



June 11, 2012

The Honorable Ken Salazar
Secretary of the Interior
1849 C Street, NW
Washington, DC 20420

RE: Proposed Rule 1004-AE26

Dear Secretary Salazar:

On behalf of the 32 members of the American Exploration & Production Council, I wanted to make you aware generally of the substantial negative economic impact this proposed rule ("Oil and Gas; Well Stimulation, Including Hydraulic Fracturing on Federal and Indian Lands", published in the Federal Register on May 11, 2012) would have not only on our members but on the operations of oil and gas exploration and production companies that operate on Federal and/or Tribal lands, as well as on the federal treasury and the energy independence of the nation.

The substantial negative economic impact referred to above results from many aspects of the proposed rule, including the redundant regulation, extended permitting times and lack of expertise at the federal level to deal with the obvious avalanche of additional technical data and paperwork that would result from the implementation of the proposed rule. The resulting operational delays would be enormously expensive and would result in reduced activity on Federal and Tribal lands. There can be little doubt that this economic impact would be well in excess of the \$100 million threshold for a full economic analysis established by federal statute.

You may recall from the meeting you had with our Board of Directors here in Washington on May 17 there was a fair amount of discussion of this issue. The concern was then and continues to be that there is a distinct lack of understanding of our business and how it is presently effectively and successfully regulated by the individual states in which our members operate. As was stated many times at that meeting, our members are more than willing to work with you and your team to improve the manner and timeliness in which they interact with the federal government for the benefit of all stakeholders.

As our members proceed with their analysis of the proposed rule in connection with their preparation of detailed comments, they are increasingly struck by the substantial costs increases as well as operating delays that would result from the imposition of this proposed rule. Given the current state of regulation of our operations on Federal and Tribal lands, it is difficult to understand exactly what problems/issues the proposed rule is designed to address. From our perspective it seems to involve significant additional costs and time for no public benefit. This is not a good trade off, particularly in these challenging economic times.

For the reasons set forth above, it is the strong view of the American Exploration & Production Council that the imposition of the proposed rule will have significant, negative economic impact and for that reason should be abandoned. Failing that, we formally request a minimum ninety-day extension of the comment period on the proposed rule so as to allow our members adequate opportunity to fully evaluate the operational, technical and economic impacts of the proposed rule and to allow for a full economic analysis as required by statute.

Thank you in advance for your consideration of our perspective.

Very truly yours,

A handwritten signature in black ink, appearing to read "V. Bruce Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

V. Bruce Thompson
President