

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

[LB664]

The Committee on Natural Resources met at 12:00 p.m. on Wednesday, May 27, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB664. Senators present: Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; and John McCollister. Senators absent: Ken Schilz, Chairperson; and David Schnoor.

SENATOR FRIESEN: I think we'll call the meeting to order, the hearing, and we'll go over a few rules first. What we will do is we will operate with a light system. We will give each person three minutes. I think in Scottsbluff there you can also have some indication. I will indicate to you when the three-minute time period is. I think you'll be able to see when the two-minute warning is shown. But I will cut you off at the three-minute mark. We will operate with the light system here. Each person will get three minutes. We will jump back and forth between Scottsbluff and here. We'll do like three testimony from each spot and we'll move back and forth until we can cover everybody that we possible can. We are on kind of a limited time schedule, so we'll try and run this fairly tight. I will let each of the senators that are present introduce themselves as we go around, and we'll start with Senator Kolowski.

SENATOR KOLOWSKI: Senator Rick Kolowski, District 31, southwest Omaha.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR HUGHES: Senator Hughes, District 44, ten counties in southwest Nebraska.

SENATOR FRIESEN: And I'm Senator Curt Friesen, District 34, and we're still waiting for Senator Schnoor and Senator McCollister to show up and Senator Johnson. I don't know if they will be here or not. We're still in the middle of a floor debate in the Legislature, so bear with us. One other thing, if you want to testify, make sure you've picked up a green sheet, turn it in. And I guess I should make sure I...Laurie Lage who sits to my left here and Barb Koehlmoos is the reporter here, so. Thank you very much and I would also like to acknowledge B.J. Peters in Scottsbluff, the ESU 15, for helping coordinate the side over there. We appreciate that. I think it does...it worked well the last time we did this and you did a great job. We appreciate it. [LB664]

B.J. PETERS: Thank you, Senator. We do have just for your own bookkeeping, I have eight sheets for proponents here for testimony. I have one opponent and one neutral party that would like to testify. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

SENATOR FRIESEN: Okay. Thank you very much. That does help. How many people wish to testify here? Okay. We are probably going to start over here and we'll probably run like four people, three people over there. We'll try and balance it out. Okay. Senator Chambers, I believe you are up. [LB664]

SENATOR CHAMBERS: Thank you, Mr. president. I'm Ernie Chambers. I represent the 11th Legislative District in Omaha. And, Senator Schilz, I must say, you look better than I've seen you looking in a long time. (Laughter) [LB664]

SENATOR FRIESEN: Thank you for the compliment. [LB664]

SENATOR CHAMBERS: What I intend to do since people have come here to testify and there are people on the other side of the state in Scottsbluff, I will keep my presentation very brief. And rather than even go into my statement of intent, the language of the bill is succinct and to the point. I will read that as my opening and people will know what the bill is about. But before I read it, I will make this point clear. The bill was offered late in the session. There were 31 cosponsors, and it was a desire to show the public that, in view of what has been going on with the fracking incident, the Legislature was aware of the concerns that they had. Introducing this bill as we did was to show that the Legislature is being responsive. But since we're near the end of the session, there's nothing that can be done other than to give the public a chance to be at a public forum where their testimony will be taken, will be recorded, will be transcribed. So I'm going to read this, and then any questions you want to put to me I'll answer, otherwise I will leave as much time as possible for those who came to testify. The commission, meaning the Oil and Gas Commission, shall require any person applying for permission to dispose of wastewater, including wastewater generated from oil and gas well production in other states, by injection into commercial saltwater injection wells in Nebraska to provide a listing of all chemicals in the wastewater. If the application is granted, the commission shall require semiannual updates to the listing of all chemicals in the wastewater. The listings shall be public record. And one other thing in the interest of a complete statement, this bill is being heard by the Natural Resources Committee. This committee is going to conduct an interim study during the summer, and that's the opportunity the committee will have to gather new information, more information, and the public can have their input. I think I've fulfilled my obligation to the best of my ability based on what I perceive it to be, but I'll answer any questions that you may have. [LB664]

SENATOR FRIESEN: Thank you, Senator Chambers. Are there any questions from the committee? Seeing none at this time. [LB664]

SENATOR CHAMBERS: Just one thing, do you need me to hang around? [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

SENATOR FRIESEN: I don't think...unless you feel you need to, I don't think we need that. [LB664]

SENATOR CHAMBERS: Okay. Because I want to be available for the...you know what's going on, on the floor. [LB664]

SENATOR FRIESEN: Okay. Appreciate that. [LB664]

SENATOR CHAMBERS: Okay. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Senator Chambers. Okay. The first proponent wish to come forward. And if we could keep people lined up and move through as quickly as we can. Yes. You may go. Welcome. [LB664]

SENATOR STINNER: Welcome. My name is John Stinner, last name is spelled S-t-i-n-n-e-r. I believe that's how we have to check in, right? First of all, I want to thank the committee again for setting up Scottsbluff with this type of arrangement. This helps, first of all, from a travel situation, but certainly their input is valuable. I want to thank Senator Chambers for LB664, which is really a placeholder motion by Senator Chambers. I do want to say we do have a legislative review scheduled, I believe it's going to be in June, for this committee. That will take a look at the commission, the Oil and Gas Commission, in a more comprehensive fashion. We still have LB512, which is a bill that I presented, still in this committee as a placeholder. It deals with assessing fees so that we have the capacity to monitor these wells and also to...a fee in order to redo roads, if you will. That can be expanded. There's been a lot of issues that have come up since this time, and I need to get out of the way and let the people in Scottsbluff and the people here testify. But I just wanted to introduce that, give a chronology of what we have in place right now, and thank the committee for their efforts. [LB664]

SENATOR FRIESEN: Thank you, Senator Stinner. Any questions? Seeing none, thank you. [LB664]

KEN WINSTON: (Exhibits 1-3) Good afternoon, Senator Friesen, members of the Natural Resource Committee. My name is Ken Winston, appearing on behalf of the Nebraska Sierra Club. My last name is spelled W-i-n-s-t-o-n. The Nebraska Sierra Club supports LB664 for many reasons and I'm going to talk about three of them today. First of all, it's just a common-sense idea that we need to protect our water because it's our most valuable natural resource and it's being held by the state in trust for its people. The public's right to know the contents of any substance that could contaminate our water and impact human health and safety must trump any claim of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

confidentiality. Make no mistake, the proprietary exemptions in FracFocus allow companies to hide anything they do not want to disclose. Then the second point is just the fact that the Oil and Gas Commission, and I notice they have representatives here today, but they disregarded input from the people who spoke at the March 24th hearing and other contacts that people made. There were eight political subdivisions; 47 of the 50 people who testified at the hearing on March 24, including Senator Haar, testified in opposition to the application. The NOGCC ignored all of that. But I would submit there is no rule which permits them to limit testimony in the manner in which they've done. When questioned, they have referred to a rule regarding notice which is far different from testimony. Then the final thing that I want to point out is the fact that the overwhelming majority of Nebraskans want full disclosure of all contents of fracking materials. Eight-four percent of the 536 Nebraska residents surveyed by research associates stated they believe all the contents of fracking materials should be disclosed to the public. I would be glad to work with the committee and other interested parties to craft legislation that best represents the interests of the people of Nebraska. I also want to offer into the record a letter from Clyde Anderson in support of LB664. And then there's only one copy of this, but this is testimony collected from Nebraskans collected by BoldNebraska.org, and there's 260, at least 260 people who have indicated they support LB664. We'd be glad to answer any questions. [LB664]

