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ONE HUNDRED TWELFTH CONGRESS

Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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May 14, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton:

On October 13, 2011, we sent you a letter requesting that the Committee schedule a hearing on the practice of natural gas flaring at oil production facilities in the state of North Dakota. Flaring of natural gas squanders large quantities of an important and finite energy resource. Today we are writing to again request a hearing on this important issue.

In oil-rich shale formations, such as North Dakota's Bakken shale and Texas's Eagle Ford shale, natural gas often is produced along with crude oil. As oil production has boomed, so has the amount of gas produced, but industry has not developed the infrastructure necessary to process and transport much of the gas to market. This lack of infrastructure, combined with historically low natural gas prices, has made it cheaper for industry to burn the gas than capture and sell it. North Dakota producers vented or flared almost 35% of their dry gas production in 2010, according to the most recent data from the Energy Information Administration.[1] In Texas, the number of natural gas flaring permits issued has more than quadrupled over the past two years.[2]

On May 3, the World Bank's Global Gas Flaring Reduction Partnership reported that the U.S. shale boom caused global gas flaring to rise in 2011, reversing a downward trend. The United States now falls in the top 10 countries for natural gas flaring, along with Russia, Nigeria, and Iraq.[3] Globally, producers flared $100 billion worth of gas last year.[4]

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[1] EIA, *Natural Gas Gross Withdrawals and Production (*online at www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm) (accessed May 4, 2012).
[2] *Gas flaring permits surge in Texas*, Fuelfix.com (online at http://fuelfix.com/blog/2012/04/09/gas-flaring-permits-surge-in-texas/) (Apr. 9, 2012).
[3] *U.S. shale causes rise in waste gas pollution*, Reuters (May 3, 2012).
[4] *Id.*

As natural gas infrastructure has lagged in oil-rich areas in the United States, so has the regulatory framework governing natural gas flaring. In North Dakota, for example, state rules are permissive and allow oil producers to flare natural gas at an oil well for at least a year after production begins, offering industry little incentive to identify alternatives.[5] EPA recently finalized rules requiring hydraulically fractured natural gas wells to use technology that captures air pollution and associated gas; however, these standards do not apply to oil wells that co-produce natural gas. EPA says it did not have sufficient data to set standards for oil wells at this time.[6]

Members of this Committee, both Republican and Democrat, have recognized the importance of natural gas to the nation's energy future. As such, we should be working together to ensure that industry, state regulators, EPA, and the Department of Energy are committed to reducing this senseless and harmful waste of a precious natural resource.

We urge you to schedule a hearing as soon as possible on this matter.

Sincerely,

Henry A. Waxman
Ranking Member

Bobby L. Rush
Ranking Member
Subcommittee on Energy
and Power

Diana DeGette
Ranking Member
Subcommittee on Oversight
and Investigations

cc: Chairman Ed Whitfield
Subcommittee on Energy and Power

Chairman Cliff Stearns
Subcommittee on Oversight and Investigations

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[5] According to the Congressional Research Service, after one year, the producer must cease flaring and cap the well, connect it to a natural gas gathering line, or equip it with a generator that uses the gas as fuel. Violators must pay fees on the value of the flared gas. State regulations allow exemptions from this penalty, such as when it is not economically feasible to connect to a gathering line. See North Dakota Century Code 38-08-06.4.

[6] EPA, *Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews* (Apr. 17, 2012) (final rule).