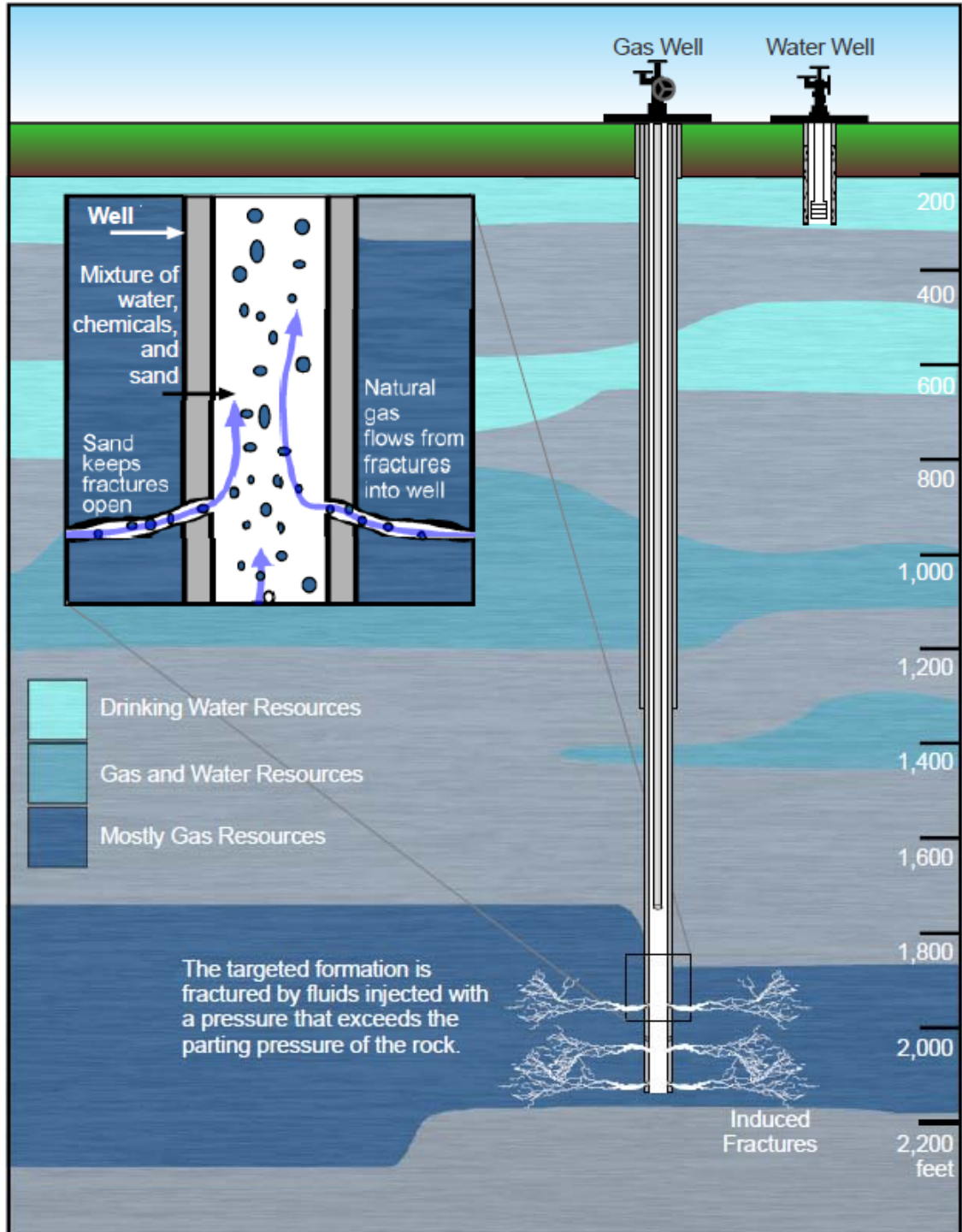
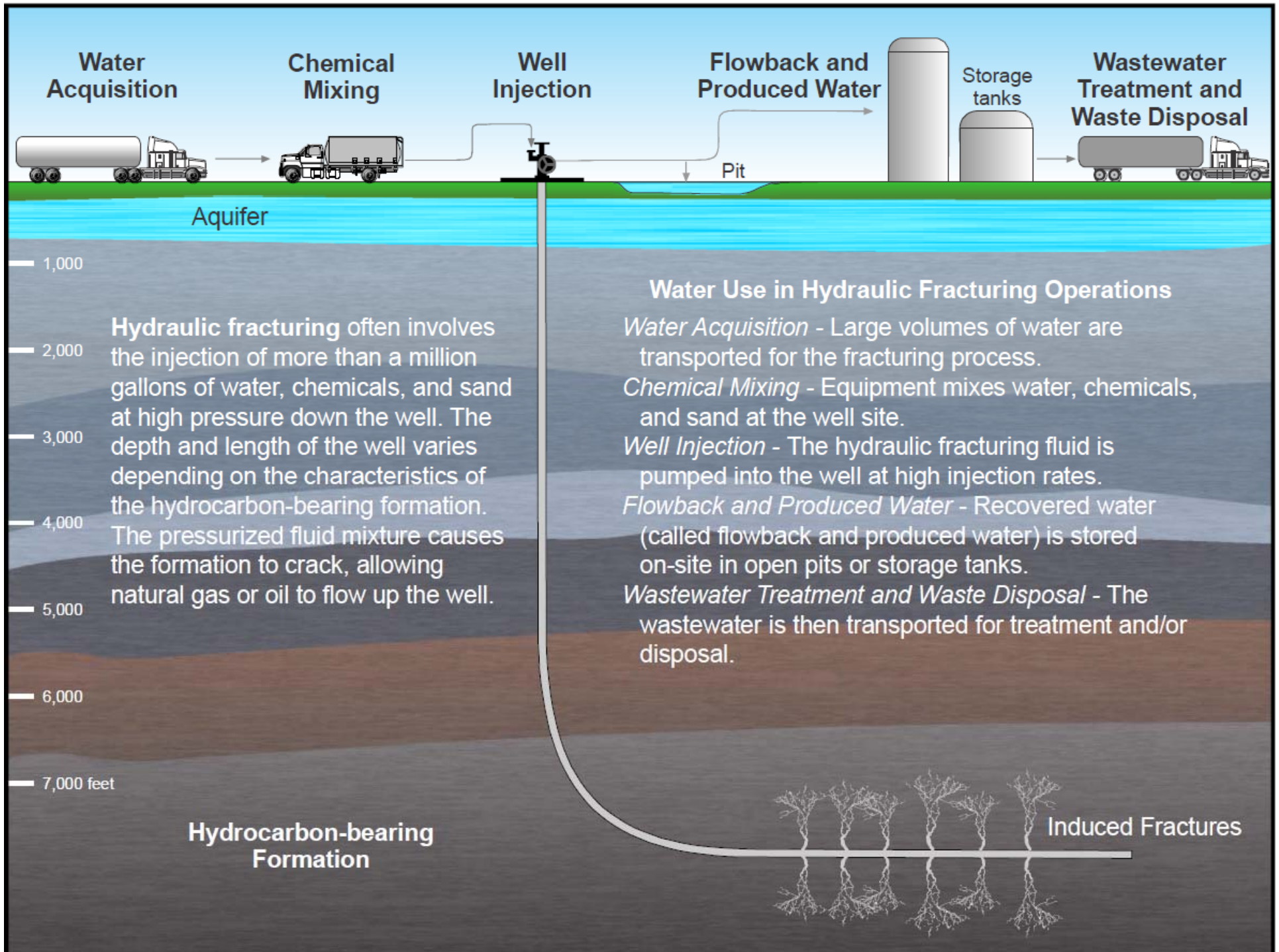