SENATOR FRIESEN: Thank you, Mr. Winston. Are there any questions from the committee? Seeing none, thank you. [LB664]

KEN WINSTON: Thank you. [LB664]

SENATOR FRIESEN: Next proponent. [LB664]

MARIAN LANGAN: (Exhibit 4) Good afternoon. I'm Marian Langan. I'm here today representing Audubon Nebraska, and it's L-a-n-g-a-n. I submitted a letter. I'm not going to read it all because there's many people here that want to speak. But I know you know that Nebraska's water resources are truly envied around the world and we have an international leading institute at the university, the Robert B. Daugherty Water for Food Institute, because this issue is so important for us. And it's so important that water sustainability was a major focus of the last two previous sessions of the work of the Legislature. I'm here representing Audubon, so you can excuse my using this particular saying, but it's an ill bird that fouls its own nest. We do not understand the implications of this practice. There are problems emerging all over the country and, you know, technology changes, we're going to be tapping in deeper and deeper in the future. Water is going to be an issue everywhere. And for us to mess with what we have as one of our primary resources just doesn't make any sense whatsoever. We support the disclosure of, you know, whatever materials and contaminants and pollutants are in that fracking waste, the very least we should know. The citizens are depending on the Legislature in this circumstance. You all

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

are the front line. We really appreciate you taking this very seriously. We need your help. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Ms. Langan. Any questions from the committee? Seeing none, thank you for your testimony. Next proponent please come forward. And in Scottsbluff, if somebody wants to get ready, you'll be up next after this one here. So if you want to get lined up, we'd be ready to go. Okay. Welcome. [LB664]

CYNTHIA TIEDEMAN: Thank you. My name is Cynthia Tiedeman, T-i-e-d-e-m-a-n. I'm the natural resources director for the League of Women Voters of Nebraska, and we are in support of LB664. The League has been in the forefront of protecting mother earth for decades, consistently supporting legislation to preserve our water and protect our public health. One of Nebraska's greatest resources is our water and we are concerned about protecting it. The League supports transparency always and comprehensive public disclosure of all wastewater fluid content which may be deposited in our land or spilled during transport. I also want to speak as a concerned citizen and a retired registered nurse because I'm concerned about the chemicals. A lot of times these are linked to health problems such as cancer, neurological problems, problems with pregnancy, and they should be known to the healthcare providers in our community and our state prior to an event. When companies don't want us to know what's in their wastewater, it makes me worried about how dangerous these chemicals may be. We should know all chemicals deposited in our land and there should be monitoring of these chemicals for the good of the public health. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Ms. Tiedeman. Any questions from the committee? Seeing none, thank you for your testimony. Okay. Now we'll move to Scottsbluff. [LB664]

B.J. PETERS: Go ahead. [LB664]

BESS CARNAHAN: Honorable Senators and especially Senator Chambers, thank you for this bill, LB664. [LB664]

SENATOR FRIESEN: Could you please state and spell... [LB664]

BESS CARNAHAN: My name is Bess Carnahan from Lyman, Nebraska. [LB664]

SENATOR FRIESEN: Could you spell your name, please? [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

BESS CARNAHAN: C-a-r-n-a-h-a-n. LB664, the only objection that I have is that it needs to be stronger, specifically, a bond of a million dollars or higher, and at least in the amount that would cover costs of remediation in the event of accident or spills. Also, the testing should be done on loads arriving at the disposal well site and tested randomly and much more frequently than semiannually. Fracking fluid contents are changed based on the need. The first frack used is the least amount of chemicals. Wells are routinely fracked 12 or more times, each time with increased amounts of chemicals. Injected high-viscosity fracking fluids cause distinctly different fracturing actions. It is absolutely imperative to know what is being injected or dumped into formations under Nebraska aquifers. Scientific research shows that mixing under pressure can cause unknown and unanticipated actions. Nebraska must know exactly what is going down the bore holes at disposal wells. Robert Harrison, occupational medicine physician at the University of California-San Francisco, is investigating recent deaths of oil field workers due to inhaling toxic vapors when opening the hatch of storage tanks. There were three deaths in Colorado, three more in North Dakota, and one each in Texas, Oklahoma, and Montana. Harrison says that just breathing these chemicals at the right amount can kill. The CDC says inhalation victims can suffer cardiac arrhythmia, and exposure to toxic chemicals can cause inadequate ventilation of lungs. The suspected toxic vapors include benzene, a known carcinogen, hydrocarbons like ethane, propane, butane, toluene, to name a few. The only people that are opposed to LB664 are those who will benefit financially from not having it. Thank you. [LB664]

SENATOR FRIESEN: Thank you for your testimony. Next proponent from Scottsbluff.
[LB664]

PATTY GOODSCHMIDT: My name is Patty Goodschmidt, P-a-t-t-y G-o-o-d-s-c-h-m-i-d-t. I am a Sioux County landowner in...north of Mitchell, Nebraska. I represent 800 signatures from western Nebraska that are against not disclosing the chemicals in this wastewater well. We need full disclosure of all chemicals in fracking water. From the beginning of fracking of an oil well to the end, chemical mixture changes as the wells are fracked longer. We have been told by the gas and oil people, industry that we...that it is just salt water. I would like to know how salt water burns at saltwater disposal sites as it did in Williston, North Dakota; Cheyenne, Oklahoma; Alexander, North Dakota; and recently in Greeley, Colorado. These fires were caused by lightning and human error, and lives were lost. Some of the chemicals in the toxic stew are benzene, toluene, ethylbenzene, xylene, arsenic, chromium, lead, mercury, ethylene glycol, hydrochloric acid, and formaldehyde. There are also natural occurring chemicals, radioactive radium and radon, barium sulfates. Once we have contamination into our aquifer, it will be impossible to clean up and we will have lost our most valuable assets in Nebraska, our water. Please vote for full disclosure of the chemicals in the fracking water, and please keep it out of our water systems in Nebraska. Let's not be like California who are now closing 140 saltwater disposal wells because they have contaminated seven aquifers with usable water which are now contaminated. Our water safety should not be in the hands of the Gas and Oil Commission. It

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

should be in the hands of an agency that has the means and resources to test and monitor trucks, groundwater, and freshwater wells. Please do not leave the fox to guard the henhouse. Thank you. [LB664]

SENATOR FRIESEN: Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you for your testimony. Okay. One more proponent from Scottsbluff and then we'll...the next one can be seated here and we'll be ready to go here. Welcome. [LB664]

