that justify the proposed rule;
- Includes complicated permitting requirements that would further delay federal permitting times, which may already be best measured in months or even years, compared with weeks for permits granted by states. This would discourage exploration and production on federal and Indian lands leading to significant lost investment and employment for states with federal lands;
- Grossly underestimates the investment and employment costs. Although it incorrectly states that there would be an insignificant cost, the agency has gone so far as to state a belief that employment will go up because of additional work that will be required to comply with the proposed new regulations;
- Must be based on sound science and proven engineering practices, acknowledging differences between regions based on geography, geologic formations, hydrology and historic conditions of the areas. Current state regulations already provide appropriate oversight that is specific to the needs of the states.

We request the White House, Office of Management and Budget and Department of Interior carefully review the many state comments in response to the BLM's rule and withdraw the proposal to regulate hydraulic fracturing operations on federal and Indian lands. The strong and efficient track record of states to regulate oil and natural gas production as well as the rule's significant and destructive impacts on our states should be taken into serious consideration.

Respectfully submitted,



E. Scott Pruitt
Oklahoma Attorney General
Chairman, RAGA



Robert F. McDonnell
Virginia Governor
Chairman, RGA

cc: Ken Salazar, Secretary, DOI
Mike Pool, Acting Director, BLM