

### INSIDE



#### 12,000 solar panels

Salt Lake City's Hunt Electric was the contractor that installed nearly 12,000 panels for SunEdison's South Milford solar generating station in southern Utah. The plant went online last month producing 12.8 megawatts of electricity.

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#### Issue Sponsor:



# Energy's Economic Impact

No other sector of Utah's economy produces as much as the 15% that comes from energy

**John Rogers**  
*The Enterprise*

When people think about the economy of the state of Utah, recreation and tourism are often the first to come to mind. But Gov. Gary Herbert reminds us they come in second in economic impact — behind energy.

Herbert recently released details of a new report showing Utah's energy sector represents \$20.9 billion in economic activity for the state — a full 15 percent of the state's total economy.

The report, titled *Energy and Energy-Related Mining in Utah: An Economic and Fiscal Impact Assessment*, was commissioned by the Governor's Office of Energy Development and produced by Las Vegas-based Applied Analysis using tools to model the direct, indirect and induced impacts of the state's energy sector.

According to the report, the petroleum refining sector accounts for the largest portion of the energy economy (\$7.2 billion), followed by oil and gas production (\$5.2 billion) and electricity generation (\$4.2 billion).

"The energy sector is the 15 percent of the economy that fuels the other 85 percent," said Herbert in a prepared statement.

"It is a critical industry we must work to grow, which is why it has been one of the four cornerstones of my administration and will continue to be."

Herbert became Utah's governor at the height of the Great Recession when Gov. Jon Huntsman was appointed ambassador to China by Pres. Obama.

It was at that time that he established energy development as a priority.

"We set as pillars economic development, education and energy with self-determination as the cornerstones [of his administration], as far as what we'd do to put this together. And frankly we've created a very business-friendly environment, I believe. In the private sector we've tried to keep government off the backs of the private sector, we've tried to make sure we have competitive tax rates, we've had regulation reform," Herbert recently told the website *Oil & Gas 360*. He points to the latter as contributing to the success of the energy sector.

"And we've been able to develop all sectors of our economy with the cornerstone of that effort being in our energy arena and, clearly, the results are in," he added.

The Applied Analysis report was researched before the current decline in the price of oil. This factor, combined with the so-called "War on Coal," which



# Energy excellence awards made to 3 firms, collaborative group

The Third Annual Governor's Excellence in Energy Awards were presented in four categories during the recent 2015 Utah Governor's Energy Summit.

The Energy Environmental Leader of the Year is Crescent Point Energy Corp. for the "Randlett Project: Innovation in Sensitive Species Management & Mitigation." Crescent Point was able to conduct a seismic survey over 90,000 acres of Duchesne and Uintah counties, under seven different administrative agencies, while simultaneously avoiding the habitat of numerous endangered and threatened plants. Crescent Point went beyond its legal obligation, to also avoid disturbing even species with no current legal protections.

Other finalists in the category were Basic Research for its "Strategic Energy Management Plan," which involves converting its 300,000-square-foot

facility with more than 200 employees into the first sustained net-zero manufacturing facility in Utah; and the Utah National Guard for "Statewide Solar Photovoltaic Projects" involving the generation of more than 4 million kilowatt hours of solar energy in 2016 as a result of the development of 10 strategic projects across Utah.

The Energy Community Leader of the Year is Anadarko Petroleum Corp. for "Anadarko: Active Community Leadership." Anadarko has supported communities from Price to the Uintah Basin through volunteer service and through financial donations totaling more than \$80,000 in 2014. Anadarko employees have provided service through a homeless shelter, a youth center, the Special Olympics, and many other community locations.

Other finalists in the category were the Iron County School District for "Energy Efficiency & Conservation

Programs" that demonstrate electricity savings of 25 percent, natural gas savings of 29 percent, and cumulative monetary savings of \$1.7 million; and the Salt Lake Community College Energy Institute for "Energy Workforce Education and Outreach" that prepares students for today's employment through energy management, solar photovoltaic systems, and line-worker training.

