

Statement of

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For the

**Committee on Energy and Natural Resources
United States Senate**

Regarding

**Natural Gas Roundtable on Shale Development: Environmental
Protection and Best Practices.**

**May 23, 2013
Washington, DC**

Chairman Wyden, Ranking Member Murkowski and members of the Energy and Natural Resources Committee:

I am David Porges, Chairman, President and Chief Executive Officer, of EQT Corporation. Thank you for inviting me to participate in today's roundtable.

EQT Corporation is a Pittsburgh-based energy company that produces, transports, and distributes natural gas in the Appalachian basin. EQT is one of the largest natural gas producers in Appalachia operating in Pennsylvania, West Virginia, Ohio, Kentucky and Virginia.

Founded in Pittsburgh over 120 years ago, EQT has deep roots in our communities with more than 1800 EQT employees and thousands of EQT contractors. EQT is committed to conducting its business operations in a sustainable and environmentally responsible manner at all times – striving to preserve and protect the land, air and water where we live and do business.

In addition to a strong and transparent corporate commitment, a robust state regulatory program is critical to ensuring the safe and responsible development of natural gas. This is a role that is historically best suited to state governments as geology, topography, climate and water resources vary significantly between the states. States have been effectively regulating oil and gas activities for decades and thus have a strong technical and localized understanding of oil and gas drilling and operations. For instance, naturally occurring methane in groundwater is common in Pennsylvania because of the vast coal deposits and near surface gas charged sandstone reservoirs that underlie the Commonwealth, and the varying structure of these shallow deposits. Pennsylvania adopted tailored casing, cementing and monitoring rules for such coal seams to ensure that drilling does not exacerbate methane migration. Pennsylvania also has thousands of abandoned coal mines and associated mine-impaired water. To reduce environmental impact

and to protect fresh water resources, Pennsylvania implemented a program to promote the use of mine-impaired water by industry. These are just two examples of effective, localized regulations.

The states are also better equipped to quickly adapt their regulatory programs to new technologies and drilling techniques. In the early stages of the shale gas development, Pennsylvania and West Virginia, in collaboration and cooperation with industry, implemented guidance and policies to protect water resources. These states then adopted legislation and implemented environmental regulations for horizontal drilling activities. As a result of these efforts, Pennsylvania and West Virginia have strong regulatory programs that ensure safe and responsible development of natural gas.

The success of the shale gas industry is a testament to the value of innovation; this commitment to innovation drives the industry as we continue to improve horizontal drilling and hydraulic fracturing practices. The industry is continuously improving its environmental performance from water recycling to improved cementing techniques to conversion of drilling rig engines to run on cleaner burning natural gas. For example, EQT is a leader in using natural gas to power both drilling rigs and pressure pumping equipment responding to local needs to reduce operating emissions of NO_x, SO_x and particulate matter. While rigorous state environmental regulations set the floor for environmental protection, leading-edge practices that often go above and beyond regulations are being constantly developed and applied at our operations.

Development of innovative practices is further occurring through collaborative efforts across a broad spectrum of stakeholders. In the Appalachian basin alone, EQT has participated in three initiatives to advance environmental performance. First, EQT worked with other Pennsylvania

producers to develop the Marcellus Shale Coalition's series of recommended practices for shale development in Pennsylvania. Second, EQT joined the Appalachian Shale Recommended Practices Group, which consists of eleven natural gas producers that collaborated to develop Recommended Standards and Practices to promote effective environmental and safety practices. Lastly, EQT is a member of the recently-created Center for Sustainable Shale Development, a collaborative effort of environmental organizations, philanthropic foundations, and energy companies that has developed a set of performance standards for responsible shale development.

These are three successful examples of regional centers of excellence of the type recommended by both the Shale Gas Production Subcommittee of the U.S. Secretary of Energy's Advisory Board final report issued in November 2011 and the National Petroleum Council's (NPC) Prudent Development report issued in September 2011.

These collaborative initiatives to develop standards are complementary to each other and to state regulatory programs at numerous levels. First, the collaborative efforts are essential to initiate dialogue, share information, and build trust between stakeholders. Second, the standards do not supplant existing regulations but rather present options for improved performance where it makes technical and economic sense. Lastly, both the standards and the regulations are geographically focused and, paralleling state regulations, address the unique challenges of shale gas development in the Appalachian Basin.

In conclusion, in our experience, the states are best situated to regulate oil and gas activities. They have scientists, geologists, technicians and engineers with years of experience and a seasoned understanding of state-specific geology and drilling and the need for any new protective measures. The current state-focused regulatory approach we operate under has

resulted and will continue to result in more responsive and better tailored environmental protection while at the same time fostering development of this critical energy resource.

Thank you for the opportunity to participate.