



North Carolina Senate Outlaws Disclosure of Fracking Fluid Secrets

Mica Rosenberg | May 22, 2014

The North Carolina Senate on Thursday voted to make it a crime to disclose the chemicals used in hydraulic fracturing, or fracking, even as big U.S. oil companies elsewhere consider releasing more information about the fluids to address public concerns about the environment.

The legislation, proposed by three Republican state senators and passed by a vote of 35-12, aims to protect trade secrets about fluids used to extract oil or gas from wells using fracking, which blasts sand, water and chemicals deep beneath the earth's surface.

Environmentalists concerned about groundwater contamination and health risks want more information made public.

Under the "Energy Modernization Act," a state geologist would be the custodian of confidential information about fracking fluids. The information can be given to healthcare providers, the public safety department or the fire chief in case of an emergency.

The bill, which now goes to the House of Representatives, would make releasing company secrets "knowingly or negligently" a misdemeanor. The Senate reduced the penalty from a felony in response to objections from Democratic lawmakers.

The Senate also added a requirement for the geologist to report any banned chemicals found in the fracking fluids to the state Mining and Energy Commission.

The U.S. Energy Information Administration says North Carolina has no oil or natural gas production. The bill's backers say the regulations will help attract resource development and jobs.

Oil and gas producers say fracking does not pollute water and many voluntarily, or following state laws, disclose the chemicals they use in FracFocus, an online national registry.

U.S. public opinion is divided on fracking, with hundreds of local jurisdictions banning it, said David Spence, energy regulation expert at Texas' McCombs School of Business & School of Law. Opting to punish disclosure of information could fuel people's fears, he said.

DISCLOSURE DEBATE

The U.S. Environmental Protection Agency is gathering public comment on whether to draft rules for chemical manufacturers to disclose more details about fracking fluids.

"Understanding what chemicals are being used allows testing to see if these chemicals are actually entering drinking water sources," said Danielle Fugere, president of environmental group **As You Sow**.

Oilfield services provider Baker Hughes Inc has said it will disclose the fracking chemicals it uses, potentially prompting other companies to follow suit.

Larger rival Halliburton Co said it would examine Baker Hughes's new disclosure format, while industry leader Schlumberger NV said it has followed a similar process since 2010.

Companies are mostly concerned about protecting the specific formulas they use in individual wells.

"There is no one uniform voice within industry on this issue," said Hannah Wiseman, a law professor at Florida State University.

Critics say FracFocus allows companies to avoid declaring certain chemicals. As many as 84 percent of the registered wells invoke a trade secret exemption for at least one chemical, a U.S. Energy Department Task Force said.