WILLIAM RANEY: Hello. My name is William Raney, W-i-l-l-i-a-m R-a-n-e-y, and I believe that the Sioux County wastewater injection well should not happen for the reasons that...for Nebraska not being used as a test site or as a dumping ground for other states' unneeded waste. Ever since the Sidney trip, a thought has plagued me in my mind, that if the fracking wastewater is just salt water and methane, then why can't the states they originated from dispose their own waste? Also, if you look at the water-to-chemical percentage, you can see that there's a great...that it is a great waste of limited resources just being pumped into the ground and out of the natural water cycle. Why can we not try to separate the deadly materials, such as the chemicals, and use from the life-giving material such as water and not use them in evaporation ponds? It is time that Nebraska and the United States of America decline off the fracking and fossil fuels and move to more renewable energy resources, for the decision today could change the future generations' outlook upon us and with pride or shame in the actions of today and days like this. For the sake of my generation, the next generation, and the future of the earth, terra firma is too fragile to take any more abuse. So we should just stop the use of fracking materials and we should start using more renewable energy sources. I have a quote here relevant to the case that was from Gandhi. "The earth provides enough to satisfy every man's needs but not every man's greed." Thank you for listening. [LB664]

SENATOR FRIESEN: Thank you for coming to testify. Are there any questions from the committee? We do appreciate your coming and be willing to testify. You seemed a little nervous, but we do like the input. Thank you. Okay. [LB664]

WILLIAM RANEY: You're welcome. [LB664]

SENATOR FRIESEN: The next proponent from here. [LB664]

JANE KLEEB: (Exhibit 5) Good afternoon, Senators. My name is Jane Kleeb, K-l-e-e-b. I live in Hastings, Nebraska. I have copies of the petition language that we have up on our Web site so you can see exactly what we're telling folks in Nebraska. And Mr. Winston submitted over 200 comments specifically on this bill, but there's also over 9,000 folks who have signed a petition in

Natural Resources Committee
May 27, 2015

support of a fracking moratorium until we can get more information on the books and the proper laws on the books. One of the problems that we're facing in our state is the energy industry is changing rapidly and our state laws simply have not been able to catch up to that speed. We're not a fracking state. We're not really an oil state. We're mostly an ag state and we have lots of laws on the books in order to protect our state's economic interests. But we don't have the proper laws on the books to really protect the interests of our land and water when it comes to unconventional energy sources, and fracking waste is clearly one of those. We have visited with folks in Wyoming and Colorado over the past several months as this issue of fracking waste has come to our attention. And the fracking waste disposal wells there essentially are at capacity, which is one of the many reasons why they're now looking to Nebraska to dump their toxic waste. Until we have better laws on the books when it comes to insurance, until we have better laws on the books when it comes to disclosure, and until we have better laws on the books to protect not only the landowner's property, but first responders who would actually have to go to a site when it spills, because a spill will happen despite the cement casings or the other precautions that folks may say are in place. Those laws should be in place before we allow any waste to be injected into our land and water. And I'm sure the other side will say that the chemicals are already disclosed at a Web site called FracFocus. The problem that we have with that Web site, it is run by the industry and so they get to disclose the chemicals that they want to disclose. It's not full disclosure. So at the very least, we hope that you move forward on this bill so Nebraska has local control of this local issue that is now headed our way from Colorado and Wyoming. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Ms. Kleeb. Any questions from the committee? Seeing none, thank you for your testimony. [LB664]

JANE KLEEB: Thank you. [LB664]

SENATOR FRIESEN: Next proponent. [LB664]

ALAN VOVOLKA: Alan Vovolka, A-l-a-n V-o-v-o-l-k-a. I'd like to mention that Omaha Together One Community is in favor of LB664. And I'd also like to read the following statement on my own behalf. I'd like to emphasize the importance of retaining the wastewater testing requirements in LB664. Frequently, what comes up out of fracking wells contains more than what went down into the injection wells. Chemical reactions between fracking compounds and chemicals already present in the ground or in the water used for injection can occur and radioactive elements can be brought to the surface during a fracking process. Requiring testing and disclosure is just common sense. When simply listing chemicals injected, the EPA found that industry self-reporting on the FracFocus Web site missed about 11 percent of the chemicals used. And that doesn't even count the additional contaminants flushed out during the process, which

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

would be in the wastewater. If fracking wastewater was really anything like clean, the industry would simply reuse it in the next fracking well rather than trucking it out of state. Finally, providing an easy way to dispose of fracking wastewater encourages a whole new level of wasting water. Deep well injection takes water out of the hydrologic cycle forever. This waste is far more devastating than overirrigating crops or dumping industrial waste into rivers. No matter how polluted, water that reaches the sea can eventually evaporate and fall again as rain. Water that's injected into deep wells will remain outside this cycle for all foreseeable generations. It should be easy for anyone who thinks very long about this fact to see how unethical permanent destruction of water is. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Mr. Vovolka. Any questions from the committee? Seeing none, thank you for your testimony. Next proponent. Welcome. [LB664]

EMILY LEVINE: (Exhibit 6) Hello. My name is Emily Levine, L-e-v-i-n-e, and I have lived the last 58 years here in Nebraska. I want to thank Senator Chambers and the committee for the opportunity to speak on this important issue. I have mixed feelings about the question at hand, which is, should companies using Nebraska's land to dispose of toxic waste generated from the practice of hydraulic fracturing be required to disclose of the chemicals in the wastewater? By answering yes, I feel we legitimize the practice of fracturing. It's similar to the timely argument that we have about the death penalty which is, if we have to have the death penalty, should we carry it out in the most humane way possible, i.e., if we have to accept fracking chemicals, should we do it in the safest way possible? But I'm against any and all hydraulic fracturing. It is not safe and it cannot be made safe. Neither the injecting of chemicals to fracture rock formations deep in the earth to extract oil and natural gas, nor the subsequent injecting of that waste...of the waste from that process is safe. We know the process causes earthquakes. Think about that, that humans now have the ability to create earthquakes. And because of our addiction to oil and gas, we do it hundreds of times a year. We know the chemicals that are used get into our water supply. Nothing, nothing is more important than our water. Why do you think that when Dick Cheney was Vice President and he held closed-door meetings with the leaders of America's energy corporations in order to rewrite our nation's energy policy that he and his company, Halliburton, a leader in hydraulic fracturing, took the unprecedented action of excluding the practice of fracking from the Clean Water Act? Because they knew it wasn't safe. They knew fracking endangers groundwater. But in the end, I must support LB664 with the following caveats. Companies should not be trusted to self-report what chemicals they have used. They must pay the state, perhaps DEQ, to conduct independent testing of the fracking waste. Fines for violating the law must be severe, not mere slaps on the wrist. Secondly, the law needs to be retroactive, not simply for new applications. The arguments that companies have made that the makeup of their fracking fluid needs to remain a proprietary secret is an offense in a democracy. We, the people, must know what we are accepting into our state. It is the responsibility of our elected officials--you--to make sure we get this information. That is

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

democracy. If the federal government allows extractive energy companies to decide what actions of theirs are subject to the Clean Water Act or if you allow companies to decide what chemicals the public gets to know or not know are being injected into our state, endangering our land and water, that is oligarchy. [LB664]

