NC Senate Panel Sets First Marker for Fracking Laws

EMERY P. DALESIO,Associated Press

RALEIGH, N.C. (AP) — A state Senate panel unveiled proposed legislation Wednesday that would bar a natural gas drilling method called fracking for more than two years while regulations are being developed.

The move by the Senate's energy committee represents the first step along a path that would allow drilling companies to inject a well with chemically treated water mixed with sand to crack shale rock and free trapped gas.

If approved this year by the General Assembly and Gov. Beverly Perdue, the Senate panel's proposal would ban fracking until at least July 2014.

The committee's legislative language represents an effort by North Carolina leaders to balance the profits from a potential boom in natural gas drilling against concerns that the method used to crack underground rock to release the fuel will pollute everyone's air and water.

The measure also would create a new, nine-member board appointed by the governor and by House and Senate leaders that would take over authority to develop regulations for the oil and gas industry, enforce them and decide disputes. The statewide regulations would trump any local government efforts to limit shale gas drilling. Municipalities could charging an oil and gas company fees of no more than $30,000 a year to compensate for their impact on the community.

To create a market for drillers, the legislation also would direct schools to buy only buses that run on compressed natural gas, a fuel that's currently cheaper than diesel. Charging stations for electric vehicles could be installed at state-owned highway rest stops only with a method to charge the costs on to users.

Committee chairman Sen. Bob Rucho, R-Mecklenburg, noted the language hasn't even been officially introduced and will go through a long process of legislative evaluation and changes. The delay before the day drilling rigs start fracking in North Carolina could last beyond 2014, he said.

"It provides basically a two-year period of time. It requires a lot of study and review," Rucho said. "At the very end, when the rules and regulations are completed, state-of-the-art, something that we can be proud of compared to anybody else in this country, then at that point somewhere around July 2014 the Legislature will take on this issue and decide to lift the moratorium once everything is in place."

The state environmental agency said in a study released last month that lawmakers

should set up a regulatory framework before allowing the drilling method used to free underground deposits. That included full disclosure of chemicals to regulators and banning the use of diesel fuel. Fracking opponents outnumbered supporters at public hearings in Sanford and Chapel Hill that were held to allow response to the state Department of Environment and Natural Resources study.

Fracking has generated years of debate on the Marcellus Shale, the nation's largest known natural gas reservoir beneath Pennsylvania, New York, West Virginia and Ohio. More than 3,000 wells have been drilled in the last three years and thousands more are planned. The drilling has drawn opponents who fear it is polluting public water supplies, damaging public health and ruining the quality of life in rural communities.

North Carolina currently has no oil and gas production, but geologists have identified promising deposits of natural gas along a 150-mile-long ancient trench running diagonally from the South Carolina border in Anson and Union counties northeast to near Oxford and the Virginia border.

The proposal was panned by environmentalists.

"There's just no question that fracking is going to pose threats to our water, our air, and our quality of life. What there is a question about is how much it's actually going to benefit our economy. And this proposal assumes that not only can it be done safely but that it's going to be to our benefit and all the evidence right now shows quite the opposite," said Elizabeth Ouzts, executive director of the nonprofit group Environment North Carolina.

Molly Diggins, director of the state chapter of the Sierra Club, said if adopted, the legislation would override local government control and take power away from the state environmental agency, and prevents the agency from enforcing some existing environmental protections.

The committee also adopted proposed legislation that aims to benefit pork producers while encouraging the production of biofuels from inedible grasses. The measure would study how much of the hog waste-laden water the grasses can absorb while growing into material that can be converted into a renewable source for motor vehicle fuel.

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