



# MICHIGAN OIL AND GAS ASSOCIATION

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**Testimony of Ms. Erin McDonough  
President and CEO, Michigan Oil And Gas Association  
Before the Michigan Senate Committee on Natural Resources  
Thursday, December 4, 2014**

Good morning.

My name is Erin McDonough and I am the President and CEO of Michigan Oil and Gas Association -- MOGA.

We are here today with respect to the issue of high density urban residential oil and gas drilling. We are confident that Michigan's nationally respected regulatory program continues to provide the depth of resources and expertise required to properly regulate our industry and protect our environment. Meanwhile MOGA members are committed to working together with local communities on an individual basis to ensure the benefits of resource production go hand in hand with being good neighbors.

Founded in 1934, MOGA is comprised predominately of Michigan-based, family owned businesses, many of which are third generation businesses. MOGA celebrated its 80th year this year. We are committed and active participants in the creation of Michigan's new energy economy.

Michigan ranks 17th in oil and gas production nationwide. Michigan has benefited from steady, consistent production for many decades, paying over \$109 million annually to the states revenue streams. We have been highlighted as one of the only industries that adds something new to Michigan's GDP.

Domestic energy production is booming nationally, as we all know. Experts project that the U.S. will ascend to the world's number one producer of oil and natural gas within the next two years.

Energy independence continues to be a top priority for the American public, according to nationally respected survey research findings, and we in Michigan are proud to play an important role in making that happen.

Technology and innovation have enabled us to move in this direction -- effectively reducing our dependence on foreign oil, growing our energy supplies and protecting the environment better than any place in the world.

The oil and gas industry has undergone a technological revolution akin to the computer revolution, allowing us to access the oil and gas reserves that have been locked in the earth for



centuries. The technologies are American technologies, American innovations, American know how.

This technology is also what is enabling Michigan and the nation to move to cleaner natural gas from coal-based energy. You are actively engaged on the state's energy policies and the changes that are being proposed are reliant on safe, affordable, natural gas.

Eighty percent of Michigan's homes are heated with natural gas, 25 percent of which is Michigan-made from our state's own reserves and produced by MOGA members. Michiganders turned their heat on early this fall and many of Michigan's businesses are reliant on natural gas to keep costs low and operations functioning.

I'd like to address the issue of exploration and development, as technological advancements are enabling exploration in areas of the state where residents may be unfamiliar with our activities and find them initially "unsettling."

We're seeing the same type of conversations raging related to placement of wind turbines, so we know that oil and gas is not the only issue here. Still, all of our lives – our safety, health and well-being, comfort and security – depend on energy. We need affordable, consistent and reliable energy.

Similarly, our industry needs a consistent and reliable regulatory climate that provides the certainty we need to invest, innovate, operate and ensure that our state's families and businesses never have to worry, or even think about their own security, warmth and safety.

The Michigan DEQ and its oil and gas regulatory offices are among the most respected in the nation. Highly trained geologists and professionals that oversee and regulate Michigan's oil and gas production – some in MOGA would say too well.

We have a successful record of drilling more than 14,000 wells since the 1980s with not a single case of ground water contamination. Michigan is the Great Lakes state, and as such, deserves that type of protection. It is getting that type of protection, too.

Changing course a bit now – our state's natural resources, including oil and natural gas deposits, are tremendous assets. The funny thing about them though is that Mother Nature put them where she wished. We cannot change that and we have to produce these resources from where Mother Nature stuck them.

Additionally, property ownership in our state comes with certain rights, including the expectation and right to be compensated for produced natural resources. This is a fundamental American property rights issues that needs to be preserved and protected.

Our members are committed to being good neighbors and to doing things right. We continue to learn how best to do that. And, we can reduce the impacts of already very short term drilling operations.

The Shelby Township operation and the unease it caused with residents highlighted our need to minimize operation impacts and do a better job of working with residents. In recent months, we've worked with Director Wyant and his team to address this issue, and we have appreciated his leadership as well as that of many of you here today.

Thank you for letting me open our remarks today. I appreciate your interest and look forward to working with you. We respectfully request that you oppose S.1026 and S.1076.