SENATOR FRIESEN: Thank you, Ms. Levine. [LB664]

EMILY LEVINE: Thank you. [LB664]

SENATOR FRIESEN: Any questions from the committee? Seeing none. [LB664]

EMILY LEVINE: Thank you very much. [LB664]

SENATOR FRIESEN: Thank you for your testimony. Next proponent from here. [LB664]

MIKE SARCHET: My name is Mike Sarchet, S-a-r-c-h-e-t. [LB664]

SENATOR FRIESEN: Why don't you hold up just a little bit. We're going to have one more from here and then we'll jump to you. And if other people could move to the front and be ready to get in the chair, it'd speed things up. [LB664]

JIM KNOPIK: (Exhibit 7) Good afternoon, Senator Friesen and members of the Natural Resources Committee. My name is Jim Knopik, J-i-m K-n-o-p-i-k. The reason I came today, I wanted to make it aware that if anyone is looking at the fracking waste coming into Nebraska that we look at somebody besides Nebraska Environmental Quality Council and Department to look after that management. In my experience with them in many spills and water contaminations in our area of the state, they fall really short of doing a good job of protecting our state environment, water, and air, and other qualities. I think all one needs to do is look at the makeup of the council who makes our regulations for the department to follow, and it's really about 14 wolves watching over our flock. There are 17 members on that council and I feel that only 3 of them would likely represent the citizens of the state. So with that, that's...I hope you look at that when you make decisions and that it...you look at it just on that it needs to be relooked at again. That department is over 40 years old and I think it's time to go in and possibly reorganize that. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Mr. Knopik. Any questions from the committee? Seeing none, thank you for your testimony. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

JIM KNOPIK: Thanks. [LB664]

SENATOR FRIESEN: Okay. Scottsbluff, we're ready to go to you. Sorry for interrupting. [LB664]

MIKE SARCHET: No problem. Mike Sarchet, S-a-r-c-h-e-t. First of all, I appreciate this opportunity to participate in the hearing. That's one of the exciting things about Nebraska is we still care about our people and our resources. I support Senator Chambers' and Senator Stinner's bills. I think they're good first efforts at protecting our groundwater, but we still have a long ways to go. When I first came to Nebraska, the thing that impressed me the most after growing up in Colorado was how much the people in Nebraska appreciated their natural resources, specifically water. And we were far ahead of most of the country in protecting water for agriculture which as we all know is our lifeblood here in western Nebraska. And then as we started through the drought period, I was impressed with how our NRDs moved concisely forward, not without a lot of support from the community, but started restricting our well drilling for irrigation and use of that well water for irrigation in the community. These will point out that there has been a vision in Nebraska to protect our water from way back in the late 1800s. Unfortunately, because we haven't been involved in the industry, protecting our groundwater from fracking wastewater hasn't been something that we were prepared for. And, again, these bills that are being brought up is a good first step. When we look at fracking, fracking is basically two processes and it involves two very different chemical bases. In the first step, you want to increase porosity and permeability within a sandstone. So you inject those chemicals that the commission loves to say it's underneath your kitchen sink, no more dangerous than you have in your kitchen sink. Well, I agree. I have Lime Out underneath my kitchen sink. I have Drano underneath my kitchen sink. I have Clorox underneath my kitchen sink. I have detergents underneath my kitchen sink. Frankly, I wouldn't want any of those mixed in my drinking water at any level, even though they are commonly under my sink. I don't normally keep hydrochloric acid under my sink, which is the other common chemical that's used in Phase 1 of fracking. These chemicals are all used to break up the chemical bonding within the sandstone to increase porosity so the oil can flow. But, secondly, then the oil needs to be reduced in viscosity. You've got to make it so it will flow easily, and that's when you add these chemicals that we're worried about, proprietaries, benzene being a primary one that's used. It's interesting when you look at how many communities have had disasters because of tankers that are spilled with benzene and the cost and the loss of value within communities because of this. I think if you track that, you would find that many of those go to fracking operations. When we look at the fracking process itself, again, if these weren't so toxic I doubt that they would require all of the employees to wear full carbon-based respirators the entire time when they're working on these sites to protect them from the toxic fumes. We need to do a job of moving forward and protecting our groundwater. What the Unicam has helped us with so far is a good start. We have a long ways to go. This is our most precious

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

resource and we hope that you will continue to help us in protecting that for the people of Nebraska and the people of the Midwest of the United States. [LB664]

SENATOR FRIESEN: Thank you, Mr. Sarchet. Any questions? Thank you for your testimony. Another proponent. We'll go to Scottsbluff yet, but you can go ahead and sit in the chair if you want. Be ready. Welcome. [LB664]

FRANK BALDERSON: My name is Frank Balderson, B-a-l-d-e-r-s-o-n. My wife and I live in Scottsbluff. I am a retired attorney. I was county attorney in Cheyenne County living in Sidney when the Oil and Gas Conservation Commission was created in 1959. But I have come today to speak in support of LB664 on behalf of Citizens Against Fracking, but in a larger sense on behalf of all the people of the state of Nebraska. We all know that there is some inherent risk in any human endeavor. I believe that the people of Nebraska are entitled to know the nature of the risk which might be posed by the importation from other states of fracking wastewater from other states. In this connection, I would simply like to read a short paragraph from an article authored by Dr. Frederick Beaudry a couple of years ago and published by the Paleontological Research Institute. After discussing the toxic nature of fracking chemicals such as hydrochloric acid, naphtha, and other chemicals, Dr. Beaudry stated, and I quote, worst in the fracking chemicals, however, might be the flow back or produced water recuperated after fracking, as it contains very high concentrations of salt, heavy metals, and sometimes radioactive material. These elements originate from the rock formation itself, are much more concentrated in the wastewater than the chemical additives are, and probably should be much more of an environmental concern. So I believe that the public is entitled to know not only what it is the wastewater but in what proportions. And I believe that before any injection of such hazardous waste is permitted in Nebraska, those who propose to do the injections should be required by law to divulge the nature of the risks to the public. I thank you for the opportunity to address this issue. [LB664]

SENATOR FRIESEN: Thank you for your testimony, Mr. Balderson. Any questions from the committee? Seeing none, thank you for your testimony. One more proponent from Scottsbluff and then we'll switch back to here. Welcome. [LB664]

BECKY McMILLEN: (Exhibit 8) Thank you. My name is Becky McMillen. I live in rural Scotts Bluff County. I was very... [LB664]

SENATOR FRIESEN: Could you spell your name, please? [LB664]

BECKY McMILLEN: Oh, B-e-c-k-y M-c-M-i-l-l-e-n. I was very disappointed recently when the Nebraska Oil and Gas Commission approved an injection disposal well only a few miles away despite resolutions from several county and city boards opposing it. I was disappointed that our

