

Regulating the Environmental Impacts of Hydraulic Fracturing

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Identifying New Risks

- What risks?
- Why are they “new” ?
Technology, scale, site sensitivity
Water, waste, and air impacts
- Why is water contamination the biggest?
Quantity and quality
Disposal impacts

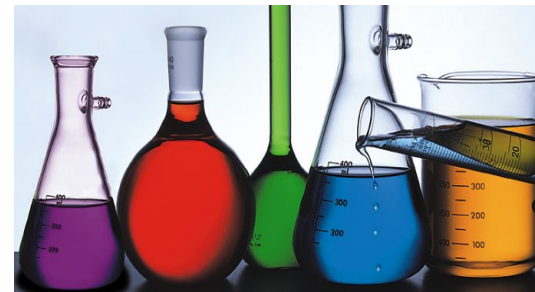


Key Issues in Regulatory Options

- What are the **processes** needing management and control?
- Who are the industry **players** responsible for the processes?

Setting the Standards

- Plenty of technical resources and ideas for fracking process control
- Industry, government, and some ngo work (e.g. API, state associations, EDF)
- Pollution prevention strategies attractive for water –focus on fracking wastewater chemical constituents and recycling



Making Standards Stick

- Traditional enforcement with inspections, citations, fines
- Nontraditional mechanisms, including markets
- **Major challenges to consider:**
 - State agency resource limitations
 - Number of players at phases of production
 - Their technical, managerial, and financial capacities



Makeup of Fracking Industry is a ?

- Wall Street Journal article says big oil company drillers acquiring smaller players
- Another WSJ article says smaller companies entering pressure drilling (fracking) phase
- Who is responsible for drill site operations and cleanup?
Multiple sources of spills and site pollution are hard to manage and monitor.
- Who is responsible for long term closure?
- What kinds of contract provisions allocate financial responsibility?

The Case for Insurance Requirements

- Well suited to multiplicity and diverse capabilities of industry players
- Reduces burden on government staff
- Allows adjusting rates to sensitivity of sites
- Insurance industry can contribute to development and transfer of best practices

AND

Show Me the Money

- Insurance provides resources for cleanup, closure, and compensation for harm to public resulting from poorly run operations.
- The best rules and processes for liability allocation don't make a difference unless money can be accessed for payment.



CUMULATIVE LANDSCAPE IMPACTS