The Energy Innovator of the Year is Hansen, Allen & Luce Inc. for "Advanced Practices in Water & Energy Efficiency." The company used its expertise to save water, energy and money for communities throughout Utah. Some clients have been able to reduce their energy bills by 20 percent to 30 percent.

Other finalists in the category were Scatec Solar for "Utah Red Hills Renewable Park," a 105-megawatt (MW) facility in Iron County that

recently had its groundbreaking; and sPower, a utility-scale independent power producer that jumped from 40 MW of renewable generation in the first quarter to almost 350 MW operating or under construction by the end of last year. In the past six months, sPower has closed on nearly 500 MW of additional utility-scale development projects.

The Energy Collaboration of the Year award was presented to a team of Uintah County; Rio Blanco County, Colorado; the U.S. Fish and Wildlife Service; the Utah Division of Wildlife Resources; the Utah Public Lands Policy Coordination Office; the School and Institutional Trust Lands Administration; and the U.S. Bureau of Land Management for a project titled "A Collaborative Approach to Conservation: The Penstemon Agreement." The new conservation agreement establishes 44,000 acres of conservation areas on federal, state and private lands, and creates a mechanism for research and funding that would not have been provided through an endangered-species listing.



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*SunEdison's South Milford solar electricity-generating facility, consisting of nearly 12,000 solar panels, is now operational near Milford in southern Utah.*

## *Utah's largest solar plant goes online near Milford*

SunEdison's South Milford solar facility became the state's largest operating solar power plant with its completion and interconnection last month. The plant, which has been under construction since last fall, is now producing 3.8 megawatts of electricity.

PacifiCorp, an electric utility that serves 1.8 million customers in six western states including customers of Utah Power, will purchase the electricity according to its obligation under the federal Public Utilities Regulatory Policies Act. The purchase agreements and the price of the electricity were approved by the Utah Public Service Commission prior to

the construction of the South Milford facility to ensure a fair price for PacifiCorp customers.

"We're proud to announce the completion of Utah's largest solar power plant," said SunEdison executive vice president of Americas and EMEA Paul Gaynor. "This is the first of many SunEdison projects to come online in Utah, and SunEdison is leading the way with more than 700 megawatts of solar projects planned for delivery over the next 18 months."

Hunt Electric of Salt Lake City designed and installed the solar array on a 22-acre site near Milford. The

project incorporates nearly 12,000 solar panels, four inverters and four transformers.

The South Milford plant is expected to generate enough electricity to power more than 500 homes and should eliminate the emission of more than 12 million pounds of carbon dioxide per year, the equivalent of taking more than 1,200 cars off the road, SunEdison said in a release at the time construction was announced. PacifiCorp will purchase the electricity through a SunEdison 20-year power purchase agreement which enables customers to lock-in low-priced electricity at long-term

predictable prices.

Operation and maintenance of the solar power plant will be performed by SunEdison Services, which provides global 24/7 asset management, monitoring and reporting services for renewable energy producers.

SunEdison is the world's largest renewable energy development company, manufactures solar technology and develops, finances, installs, owns and operates wind and solar power plants around the world. Corporate headquarters are in St. Peters, Missouri, and Belmont, California, with additional offices around the world.