Briefing on Hydraulic Fracturing

- **What is hydraulic fracturing**
- **What are public concerns**
- **What is industry's perspective**
- **What is the regulatory framework**
- **What legislation is pending**
- **What are potential next steps**





Public Concerns Nationwide

- **Surface & groundwater contamination**
- **Lack of disclosure of fracking chemicals**
- **Potential increase of seismic activity**
- **Use of large volumes of groundwater**
- **Air emissions**
- **Lack of sufficient regulatory oversight**

Industry Perspective

- **Individual companies defer to associations**
- **California Independent Petroleum Association**
 - Supports goal of mandatory disclosure
 - Time-proven regulations for wellbore integrity
- **American Natural Gas Alliance**
 - Endorses disclosure
 - HF has proven track record
 - > 1 million wells in last 60 years

Regulation of Hydraulic Fracturing

- **Applicable Federal Regulation**
 - Clean Water Act
 - Hazardous Materials Transportation Act
- **Exempt Federal Regulation**
 - Resource Conservation/Recovery Act
 - Safe Drinking Water Act
 - Emergency Planning/Community Right to Know Act
- **EPA study underway**

Regulation of Hydraulic Fracturing

- **State of California**
 - **Division of Oil, Gas, and Geothermal Resources**
 - Regulations unspecific on hydraulic fracturing
 - Regulations comprehensive on wellbore integrity
 - **State Water Resources Control Board**

Regulation of Hydraulic Fracturing

- **Santa Barbara County**
 - **Land Use and Development Code**
 - **Oil Drilling and Production Plan**
 - Use of fresh groundwater
 - Potential significant impact to environment
 - Supplemental application
 - **CEQA lead agency**

Pending Legislation

- **Mandatory disclosure of chemicals**
 - **U.S. Congress companion bills - S. 587 & H.R. 1084**
 - **California legislator - AB 591**

Next Steps

- **CEQA analysis of hydraulic fracturing**
- **Monitor &/or seek legislation &/or regulations**