Natural Resources Committee
May 27, 2015

voices were ignored. One thing that I remember clearly from the last hearing was a statement from the director telling us that we didn't need to worry about chemicals like benzene and toluene being injected into our water because those toxic chemicals would be vented into the air outside from the holding tanks. I wondered what other chemicals might be venting out into air that we breathe. It would be nice to know. Mr. Sydow also said that the filters that would be used to separate solids from the liquid would be disposed of in nearby landfills. I'm reminded of the Love Canal debacle and how toxic waste from cleanup of that superfund site was taken to a nearby landfill. Out of sight, out of mind? Now, several decades later, people who live near that landfill are getting sick. Now toxic waste from Love Canal is being transported here to my state for yet another round of disposal. What undisclosed fracking chemicals will leach from filters into our landfills? What undisclosed fracking chemicals are we going to be dealing with in the future? Why must we try to guess how to deal with spills and possible contamination of our water? Why must we try to guess how to treat possible toxic exposure from undisclosed chemicals that are traveling in trucks on our roads and injected into our aquifers? How will we know if we are being poisoned? In a recent Star-Herald letter to the editor, a Colorado man supplied information for the uninformed citizens of our state and surrounding areas. He seemed to speak with some authority on the subject of wastewater disposal and environmental concerns. Are we supposed to trust industry experts who tell us that they are actually improving the quality of our aquifers by injecting mystery chemicals into them? Are we supposed to trust the oil industry's out-of-sight, out-of-mind method of fracking chemical disposal? History tells us that doing so would be a mistake. I urge the lawmakers of my state to require disclosure of those chemicals and to put even more protections in place for us, the citizens of Nebraska. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Ms. McMillen. Any questions from the committee? Seeing none, thank you for your testimony. And now we will start back here. Welcome. [LB664]

AMY SVOBODA: Thank you. Good afternoon, Chairman, committee. My name is Amy Svoboda, S-v-o-b-o-d-a. I'm just appearing as a citizen, and thank you for taking up this aspect of fracking today. There's many other aspects that need to be addressed. You'll probably be considering this, this summer, so I won't go into those. But the one I do want to talk about, I have some experience. I used to be for ten years a prosecutor with EPA dealing with hazardous waste disposal. And there's a lot of bad apples in waste haulers, at least we found. And even though...and in those laws, the hazardous waste laws that I enforce, CERCLA and RCRA, they have requirements for describing in a manifest of the waste haulers what the waste is. And so it's not that much of a burden I would think for this other industry to do the same. But what I want to say is that if you ever are going to regulate, that is track the person who might in some instance put certain kinds of wastes that aren't allowed, like radioactive waste, which is not allowed in Nebraska, you definitely have to have some description of the waste going in there. I mean, this is a bottom line. There's...you know, if you're going to have industry here and if you're going to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

regulate, you've got to know what the waste is. And the only other thing I want to mention is, in terms of the...in the regulations right now it says that there's...you ask for a semiannual report, what the waste going in there. And I'm not sure, but if it's like other kinds of waste haulers around the country in legitimate companies, the waste changes often. Well, not infrequently, I should say, depending on where they're bringing it from. And from the description I guess at the last of the...just even the last application that the Oil and Gas Commission had, the waste was, they had said it was going to come from maybe Colorado, Wyoming, and they didn't even know for sure which state it was going to come. So the waste can change. So what I'm...I mean, you'll talk about it probably more this summer, but you need to have...whenever the waste changes, you need to know when that waste changes and what the description of it is. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Ms. Svoboda. Any questions from the committee? Seeing none, thank you for your testimony. How many more people, how many more proponents do we have at either site that want to testify? [LB664]

B.J. PETERS: I've got three more here in Scottsbluff. [LB664]

SENATOR FRIESEN: How many opponents there? [LB664]

B.J. PETERS: One. [LB664]

SENATOR FRIESEN: One. How many do we have... [LB664]

B.J. PETERS: And one neutral. [LB664]

SENATOR FRIESEN: Okay. How many do we have left here yet that want to testify? Raise your hand. Okay. We're about halfway through our hearing, so we'll keep it moving. It looks like we'll get everybody. The next proponent can come up here. Do we have any more proponents here? Okay. We'll go to Scottsbluff and we'll finish up there. [LB664]

JONATHAN WEITZEL: I'm Jonathan Weitzel, W-e-i-t-z-e-l, and I am a Sioux County landowner. I'd just like to point out a few things. I think what the Oil and Gas Committee (sic) wants to do is throw this in Sioux County, which they're doing, the most northwestern county, so it's out of everybody's sight, nobody sees it, nobody will hear anything from it. We're a small community, but we have a voice and I thank you for hearing our voice. Another thing I'd like to point out is the benzene. We had a benzene spill in Scottsbluff from a train derailment a few years ago. We're still suffering the consequences. You can still smell it. You can still see where the train spilled--nothing is growing, sterilized the ground. Thankfully, for the firefighters and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

the EMS personnel and everybody that responded, the train company bought new equipment for all of the firefighters and everything else because it was contaminated so bad they couldn't use it. If one of these trucks spills and the response time from Mitchell to this well is about 20 to 25 minutes by the time we get the page to the time we're out there, who's going to end up covering our equipment, because a new set of bunker gear is about \$1,500? And that's just something. And another thing is how old are the geographic maps that the NOCCG (sic--NOGCC) used to make their decision, because I've been hearing it's been anywhere from 1930 to 1940. How reliable are those maps? And I just question that. Thank you for your time. Appreciate it. [LB664]

SENATOR FRIESEN: Thank you, Mr. Weitzel. Any questions from the committee? Seeing none, thank you for your testimony. The next proponent from Scottsbluff. [LB664]

NORMAN STEPHENSON: Hello. I'll try to be brief. My name is Norman Stephenson, S-t-e-p-h-e-n-s-o-n. I live approximately 14 miles south of the well and have...I attended the March 23 meeting in Sidney. And I'm here to tell you no matter what the attorney found out who said...I can't remember who, that that was an open meeting, from my experience there was nothing about that that was open. They didn't want people there. It was closed. We need to pass LB664 simply because that was the most disingenuous presentation I think I'd ever seen. The director told me that this was...there were more people at the meeting than had ever been there before and they were resoundingly all against it. And they flatly ignored the senator's letter; things weren't entered into the record. We need somebody overseeing this and they need to be required to submit...I love the idea of random tests of chemicals, and then higher penalties, higher bonds. Whoever said it's Jesse James guarding the bank or the fox guarding the henhouse is so true. They need someone to look out for water quality. They need to...I think the system is broken badly and it needs to be changed. So I'm in support of the bill and I appreciate you folks taking the time to consider it in your busy schedules. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Mr. Stephenson. Any questions from the committee? Seeing none, thank you for your testimony. [LB664]

NORMAN STEPHENSON: Okay. [LB664]

SENATOR FRIESEN: Next proponent from Scottsbluff. [LB664]