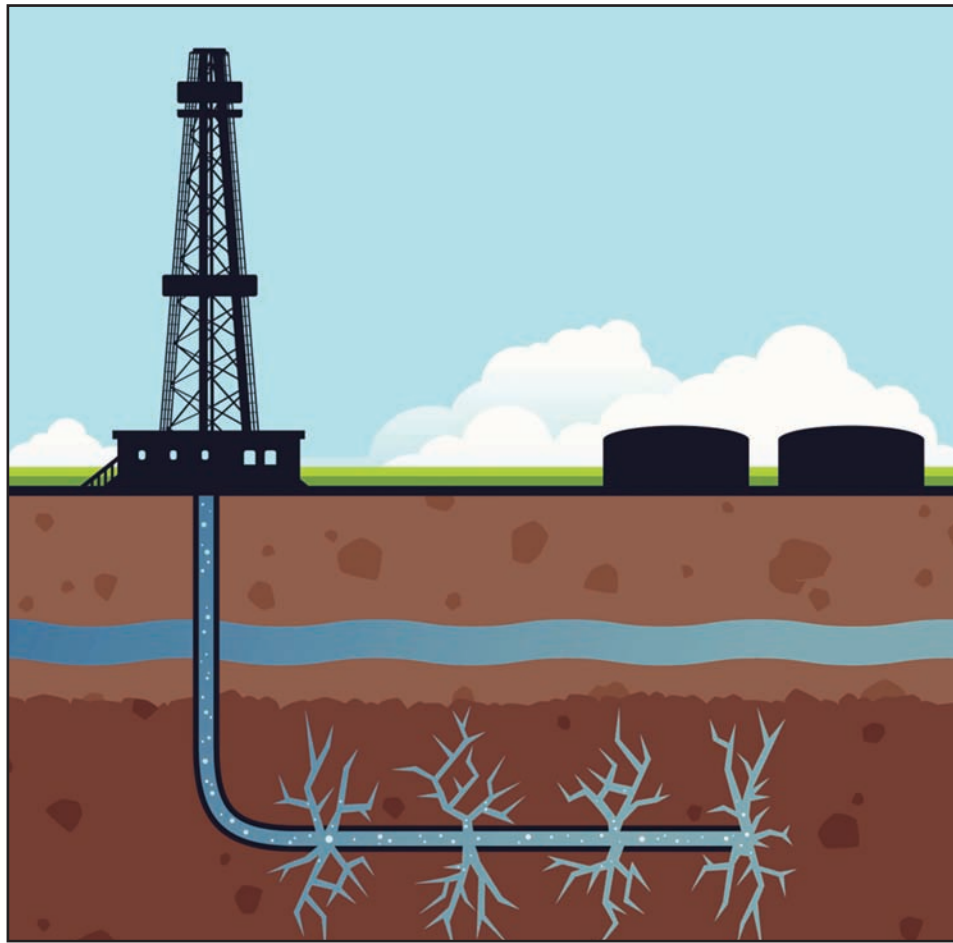
# Utah will join lawsuit against BLM over federal fracking rules

Utah will join three other energy-rich states in a lawsuit challenging a fracking rule issued in March by the Bureau of Land Management under the purview of the Department of Interior. The rule goes into effect in this month and imposes regulatory power over hydraulic fracturing operations on public and tribal lands.

Utah will join Wyoming, North Dakota and Colorado in a lawsuit challenging the rule, saying it unlawfully interferes with state regulations that already address the process, Gov. Gary Herbert said in a press statement issued recently.

The lawsuit suit also contends the rule is unnecessary, duplicative and will result in a reduction in energy production on federal and tribal lands without any demonstrable environmental or administrative benefits.

Herbert made the announcement during remarks last month at the annual business meeting of the Interstate Oil and Gas Compact Commission, a



group he chairs.

“There is no question the practice of hydraulic fracturing should be regulated in order to ensure protection of the environment,” Herbert said in his press statement. “However, adoption of the proposed rule would create an inconsistent, costly and inefficient regulatory system that provides no additional environmental protection or public safety than is offered by programs already enforced by the state.”

In its statement released in March, however, the Interior Department said that, as the rule applies only to development on public and tribal lands and includes a process so that states and tribes may request variances from provisions for which they have an equal or more protective regulation in place, it will avoid duplication while enabling the development of more protective standards by state and tribal governments.

see **FRACKING SUIT** pg. F10

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# New law provides incentives for energy, environmental development

Utah recently enacted new tax credits to address two important social issues: economic development in our rural counties and air pollution in our urban areas. The legislation, SB216, enacted in the 2015 legislative session and signed on March 30 by Gov. Gary Herbert, takes a novel approach to addressing these issues.

