



February 24, 2011

Dear Delaware River and Basin Commissioners:

Thank you for the opportunity to provide public comment on an issue vital to our country's energy future and crucial to the economic development of New Jersey and the region. The Chemistry Council of New Jersey (CCNJ) is one of the New Jersey's leading state trade associations and we represent 85 member companies and over 60,000 jobs in the State of NJ. CCNJ is an advocate and voice in New Jersey for the industrial community and specifically for our CCNJ member companies, all of whom are committed to a higher quality of life through science.

As an organization dedicated to science, CCNJ understands and supports the important role the energy industry plays in providing our society with clean burning, abundant natural gas. In fact the efficient process of natural gas extraction is due in large part to advances in chemistry. Natural gas extraction technology is both a safe and productive way to tap into America's supply of energy and CCNJ supports the responsible expansion of the industry.

Shale gas has become a 'game changer' for U.S. chemical manufactures enabling the chemical industry to remain highly competitive in the global market place. A stable supply and competitive pricing of natural gas is vitally important to the membership of CCNJ.

The chemical industry is one of the largest consumers of natural gas and uses natural gas as both an energy source and as a primary feedstock in manufacturing. U.S. natural gas markets have seen a vibrant swing in the past five years due to an increased ability to extract natural gas from organic shale deposits. The U.S. natural gas reserves have risen by one-third, which has resulted in lower prices and a greater availability of ethane, a feedstock material derived from natural gas that is the basis for hundreds of manufactured products. This low price for natural gas compared to oil has enabled U.S. chemicals manufacturers to become more competitive than producers located across the rest of the world.

The chemical industry's ability to create and retain jobs, both in New Jersey and across the U.S. depends on a stable supply and the competitive pricing of natural gas. For 2010, U.S. chemistry exports will be up by 17%, shifting the trade balance for the industry from a \$0.1 billion deficit to a \$3.7 billion surplus. This is the best performance the chemical industry has seen in ten years.

As scientists and engineers continue to seek out new innovations and technological advancements, it is our hope that regulators will likewise continue to be open to new ideas and strive to provide a higher quality of life for all Americans. With this in mind, CCNJ believes that some modifications to DRBC's draft regulations are necessary to help synchronize the needs of

public safety, the environment and commerce. As such our organization recommends the following items be considered in the final stage of the commission's review process.

- CCNJ understands the importance of disclosing chemicals to regulators; however this process must be accomplished in a manner that protects intellectual property (IP) rights and trade secrets. The current chemical disclosure language in the regulations simply does not accomplish this goal. The DRBC should take the time to understand the value of protecting IP rights and trade secrets, and it should be everyone's top priority to make sure those rights are not violated. Without IP protection, the government greatly reduces the incentives of private industry to innovate and explore cutting edge chemical compounds.
- We are also concerned by requirements that would force the needless overhaul of well water monitoring measures, and put in place prohibitively expensive requirements to monitor surface water well after drilling operations are completed. Monitoring surface water the entire lifespan adds considerable expense to a project while doing little to promote greater safety. With strict water monitoring requirements already in place to protect safety, this proposed regulation is clearly an instance of excessive overreach. Enacting this proposal would essentially make many well sites financially infeasible, significantly limiting well production opportunities.

Finally, there are no natural gas projects directly situated in New Jersey, but the natural gas industry has brought many economic benefits to the state. Natural gas annually supports nearly 25,000 jobs and billions of dollars in investment and economic growth. From transportation to chemistry, natural gas exploration and development makes sense for New Jersey and America. CCNJ supports the natural gas industry which we hope will continue to provide American homes, businesses and public transportation systems with clean burning energy. With smart policies in place I believe we can accomplish this goal.

I'd like to thank the commission for taking the time to review this comment letter and seriously considering our proposed recommendations.

Sincerely,



Hal Bozarth
Executive Director
Chemistry Council of NJ