

Producers Urged to Attend Hearing on Fracking

Associations representing the oil and gas industry in Kansas are urging operators and producers to attend an upcoming hearing before the Kansas House Utilities Committee regarding oil and gas **well fracking**. The Committee will meet on Wednesday, **February 1st**, at 9:00 a.m. in Docking State Office building (just west of the Capitol building), on the 7th Floor, Room 785, in Topeka, Kansas.

Tom Bruno, Bruno & Associates - lobbyist overseeing oil and gas issues in the Kansas Legislature, said "We would like a large turnout of operators and producers so we can visibly demonstrate our opposition to the bills. You can bet that the other side will turn out significant numbers as well. The hearing Wednesday will discuss two bills that deal with hydraulic fracturing. We don't have bill numbers for them yet and the language of the bills are not yet available."

Bruno said "The basic purpose of the bill is to give the KCC authority to regulate hydraulic fracturing. One of the bills to be discussed is from the chairman, **Carl Holmes**, R-Liberal, and it is intended to be helpful. The purpose is to get out in front of the EPA on the issue. However, in other states where this has been tried, opponents of fracking have been creative and have added provisions, that on the surface, seem reasonable. In practice, however, makes fracking economically unviable in many cases, especially for smaller operators. The second bill introduced was significantly more restrictive, although we have not seen the language and do not know for sure what it says." Attendees are encouraged to come early to assure getting a seat.

Crude Oil Production in U.S. Rose in 2011

The **American Petroleum Institute** (API) reports that *crude oil production* in the U.S. rose 2.5 percent in 2011 to an average of 5.6 million barrels per day. In December 2011, crude oil production rose by 0.5 percent to an eight-year high for the month.

The total number of oil and gas *rigs* stayed above 2,000 for the month, according to the latest **Baker-Hughes Inc.** report, and averaged 1,875 for the year, a three-year high.

API said crude *oil stocks* ended the year slightly up from 2010 and were at a 17-year high for December. Motor *gasoline stocks* were up in December 2011 from the prior month. *Distillate stocks* fell to a five-year low for December.

Total petroleum *deliveries* (a measure of demand) fell 1.2 percent to an average of 18.9 million barrels a day in 2011 compared with 2010. Except for 2008, this was the largest drop in annual domestic deliveries over the past decade. December 2011 petroleum deliveries were down 5.9 percent from December 2010, declining to an average of 18.6 million barrels per day, the lowest level in 15 years. Gasoline deliveries showed declines for 2011 as a whole and for the month of December.

Despite the decline in demand for refined products, supplies remained ample, with gasoline production for the year averaging a record high of 9.1 million barrels per day, up 0.5 percent over 2010. *Distillate* production at 4.5 million barrels per day was up 6.1 percent for the year. *Refinery* inputs fell by 1.5 percent in 2011 compared with 2010.

Total petroleum *imports* dropped 5.6 percent in 2011 from the year before. Although up slightly in December, crude oil imports for the year fell by 3.4 percent. Refined product imports decreased 14 percent for the year and were down more than 33 percent for December.

Total petroleum *exports* (almost all of which were product exports) were up 25.5 percent in 2011 compared with 2010.