A sad irony in the rural counties, while they have most

of Utah's natural resources (particularly coal, oil and gas, minerals and good locations for solar and wind energy production), they do not have good infrastructure in place to use the resources within those rural counties. Rather, the infrastructure generally exists to get the resources to Utah's urban counties or to transport the resources out of the state altogether.

For years, the rural counties have been pushing for incentives to build infrastructure within their counties, which is necessary for any meaningful economic development. But, while they have been pushing bills like SB216, they have been unable to get them through the legislature. This year, that dynamic changed because the bill also addressed the needs of the urban counties. Indeed, SB216 passed 68-4 in the House and 25-0 in the Senate. The chief sponsor of the bill, Sen. Ralph Okerlund, represents the rural counties of Beaver, Garfield, Juab, Kane, Millard, Piute, Sanpete, Sevier and Wayne as well as the more urban Utah County. He is a member of the Rural Development Legislative Liaison Committee and the Governor's Energy Advisory Council.

For the urban counties, the bill provides incentives to reduce air pollution. While the economy in the urban counties is truly booming, air pollution serves as a significant restraint on future growth. In particular, most of our urban areas are restrained by Utah's PM10 and PM2.5 state implementation plans, required by the federal Clean Air Act. One of the most significant ways to reduce air pollutants, and thus to allow future growth, is to convert Utah's passenger car fuel to the U.S. Environmental Protection Agency (EPA) Tier 3 gaso-

line sulfur standard.

Many parts of the country will convert to Tier 3 by 2017, but the timeline depends on the size of the refineries making the gasoline. Because the refineries that supply



**DENISE DRAGOO**



**STEPHEN SMITHSON**

Utah's gasoline are relatively small, and they are thus less able to incur the substantial cost associated with retrofitting, they are not required to retrofit to produce Tier 3 fuel until 2020. Meanwhile, the federal Clean Air Act preempts the ability of Utah to require them to retrofit sooner.

Thus, SB216 makes tax credits available for businesses that spend capital to build necessary infrastructure in the rural counties or to retrofit

Finally, fifth, the new infrastructure must generate new revenue.

If a project meets these five requirements, it may be eligible to receive the new high cost infrastructure tax credit. To do so, it must apply to the Utah Energy Infrastructure Authority Board (the board), which will evaluate the project's benefits to Utah as to whether, 1. The project is likely to increase local property tax revenue, 2. The project would provide new types of infrastructure in an underdeveloped area, 3. The project would have a positive environmental impact, 4. The project would help sustain the economic viability of existing operations, and 5. The project is less likely to be completed without the tax credit.

One of the possible projects that might be eligible is expanded rail and pipeline services to the Uinta Basin,

tax credit is limited to the "infrastructure-related revenue" generated by that infrastructure during that taxable year. How infrastructure-related revenue will be defined remains an open question and the Governor's Office of Energy Development is currently preparing draft regulations to implement SB216, which will presumably define that term.

On the air quality front, SB216 limits the tax credit to 30 percent of the cost of retrofitting to Tier 3 fuels. Additionally, in determining eligibility for the tax credit for retrofit projects, the board will consider how soon the retrofit project will be complete. (There is little point in incentivizing activity after 2020 that would already be required by law; but, there would be great economic benefit to Utah to incentivizing retrofits as soon as possible.)

Because these are important economic issues for Utah, a quick adoption of rules implementing SB216 is advantageous to the state's economic development. Furthermore, the regulations will provide more clarity interpreting eligibility for the tax credit and defining infrastructure-related revenue. With these clarifications, the infrastructure tax credits will help to grow the overall Utah economy while having a positive impact on the environment.