PATRICIA SHUMWAY: Hello. I'm Patricia Shumway, and that's S-h-u-m-w-a-y. And I'd like to thank you for this opportunity to speak and thank you, Senator Chambers and Senator Stinner, for introducing this bill. I'm a proponent of LB664. And just as Bess Carnahan and Mike Sarchet had said that they felt that this bill does need to be stronger, I also feel that way. I appreciate that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

you are taking steps to protect the aquifer, but the testing is just too limited, I feel, and it is the fox watching the henhouse sort of thing, not that you'd be saying they wouldn't be honest. But I also wanted to come forward just to say that I know there's a person here, a geologist, that will be testifying stating that he is a neutral party, and he did testify at the last ESU 13 hearing. But I just wanted to note that he did say, and this geologist, he's from university of extension service here. He's highly regarded, very intelligent, but he did state at the last hearing that he does have a grant in conjunction with the Oil and Gas Commission. And from what I understand with grants is you usually do make some money when working with them. So I do recall in attending the Sidney meetings that the Oil and Gas Commissioner had said that there wouldn't be any harm really, that this wastewater would just slowly evolve down through rocks and stuff. But I do believe there's a lot of study and literature about how there are ways that it can back up and cause contamination. Please pass this bill and also make it stronger. And I thank you so much.
[LB664]

SENATOR FRIESEN: Thank you, Ms. Shumway. Any questions from the committee? Seeing none, thank you for your testimony. Are there any more proponents at either site? [LB664]

B.J. PETERS: We have one hand up here. [LB664]

SENATOR FRIESEN: Are there still some proponents there? [LB664]

B.J. PETERS: One more. [LB664]

SENATOR FRIESEN: Welcome. [LB664]

SANDRA RODGERS: Thank you, and thank you for what you're doing. I am a resident of Hot Springs, South Dakota. I drove up this morning about 150 miles. [LB664]

SENATOR FRIESEN: Could you state your name and spell your name, please? [LB664]

SANDRA RODGERS: Oh, I'm sorry. I'm sorry, sir. Sandra Rodgers, R-o-d-g-e-r-s, Hot Springs, South Dakota. I drove up this morning about 150 miles. I am testifying on...for myself. I do get information from the Clean Water Alliance of the Black Hills and the Dakota Rural Action of the Black Hills and a few Nebraskans recently. And I just want to say I'm grateful to you all for trying to get this bill in action, and to congratulate the state of South Dakota...state of Nebraska for being a model for an annual children's fair to educate the children about the groundwater and the importance of protecting it, because it does go into our aquifers. And the Madison Aquifer that serves under the Wind Cave ties into the Minnelusa and they all tie in together. And that is

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

the source of water for four states. So thank you for what you're trying to do and I'm grateful to you. Thank you. [LB664]

SENATOR FRIESEN: (Exhibits 9-17) Thank you for your testimony, Ms. Rodgers. Are there any questions from the committee? Seeing none, thank you for your testimony. Are there any other proponents left at either site? If not, we will move the opponents and we will run probably about five or six here and then we will switch. So if the next...if the opponents want to step forward. I'm going to read, there are some letters that we've received in support from Senator Ken Haar; John Berge from North Platte NRD; Laurie Gift from Omaha; Joan Phelan from Lincoln; Linell Connolly from Lincoln; Alan Vovolka from Omaha; Kim Engel, Panhandle Public Health District; Larry Birdsall; Rob Schupbach of Lincoln; Becky McMillen from Scottsbluff. We will now start with opponents. Welcome. [LB664]

CHRIS PETERSON: (Exhibit 18) Thank you, Senator Friesen and members of the Natural Resources Committee. My name is Chris Peterson, P-e-t-e-r-s-o-n, and I represent the Nebraska Petroleum Producers Association, a group of oil and gas producers with longstanding interests and operations in Nebraska. We appreciate the opportunity to testify at today's hearing on LB664. And following my testimony, the committee will hear from a couple of association members who have been directly involved in oil and gas production in Nebraska for decades. This hearing and the committee's interim study will serve a valuable role in educating the public and policymakers on the regulatory process, environmental issues, and economic benefits, and potential of the oil and gas industry in our state. Although some may suggest Nebraska faces a crisis in terms of its regulatory environment for the oil and gas industry, and specifically when it comes to protecting groundwater, these claims are not grounded in fact. Nebraska's existing oil and gas regulations have served the state well for many years. And, as confirmed by decades of testing, there is no evidence to suggest the oil and gas production represents a threat to groundwater. We oppose LB664 because it isn't necessary. The regulatory procedure it would impose on wastewater disposal wells is duplicative. As you will hear from others, the Environmental Protection Agency already regulates such disposal wells and the Nebraska Oil and Gas Conservation Commission administers those regulations. However, our members recognize important public policy questions have been raised in recent months about Nebraska's oil and gas industry by members of the public and elected officials like yourself. The Natural Resources Committee's interim study will allow a thorough exploration of the regulatory structure imposed on oil and gas production, and bring to light the benefits of the industry to our state and local economies. Some of those benefits include hundreds of jobs directly and indirectly supporting oil and gas production; millions of dollars paid annually in state sales and income taxes; and millions of dollars paid annually to local governments, including counties, schools, and NRDs in real estate and personal property taxes. Nebraska's oil and gas industry contributes significantly to local economies and local tax bases in rural Nebraska, especially in Richardson, Harlan, Red Willow, Hitchcock, Dundy, Hayes, Chase, Cheyenne, Deuel, Kimball,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

Banner, Scotts Bluff, Garden, and Morrill Counties. The Nebraska Petroleum Producers Association would ask the Legislature to avoid actions that chill the oil and gas exploration environment and, in doing so, negatively impact the state's economy and especially the rural economy. Instead, we offer to work with the Legislature to find ways to encourage growth in the industry for the benefit of all Nebraskans. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Mr. Peterson. Any questions from the committee? Seeing none, thank you for your testimony. Next opponent. [LB664]

MICHAEL E. CARR: (Exhibit 19) My name is Michael E. Carr. I graduated from... [LB664]

SENATOR FRIESEN: Could you spell your name, please? [LB664]

MICHAEL E. CARR: C-a-r-r. I graduated with a petroleum engineering degree from the Colorado School of Mines in 1957. I was employed with Cities Service Oil for four years before moving to McCook, Nebraska, during the development phase of the Sleepy Hollow fields. Spent 32 years in McCook, 18 years in Oklahoma City, and the past 4 years in Lincoln, Nebraska. This is a total of 58 years spent in the oil and gas business drilling for and producing oil and gas. I have seen produced saltwater disposal in Nebraska go from earthen pits... [LB664]

SENATOR FRIESEN: I'm sorry, but we have had a...we have a call of the house and we have to go upstairs and vote. [LB664]

MICHAEL E. CARR: Okay. All right. [LB664]

SENATOR FRIESEN: So you just hold your place and we'll all be right back as soon as we can. Sorry for the interruption. Okay. We'll wait just a minute or two for some senators to drift in, but if you want to be ready to start. [LB664]

MICHAEL E. CARR: Do you re-zero my counter? [LB664]

SENATOR FRIESEN: Go ahead and get started. [LB664]

MICHAEL E. CARR: Pardon? [LB664]

SENATOR FRIESEN: Go ahead and get started if you want. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

