

**Press briefing teleconference on hydraulic fracturing guidelines**

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**Opening statement:**

Good morning everyone. Last week in Pittsburgh API hosted our “Commitment to Excellence in Hydraulic Fracturing,” a workshop that included nearly 300 participants from industry, state governments, and elsewhere. As we’ve seen in just the last few years, combining fracturing technology with innovative technological developments in directional drilling has spurred a revolution in shale energy development.

This revolution is already resulting in enormous economic growth and job creation in America. In Pennsylvania alone, development of the Marcellus shale created 72,000 new jobs from late 2009 to early 2011. In North Dakota, shale oil development helped drive down unemployment in the state to the lowest level in the nation and helped produce a state budget surplus of \$1 billion. In Arkansas, shale gas development has boosted state revenue by more than \$1.5 billion over the last few years, and we’re seeing similar results in Louisiana, Texas, and elsewhere around the country.

But it’s also true that this game-changing dynamic that will drive our nation’s energy future has generated some concern and raised questions, particularly in local communities:

- Can it be done safely?
- Can it be done in a way that protects the environment?
- How will it affect my town, from traffic and noise to housing and employment?

These are legitimate questions, and last week's conference is just one way for our industry to show that we're committed to doing it right.

The workshop highlighted how the API standards and industry practices are already being used to drive performance. The good news is that when it comes to hydraulic fracturing in the new shale developments, we didn't have to start from scratch.

In a moment, David Miller will explain how API is the recognized worldwide authority on oil and natural gas standards and recommended practices. For almost 90 years we've developed the voluntary industry standards that promote reliability and safety through proven engineering practices. Our standards program is accredited by the American National Standards Institute – the same organization that accredits programs at U.S. national laboratories – and our program undergoes regular independent audits to ensure compliance with ANSI rules. Again, you'll hear more about this in a moment, but suffice it to say we take our responsibility seriously.

In addition to promoting these standards and practices throughout the industry, we're reaching out to the regulators in states where shale energy development is occurring to share our knowledge and encourage them to help us raise the bar on performance. Already we've provided briefings to state officials in Pennsylvania, West Virginia, and Ohio, and more are scheduled. In Pennsylvania and West Virginia we were asked to return and provide full training to state regulators, and will soon return to Ohio.

As state regulators themselves reported to our conference last week, they are doing an effective, credible job of regulating energy development. And we were certainly pleased to hear members of Secretary Chu's Hydraulic Fracturing Subcommittee testify before the

Senate energy committee last week that they, too, believe states are doing an effective job.

Hydraulic fracturing and the development of shale energy are helping to change America's energy landscape for the better. They're creating jobs, generating revenue, and enhancing our energy security. And we've only just begun to tap into this potential.

Last week's workshop was the first of several we are planning to hold around the country. The industry is raising the bar on safety and working constructively with regulators, policymakers, and local communities to help build their trust and support so that we can continue producing the energy we know our nation will need.

My colleague David Miller will now describe API's standards program and our new guidelines on hydraulic fracturing. Then we'll both be available to answer any questions you might have.