Additionally, Utah may consider expanding SB216. For instance, the Wyoming Infrastructure Authority has \$1 billion in bonding authority to finance the construction of energy transmission and generation. Moreover, Wyoming has considered increasing the bonding authority to \$3 billion, expanding the types of projects eligible for bonding and expanding eligibility for the bonding to projects outside Wyoming so long as they benefit Wyoming economically. In this way, Wyoming has used its economic clout to finance projects that will further expand its economy. Utah might consider following suit.



Utah refineries to produce Tier 3 fuel. There are, however, significant thresholds for claiming these new tax credits. First, they are only available to new or expanded industrial, mining, manufacturing and agricultural activities and they are specifically unavailable to retail businesses. Second, the new or expanded activities must require at least \$50 million in capital. Third, the activities must require new infrastructure which must cost at least \$10 million or at least 10 percent of the total capital costs, whichever is greater. Fourth, the new infrastructure must be "high cost infrastructure," defined as energy delivery projects, railroads, road improvements, water supply projects, water removal projects and water delivery systems.

which would reduce the truck traffic and pollution associated with bringing Uinta crude oil to Utah's refineries while expanding the economic opportunities in our eastern counties. Other possible projects include the addition of solar and wind farms in southern Utah which would increase Utah's generation of renewal energy sources while providing new power availability for other rural economic development.

If the board approves a project for receipt of the tax credit, then the project is eligible to receive the tax credit for the shorter period of 20 years, the economic life of the infrastructure or the period to recover 50 percent of the cost of the infrastructure. But, for any given taxable year, the amount of the

Denise A. Dragoo and Stephen W. Smithson are attorneys with Snell & Wilmer in Salt Lake City practicing law in the mining, environmental and natural resources industries. Dragoo serves on Utah's Energy Advisory Council to the Governor's Office of Energy Development.



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## Weber State launches first-ever university-led solar purchasing program

Thanks to a partnership with Utah Clean Energy and the local community, Weber State University's Sustainability Practices and Research Center (SPARC) is making it easier than ever to add solar power to homes. On May 28, WSU launched the Susie Hulet Community Solar Program, one of the first-ever university-led solar purchasing programs.

Through a community volunteer committee, the program will help community members purchase affordable residential solar paneling using bulk-buying power to negotiate significant discounts with competitively selected installers. Through the program, citizens are eligible for a more affordable and more simplified solar installation process.

"It will be a great help to people interested in getting solar power on their homes, but don't know where to start," said SPARC director and WSU assistant professor of geography Alice Mulder. "It will serve to educate people on the basics and benefits of solar power, as well as facilitate the process of actually getting solar panels installed."

The program is named in honor of the late Susie Hulet, a longtime advocate and benefactor to nature and sustainability programs, who worked with the Environmental Issues Committee. Inspired by recent success at the University of Utah — which installed solar panel systems on 380 homes in its campus community — Susie and her husband, Elliott, first tested the program on their own home before joining forces with Weber State.

"Susie would be so proud to have this program named for her since she was so involved with sustainability at Weber State," Elliot Hulet said. "We love having solar on our home and are excited to help make this program available to the Weber State community."

The program is the newest addition to WSU's innovative sustainability efforts. Weber State was named to the Sierra Club's Cool School rankings in 2014 and was recently designated as a Tree Campus USA for the fourth consecutive year. WSU is also listed in the *Princeton Review's* Guide to Green Colleges for the fourth straight year.

"The ultimate goal of this program and our other efforts is to increase the use of renewable, clean energy in this region, both now and going forward," Mulder said. "Utah has a heavy reliance on fossil-fuel based electricity, but is well-suited geographically to a variety of renewable energy sources — especially solar power — that place a far less heavy burden on the environment and human health."

More information about the program is available at [weberstatesolar.org](http://weberstatesolar.org).



Solar panels on top of the Shepherd Union building on the campus of Weber State University.