MICHAEL E. CARR: Okay. I have seen produced saltwater disposal in Nebraska go from earthen pits to saltwater disposal wells which dispose of salt water into underground strata far below any freshwater aquifers. Present regulations by the EPA federal program and monitored by the Nebraska Oil and Gas Conservation Commission require operators to have a water analysis of the produced water to be injected or disposed prior to approval. Operators must also obtain water samples from two more freshwater wells within one mile of the proposed saltwater disposal well. These samples are also analyzed using tests to measure and compare with standard drinking water quality. Typically, 22 tests are run on each sample. The location and date sampled must accompany the analysis. The various uses of water in oil and gas production are: fresh water, which is used as a drilling fluid and also often used to fill up reservoir during a new water flood; salt water used as a driving fluid in water floods and salt water is disposed into saltwater disposal wells which are overseen by the EPA and the Nebraska Oil and Gas Conservation Commission; and fresh and/or salt water used in frack fluids in horizontal wells to fracture oil and gas formations and prop the fractures open with sand or other proppants. The frack fluids can often be reused or else disposed of into a saltwater disposal well. We are not aware of any incident in Nebraska where a saltwater disposal well caused damage to groundwater. Current Nebraska Oil and Gas Conservation Committee (sic) and UIC rules already provide for the authority to take the action LB664 contemplates, so the bill is redundant. [LB664]

SENATOR FRIESEN: Could you wrap up as quick as possible? [LB664]

MICHAEL E. CARR: Yeah. Horizontal wells are rare in Nebraska. Twenty horizontal wells have been drilled to date with two producers, the best of which appears to be making 13 barrels of oil per day. At that level, fracking does not offer a sufficient return on investment to warrant widespread use for the oil production in Nebraska. Thank you. [LB664]

SENATOR FRIESEN: I apologize for interrupting you in the middle of your testimony, but we had to go upstairs. [LB664]

MICHAEL E. CARR: We understand it. [LB664]

SENATOR FRIESEN: Thank you. Any questions from the committee? [LB664]

MICHAEL E. CARR: Thank you. [LB664]

SENATOR FRIESEN: Seeing none, thank you for your testimony. Welcome. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

LEON RODAK: (Exhibit 20) Thank you. My name is Leon Rodak, R-o-d-a-k. I'm the vice president of Murfin Drilling Company headquartered in Wichita, Kansas. I have a B.S. degree in petroleum engineering from West Virginia University and I've been involved in oil and gas production for 35 years in Kansas, Nebraska, Oklahoma, and Texas. Murfin is the fifth largest oil producer in Nebraska and second largest oil producer in Kansas. We operate 1,100 oil and gas wells and 215 injection/disposal wells. Murfin opposes LB664 as unnecessary. Underground injection control of produced water is regulated by the EPA, and the Nebraska Oil and Gas Conservation Commission is granted primacy by the EPA. This means that the commission rules are as stringent as the federal program and contain the effective requirements of inspection, monitoring, and recordkeeping of the EPA. The EPA has also ruled that stimulation fluids such as fracturing fluids are exempt waste. That is, they are not considered hazardous wastes and are safe for underground injection. Fracturing began in the 1940s. It is not a new process and is not something that was overlooked when the EPA made its rules on underground disposal. Fracturing has become more common with horizontal drilling. The demand for information on fracturing fluid chemicals means that Nebraska, Kansas, Colorado, Wyoming, and South Dakota all now require chemical disclosure. Nearly all the states use the FracFocus Web site to record fractured wells and the chemicals used. This chemical disclosure registry already exists and is searchable on the Web site. Current Nebraska Oil and Gas Conservation Commission rules require the operator of a disposal well to keep five-year records on all wells disposing and their location. Therefore, we have a record of wells disposing through the commission and a record of chemicals contained in any fracturing fluids through FracFocus. Disposal and injection wells are essential for the Nebraska oil industry. In 2014, Nebraska oil production totaled approximately \$240 million which in turn generated significant royalty and tax payments to the state and its citizens. The EPA has deemed underground injection of produced water and fracturing fluids to be safe. Current commission regulations have been effective for decades in protecting Nebraska's underground aquifers. The recordkeeping of the Nebraska Oil and Gas Conservation Commission and the FracFocus Web site provides sufficient chemical disclosure. As such, I do not believe there's a disposal well crisis in Nebraska, but a lack of awareness regarding the existing rules and regulations which protect underground aquifers. There is nothing new or unknown slipping through the Nebraska regulations and endangering fresh waters. I ask this Legislature to not layer undue and unnecessary regulations on private industry but, rather, encourage energy exploration for the benefit of Nebraska, its residents, and landowners. [LB664]

SENATOR FRIESEN: Thank you, Mr. Rodak. Any questions from the committee? Mr. Kolowski, Senator. [LB664]

SENATOR KOLOWSKI: Thank you, sir. Mr. Rodak, the accusation has been made that there are listings of chemicals that are not submitted in different locations, and you're saying that that is not true. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

LEON RODAK: You're referring to the FracFocus Web site? [LB664]

SENATOR KOLOWSKI: That or anywhere else that would be listing said materials. [LB664]

LEON RODAK: The EPA has a list of what is known as exempt waste which results from oil and gas production and which is allowed to be disposed of underground. [LB664]

SENATOR KOLOWSKI: Okay. And are there any items that are not on that list that sometimes end up underground as well? [LB664]

LEON RODAK: Not if you're going within the law. We at Murfin certainly do not. [LB664]

SENATOR KOLOWSKI: Okay. Thank you. [LB664]

SENATOR FRIESEN: Thank you, Senator Kolowski. Any other questions from the committee? Thank you for your testimony. [LB664]

LEON RODAK: Thank you. [LB664]

SENATOR FRIESEN: We will do one more testifier here and then we...the opponent at Scottsbluff, we'll do that next. So if you want to be at the table and ready to go. We are going to close this up at 1:20 I believe. So if the Scottsbluff opponent would be prepared after we do one more here, then we will come back over here. Welcome. [LB664]

CHARLES WILSON: (Exhibit 21) Thank you, Senators. My name is Charles Wilson. I'm the vice president of Berexco LLC. We are an oil and gas operator. [LB664]

SENATOR FRIESEN: Could you spell your name? [LB664]

CHARLES WILSON: I'm sorry. W-i-l-s-o-n,... [LB664]

SENATOR FRIESEN: Thank you. [LB664]

CHARLES WILSON: ...one "L," not two. We're an oil and gas operator operating in seven different states, including Nebraska. We've been operating in Nebraska since the 1970s and I believe, based on annual production, we're the largest producer in the state of Nebraska. In all of

