

1.

Since taking office 18 months ago, Governor Bob McDonnell has had a singular focus on rebuilding Virginia's economy. The citizens of Virginia, like the citizens of every state around the country need jobs, first and foremost.

For Governor McDonnell that means that his most important job is recruiting new businesses to locate in Virginia, and facilitating the expansion of our existing businesses.

And to make certain that we grow our economy and create jobs in ways that are safe and environmentally responsible, we have made sure that our state environmental regulators are an integral part of our economic development teams,

so that we can successfully allow the development and use of Virginia's natural resources, without sacrificing our clean air or our clean water.

2.

The focus on bringing new jobs to Virginia goes hand in hand with the Governor's determination to make Virginia the Energy Capital of the East Coast.

We are working every day to make Virginia's valuable energy resources – on shore and offshore – available to support Virginia's energy needs, to the nation, and to the world.

The development of Virginia's coal, offshore and onshore wind, biomass, nuclear, solar, oil and natural gas resources, offers secure, high paying jobs both in development and in the supply chains that support that development.

Virginia businesses depend on access to our natural resources, and our citizens depend on the jobs those businesses provide, as well as the direct and indirect revenues that flow from them.

Indeed, since adoption of Virginia's Gas and Oil Act, natural gas production has meant more than \$2 billion in capital investment, \$630 million in royalties, \$150

million in severance taxes paid, in addition to mineral, payroll and sales taxes, to Virginia. And the industry has created more than 3000 jobs.

3.

Specifically with regard to natural gas development in Virginia, we have been effectively balancing our economy and our environment for decades.

Fracing has been used in approximately 1800 wells, producing natural gas from shale, sandstone and limestone formation drilled in Southwest Virginia since the 1950s

We are – today – drilling wells in the Jefferson National Forest. There have been wells drilled in the George Washington National Forest, though none of them are active any longer.

Natural gas wells are permitted through our Division of Oil and Gas, of our Department of Mines Minerals and Energy. This group works closely, in all well permitting, with the Virginia Department of Environmental Quality to ensure

that water withdrawals and disposal of produced fluids do not harm surface or ground waters .

Our permit review process includes: research concerning the specific proposed well site; water used during the drilling process is required to meet state water quality standards by region; Virginia’s well casing/cementing program is a multi-casing and cementing program designed to prevent contamination of groundwater; our regulations do not allow off-site impacts or discharges to surface waters; independent lab tests of water wells and springs within 500 feet of a proposed well are required before drilling can begin; waste water can only be land applied if the fluids meet water quality standards, if not, it must be transported to an approved Class II EPA waste disposal well or other properly permitted facility. Our inspectors are on site for every critical operation leading to production, and for reclamation. And those are just the highlights of a comprehensive regulatory scheme that has protected Virginians, and Virginia’s environment for fifty years. There have been no documented instances of surface water or groundwater degradation from fracing in Virginia.

In short, Virginia has long experience with effectively regulating hydro fracturing, and in working with the U.S. Forest Service and the Bureau of Land

Management to safely develop the resources available under federal lands, including our national forests.

We are doing it safely, and we are protecting the environment – our water and our air – at the same time.

4.

Virginia appreciates and values its spectacular national forests.

Indeed, no one cares more for the preservation of Virginia’s magnificent landscapes and the quality of Virginia’s waters, than Virginians do.

Our regulators protect what they, and their neighbors, enjoy and depend on every day.

The Draft Revised Land & Resource Management Plan for the George Washington National Forest

– by virtue of its proposed ban on horizontal drilling –

If adopted, would represent an unprecedented interference with development of underground resources on federal lands, that ought to be available to meet the nation's growing energy needs.

Restricting drilling in an area the same size as the current Virginia producing area limits jobs and economic growth.

We know of no justification, scientific or otherwise, for ending the effective collaboration between Virginia and the Bureau of Land Management and other federal agencies to provide access to those resources.

In fact, horizontal drilling would allow access to the important energy resource under the forest with few wells, and far less construction and disruption above ground than comes with the traditional vertical wells that have historically been permitted in the forest.

Virginia is home to a valuable natural gas resource that ought not be put on the shelf, and off limits.

The proposed ban would harm Virginia, and Virginians by burdening business and preventing job growth;

It would undermine the nation's energy security by placing domestic resources out of reach at a time when the global competition for energy resources is rapidly increasing.

And it would do so without justification, and without any identifiable and tangible benefit that we can see,

beyond what is already accomplished by our well established regulation of natural gas development.