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# New study makes case for lifting ban on exporting U.S. crude

**John Rogers**  
The Enterprise

United States producers can export coal, gasoline and natural gas. But, for the most part, U.S. companies aren't allowed to export crude oil. That's the law.

Utah Gov. Gary Herbert has expressed his desire that the 40-year-old ban be lifted. He feels that the ability to export crude oil that comes from the ground in the state would be a big boon to the petroleum industry here as well as nationwide.

"We're finding places where we can export our products," Herbert recently said in an interview. "You know it's an important aspect of what we're doing in Utah."

Herbert also pointed out the national security benefits of exporting crude oil. "It's really for a national security interest that we have trade with other countries," he said.

The economic case for allowing U.S. crude oil exports is convincingly set out in a paper released last

week by Margo Thorning, senior vice president and chief economist of the American Council for Capital Formation; William F. Shughart II, research director and senior fellow of the Independent Institute; and J. Fish Smith, professor in public choice at Utah State University's Huntsman

School of Business.

In the report, Thorning, Shughart and Smith have laid out the significant domestic economic benefits as well as the geopolitical impact for the nation should Congress and the Obama Administration eliminate the ban on the export crude oil.

"Our nation's energy landscape has gone from one of scarcity to one of abundance and it's time for our policies to start capitalizing on that reality," Thorning said. "The United States is in the midst of an unprecedented energy boon which few experts predicted. The decades-old rationale for crude export restrictions no longer applies. The economic and national security benefits that will come from exporting our crude oil resources can only be realized in new policies that embrace this era of energy abundance."

Shughart added, "These studies are conclusive that lifting the crude oil export ban will grow our economy and create jobs. Additionally it would provide a number of geopolitical benefits, including strengthened relationships with our global trading partners, while demonstrating our commitment to free trade. We risk those relationships — and our own credibility — by continuing to restrict the export of crude oil."

Sens. Lisa Murkowski (R-Alaska) and Heidi Heitkamp (D-North Dakota) introduced a bill in Congress in May to lift the ban. Murkowski is the chairman of the Senate Energy and Natural Resources committee.

The new paper examines multiple macroeconomic studies, the most recent of which was released last month by IHS, an energy-centered think tank in Englewood, Colorado. IHS estimated that lifting the export ban would create as many as 859,000 jobs and increase GDP as much as \$170 million by the year 2030. The reports all reach the same conclusion: Lifting the crude oil export ban will create jobs, boost domestic investment and gross domestic product, narrow the U.S. international trade deficit and put downward pressure on fuel prices. The paper also touches on the significant political and diplomatic benefits to the nation should the crude oil export restrictions be removed.

"While many countries use their energy resources to exert strength, we can export ours to promote peace while enjoying the domestic benefits of economic growth and job creation," said Thorning. "We have been absent from the global energy stage for too long and now is the time for lawmakers to take action so that the United States can take on a leading role."







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# Oil Refineries in Utah

*Ranked by Capacity in Barrels per Day*

Rank	Refinery Name	Phone Web	Number of Employees at Utah Facility	Owner	Capacity (BBL/Day)	Local Manager, Title
1	<b>Salt Lake Refinery</b> 474 W. 900 N. SLC, UT 84103	801-606-2180 tsocorp.com	230	Tesoro	58,000	Brad Shafer Senior Manager of Government & Public Affairs
2	<b>Chevron Salt Lake Refinery</b> 2351 N. 1100 W. SLC, UT 84116	801-539-7335 chevron.com	300	Chevron U.S.A. Inc.	50,000	Greg Gabel Refinery Manager
3	<b>Big West Oil, LLC</b> 333 W. Center St. North Salt Lake, UT 84054	801-296-7700 bigwestoil.com	225	FJ Management Inc.	33,000	Mark Keim President
4	<b>HollyFrontier</b> 1070 W. 500 S. West Bountiful, UT 84087	801-299-6600 hollyfrontier.com	250	Publicly traded	31,000	Michael Wright VP & Refinery Manager
5	<b>Silver Eagle Refining Inc.</b> 2355 S. 1100 W. Woods Cross, UT 84087	801-298-3211 silvereaglerefining.net	DND	The International Group Inc.	15,000	Jerry Lockie General Manager