Natural Resources Committee
May 27, 2015

our operating states, we have wastewater disposal wells and injection wells used for enhanced oil recovery, all of which are regulated by the various state oil and gas commissions. And all the state commissions, as it relates to groundwater injection, are operating under the auspices of the federal Environmental Protection Agency. Wastewater or salt water is a by-product of oil production. It is separated from the crude oil at the production site. We at Berexco dispose of our wastewater by either sending it through a line and to a nearby disposal well that we would own or operate and that disposal well would be about 5,000 feet in the state of Nebraska. And it's in an already saltwater bearing strata in which this water is reinjected. Also, we truck it...truck wastewater to our nearby leases and reinject it back into producing formations. In essence, it's coming out of a formation and we're reinjecting it back into that same formation to enhance the oil recovery. So it's just cycling 5,000 feet below the freshwater zones. Primarily, the latter as I described is what we're doing today. The design, the fresh water protection requirements, the integrity inspections, etcetera, are already regulated. By themselves, these disposal wells are not by common definition commercial wells. We agree, as everybody here today would, that maintaining the safety and integrity of our fresh water is vitally important. We, our employees, our families, our workers, and people that we come in contact all rely on fresh water as also our agriculture partners, which we're operating on their lands. The point I wish to make is, and as has already been stated, the existing rules are very stringent that protect the fresh water, and we all agree that they are good and they're important as they are. Our opposition to LB664 is that it's redundant with the existing rules on wastewater disposal but adds an additional layer of a problematic regulation. And as I listened to the proponents testimony which is very good, we're all on the same page, but there seems to be a misunderstanding as to this fracking which we're not talking about here, fracking water that's going to be reinjected back into freshwater zones. That isn't the case. I'd just like to say that we operate in coordination with a lot of agricultural interests. We have irrigation wells all around our producing wells, and if we had any instances where our salt water was leaking into the fresh water we would know instantly if it's showing up in somebody's irrigation wells. [LB664]

SENATOR FRIESEN: Okay. Thank you. Thank you, Mr. Wilson. Any questions? Senator Johnson. [LB664]

SENATOR JOHNSON: Thank you. Thank you, Mr. Wilson, for coming in. What connection does your industry or your business have with the Nebraska Oil Commission? [LB664]

CHARLES WILSON: Well, we're...they regulate us. So every time that we want to drill a well, we have to file a permit. There's standard forms that are spelled out in the regulation. We fill out the permits. We say where we're going to drill. We identify the freshwater zones in that permit application. And we show the protective casing that's triple cased through the...100 feet below the freshwater zones, and, you know, what our target zones are and how we intend to complete

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

the well. Make the application and then the commission either approves it or refines it or rejects it. [LB664]

SENATOR JOHNSON: I'm sure we'll go into more of that in the interim study, but... [LB664]

CHARLES WILSON: Yes. [LB664]

SENATOR JOHNSON: ...I was just curious. Okay. Thank you. [LB664]

CHARLES WILSON: Yeah. [LB664]

SENATOR FRIESEN: Thank you, Senator Johnson. Seeing no more questions, thank you, Mr. Wilson. [LB664]

CHARLES WILSON: Thank you for your time. [LB664]

SENATOR FRIESEN: All right. Now we will go to Scottsbluff opponent. And state and spell your name. [LB664]

DAVE HAACK: My name is Dave Haack, H-a-a-c-k. I work with Z&S Construction. I'm the president of the company. We've been in the oil business, oil field services business since 1963. We build locations for oil drilling sites, do the reclamation, we've hauled water to the drilling sites for completion operations. And we also have one of the only commercial disposal wells in the state of Nebraska. There are three of them I believe, and one of which we had operated right in the city limits of Kimball, Nebraska, for 22 years with no problems. The well that I have now is south of Kimball and we've operated it for four years. Where the disposal water is hauled is a matter of pure economics. I've hauled water from Nebraska, Cheyenne County, over to High Sierra disposal wells in Carpenter, Wyoming. I've hauled water from Nebraska to Colorado. I've hauled water from Wyoming to Nebraska and water from Colorado to Nebraska. Colorado and Wyoming, they do not have any restrictions on any water that's hauled from Nebraska to those states. I'm opposed to LB664...and, by the way, just because water crosses a state line, that doesn't mean that it changes the water that comes from the oil producing sands that it comes from. I'm opposed to LB664 because I believe that if something isn't broke, don't fix it. This bill is being pushed through without even talking to a lot of the producers, independent producers from the state of Nebraska. On LB512, I called up Senator Stinner's office to visit with him about it, ask him why they haven't talked to anybody from the oil producing businesses. And my response was, well, we only speak to grandmas in tennis shoes. The...more rules and regulations are not required. My little company of 28 people, we're responsible to the Department of the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

Interior, OSHA, DEQ, NDEQ, DOT, NDOT, IFTA, all three Nebraska, Colorado, and Wyoming Oil and Gas Commissions, the SPC, the Forestry Service, RCRA, two insurance consortiums, one drug testing consortium, BITCO, the Department of Labor, the federal Department of Labor, NRD, and I might as well throw in the IRS and the Department of Revenue, Nebraska Department of Revenue while I'm at it. It's very burdensome for small businesses... [LB664]

SENATOR FRIESEN: Excuse me, but your time is up. If you have anything to wrap up, you can do that quickly. [LB664]

DAVE HAACK: Okay. To wrap up, I love American oil and the thought of reaching our goal of energy independence is...makes me ecstatic. I love being able to put fuel in my vehicle every day. I like being able to turn the thermostat up in my house and turn the lights on at night. Foreign oil, solar panels, and wind turbines, they're not the answer. [LB664]

SENATOR FRIESEN: Thank you, Mr. Haack. Are there any questions from the committee? Seeing none, thank you for your testimony. Are there any more opponents who wish to testify in Scottsbluff? [LB664]

B.J. PETERS: No. [LB664]

SENATOR FRIESEN: Okay. We're going to wrap up the hearing here and I apologize for not letting the person testify in a neutral capacity that's there. But if you would send your comments to us, we will enter them into the record. Thank you very much for participating. Thank you, Mr. Peters, for running the system over there. It is 1:20 and I think we're going to have to be called upstairs. We're going to have a call of the house shortly. If the next opponent wants to start testifying...do you think we...if you could submit your comments I guess in writing that would be ideal. We're going to have a call of the house here shortly I think and we're going to have to go upstairs again, and then at 1:30 we do have a commitment upstairs. So if somebody wants to start testifying, come on up. I may have to... [LB664]

BILL SYDOW: Can we hear neutrals? I want to go neutral. [LB664]

SENATOR FRIESEN: I would...how many opponents are left to testify? All right. I guess neutral capacity, you can come testify. And as soon as we...if we have to break in the middle, we're going to interrupt you and I'm going to close the hearing. One more opponent? Yes. Make it very brief. Okay. [LB664]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Natural Resources Committee
May 27, 2015

BILL HAWKINS: Senators, thank you for addressing this issue. My name is Bill Hawkins. I've been a citizen of... [LB664]

SENATOR FRIESEN: Spell your name, please. [LB664]

BILL HAWKINS: B-i-l-l H-a-w-k-i-n-s. [LB664]

SENATOR FRIESEN: I apologize. [LB664]

BILL HAWKINS: No. I quite understand that. I can continue my statement on the record. [LB664]

SENATOR FRIESEN: You can go on the record. [LB664]

BILL HAWKINS: Yep, I would appreciate that. Senators, we are talking about the geological stability of our state. It is proven that these wells cause earthquakes, and so why would we do that to the geological stability of our state? I thank you for your time. [LB664]

LAURIE LAGE: I'm sorry. That's the end of the hearing. The senators won't be coming back down. Bill, if you could submit your comments in writing we'd be grateful. Thanks. [LB664]