DND=Did Not Disclose N/A=Not Applicable

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## ENERGY IMPACT

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has resulted in Utah losing some coal-related jobs, has caused strain on the energy sector. Herbert addressed this in the website interview:

“Well, one of the very smart things that we’ve done over the last few years is to diversify our economy. So, interestingly enough, Utah — 3 million people nestled at the foot of the Rocky Mountains — has the fourth most diversified economy in America today. So we don’t have all of our economic eggs in one basket, and so, when one sector can be down, another sector can be up. Clearly in some of our energy areas of the state with the dropping prices of oil, some of our eggs have laid down.

“We’ve had people that have been laid off and so unemployment has really increased somewhat in the energy field, in the oil fields and natural gas development. But we’ve had a resurgence now in coal. We have opportunities to export some of our coal to other areas of the world that are in need of low-cost energy. We use a lot of coal in cleaner processes and cleaner extraction processes and with

new technology here in Utah, which has helped keep our energy cost low — which again gives us some competitive advantage when it comes to economic growth and development.

“We’ve had some impact [from the oil downturn] but it has been fairly minimal and as you mentioned the prices are going back up. Even in the energy field we’re very optimistic about the future of energy development in the state of Utah.”

The University of Utah’s Bureau of Economic and Business (BEER) reports that Utah’s fossil fuel energy industry, including exploration, extraction, refining and power generation and transmission, employs 10,600 in the state with another 29,000 jobs in indirect and induced employment from the sector. BEER tabs the economic impact of tourism at \$7.4 billion and the Outdoor Industry Association estimates \$12 billion is spent by consumers in recreational pursuits in Utah.

Herbert touted the findings of the energy report at the fourth annual Governor’s Utah Energy Development Summit which was hosted by the Governor’s Office of Energy Development. The event featured Herbert and Gov. John Hickenlooper of Colorado with keynote remarks

from Greg Goff, CEO of Tesoro; Jack Gerard, CEO of the American Petroleum Institute; and Jonathan Weisgall, vice president of legislative and regulatory affairs for Berkshire Hathaway Energy. The summit drew an estimated 1,000 attendees.

While fossil fuels comprise the bulk of Utah’s energy sector economic activity, Herbert and the state’s energy officials like to point out that great strides are being made in other, sustainable energy sectors. Cody Stewart, the governor’s energy advisor, conceded fossil fuels are a big part of what Utah talks about.

“When 85 percent of our energy as a state is fossil fuels, that’s where the emphasis is going to be,” said Stewart. But he said that solar and wind are advancing under the governor’s “all of the above” energy strategy. He cited the recent operational startup of SunEdison’s utility-scale solar project in southern Utah. SunEdison is developing 22 solar projects in Iron and Beaver counties. They will all be online by fall of 2016, according to Bryan Harris, the southern Utah-based project manager for the company.

One concern that Herbert and other have expressed concerning

Utah energy development is the U.S. crude oil export ban that doesn’t allow producers to export internationally. He advocates the lifting of the ban because he said the state is “finding places where we can export our products. It’s an important aspect of what we’re doing in Utah.”

“I’m a free trade person. I don’t like government stifling the ability of entities to trade with each other. I think when we have free trade, which we hope is fair trade, I think our country benefits,” the governor told Oil & Gas 360.

“But I also would add that there’s another significant benefit that comes [with free trade]. It’s really for a national security interest as we have trade with other countries. We, in fact, foster friendships and better relationships. It’s pretty hard to do business with your enemies but it’s very easy to do business with your friends and as we, in fact, expand our economic trade agreements with other countries, we become their friends and partners and allies, and that’s good for us not only economically, but [it’s] a good force that fosters better relationships on a national security basis in the world.”

## FRACKING SUIT

from page F4

“Of wells currently being drilled,” the Interior Department said in its release, “over 90 percent use hydraulic fracturing.”

Hydraulic fracturing, or fracking, is a method of extracting oil or gas from deep underground. It involves the injection of a fluid mixture of water, chemicals and materials such as sand or man-made ceramic particles into shale beds in order to free up petroleum resources. The process causes fractures in the rocks below the earth’s surface, which are opened and widened by injecting the fluid mixture at very high pressure.

The combination of fracking and innovations in horizontal drilling has increased oil and natural gas production substantially by freeing up petroleum products that were previously not recoverable. Fracking is responsible for the recent boom in U.S. oil production, according to a report by Mason Inman published earlier this year.

In Utah, about 60 percent of oil and gas extraction happens in Uintah and Duchesne counties, said John Rogers, assistant director of the Utah Division of Oil, Gas and Mining. It also takes place in Carbon, Emery, Grand and San Juan counties.

Due to a downturn in oil prices, there are only six active drilling sites in Utah, down from 36 at the high point, Rogers said. But the numbers will increase if oil prices rise; it’s a cyclical business.

Fracking has been occurring in Utah since the 1960s. “Hydraulic fracturing is nothing new,” Rogers said, “but we’ve never had any contamination here.”

Generally speaking – not particular to Utah – fracking has become controversial because of reported contamination of wells and groundwater, the lack of disclosure about the chemicals used in fracking and concerns about storage and disposal of fracking fluids.

According to the Interior Department, the new rules will support safe and responsible fracking, improve safety and protect groundwater by updating requirements for wellbore integrity, wastewater disposal and public disclosure of chemicals used in fracking.

Several communities in the U.S. have banned fracking within their borders, according to foodandwaterwatch.org and some states have tightened regulations. Other states are prohibiting local bans. Texas Gov. Greg Abbott signed a bill recently prohibiting fracking bans, and similar efforts are cropping up in other states.

“Utah has a strong regulatory system in place for oil and gas develop-

ment, including hydraulic fracturing,” Herbert said. “So far, there have been no instances of environmental damage in Utah related to the integrity of a well undergoing a hydraulic fracturing operation. This is yet another unfortunate example of federal regulatory overreach.”

Most of the federal and tribal lands on which the BLM has jurisdiction and where the new federal rule will apply are located in states that have been effectively regulating oil and natural gas operations, including hydraulic fracturing, for decades,” Herbert said.

Rogers said the new BLM rules have the potential to slow down growth in the oil and gas industry. Wells on private and state lands will continue to be monitored by the state, but wells on federal lands will have to contend with the new regulations.

“It’ll hurt the overall economy of

the whole state, because the state is 67 percent federal land — that’s the problem,” Rogers said. “That doesn’t mean much currently, but when oil prices go back up, drilling activity will increase.”

Western state officials believe that because of the broad differences in geology, hydrology and topography across the West, the states are best equipped to design, administer and enforce laws and regulations related to oil and gas development, Herbert’s press statement said.

The benefits of the new BLM rule are questionable while the estimated costs of are significant, the governor said. The federal rule is likely to add years to the permitting process and hamper the drilling of thousands of wells in Utah.

The Interior Department’s final rules on fracking include these components:

- Provisions to ensure protection of groundwater supplies by requiring a validation of well integrity and strong cement barriers between the wellbore and water zones through which the wellbore passes.

- Requirements to publicly disclose chemicals used in hydraulic fracturing to the BLM within 30 days of completing fracturing operations.

- Higher standards for temporary storage of recovered waste fluids from hydraulic fracturing to reduce risks to air, water and wildlife.

- Measures to lower the risk of cross-well contamination with chemicals and fluids used in the fracturing operation by requiring companies to submit more detailed information on the geology, depth and location of preexisting wells to give the BLM an opportunity to better evaluate and manage unique site characteristics.



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