



## JUNE 2018 News Letter

Hello from Arthur Stewart, Secretary

This issue is devoted to the conventional oil and gas act. The Bill is not yet law, but we are making progress...

### **# 1: CONVENTIONAL OIL AND GAS ACT PASSES IN PA HOUSE:**

Fighting for Fair Oil and Gas Regulation

MORE VIDEOS

0:03 / 8:37

YouTube

6/16 PA State Rep. Martin Causer details his support of House Bill 2154, a bill relating to conventional wells and the development of oil, gas and coal.

On June 5, 2018, the Conventional Oil and Gas Act (HB 2154) passed in the Pennsylvania House of Representatives by a vote of 111 to 84. The bill was co-authored by Representative Mary Causer and

Senator Scott Hutchinson, introduced by Rep. Causer in the House, and was co-sponsored by 65 House members (go to this link to see the sponsors:

[http://www.legis.state.pa.us/cfdocs/billInfo/bill\\_history.cfm?year=2017&sind=0&body=H&type=B&bn=2154](http://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?year=2017&sind=0&body=H&type=B&bn=2154)). The Bill enjoyed significant bipartisan support with twelve Democratic House members voting “yes”.

Many great speeches were given in support of the Bill. There are too many names to include all here, but samplings of the remarks can be found here:

- 1) Representative Marty Causer: <http://www.repcauser.com/youtubevideo.aspx> “Fighting for oil and gas regulation”
- 2) Representative Kathy Rapp: <http://www.reprapp.com/youtubevideo.aspx#prettyPhoto> “Fighting for fair oil and gas regulation”
- 3) Representative John Maher: <https://www.facebook.com/RepMaher/videos/2133308066906038/>
- 4) Representative Donna Oberlander: <https://www.facebook.com/repoberlander/videos/2231512283542362/>
- 5) Representative Chris Dush: <https://www.facebook.com/repdush/videos/1692686084141528/>

Passage in the House was significant because the legislation faced vigorous opposition from environmental extremist groups and from the Governor’s office. PGCC is incredibly grateful to the many PA House members who have taken the time to learn about Pennsylvania’s conventional oil and gas industry. When PGCC started trips to Harrisburg five years ago only a handful of Senate and House members understood the difference between conventional and unconventional operations. Today, dozens of members in both chambers have taken time to visit us, engaged in conversations with us, and read materials and statistics about the plight of the conventional industry. Because of opposition directly from the Governor’s office this was a difficult vote for several of those House members who supported the Bill.

To let the House members know we appreciate them getting to know our industry, PGCC members sent thank-you letters to many House members after the vote. Also, after the vote, the Executive Committee of the PGCC Board (David, Bruce, Wally, Doug and Arthur—along with members of their families) spent two days in Harrisburg visiting members to thank them for their support.

**PLEASE CONTACT YOUR HOUSE MEMBER WITH A THANK YOU NOTE, EMAIL OR TELEPHONE CALL TO SAY “THANK YOU FOR YOUR YES VOTE ON HB 2154.”**

## **# 2: HB 2154 FACED VIGOROUS OPPOSITION**

For reasons not clear to us, Governor Tom Wolf has opposed the Conventional Oil and Gas Act. A Conventional Act is the logical next step to follow the passage of Act 52 of 2016 (which requires a separate regulatory framework for the conventional and unconventional oil and gas industries). Act 52 also formed the PA Grade Crude Development Advisory Council (CDAC), and since September 2017 CDAC has been working to develop the conventional oil and gas legislation. That development process included significant input from, and give and take with, the DEP. Despite a history of substantive collaboration with DEP staffers, both the Governor’s office and DEP leadership have opposed the bill.

**[What follows is an opposition letter sent by DEP Secretary Patrick McDonnell along with our response:](#)**



**pennsylvania**  
DEPARTMENT OF ENVIRONMENTAL  
PROTECTION

April 27, 2018

Dear Chairmen and Members of the Environmental Resources and Energy Committee:

The Department of Environmental Protection (DEP) acknowledges that the conventional oil and gas industry, and the unconventional gas industry, present different challenges in many ways to the environment, and the public health and safety of the citizens of the Commonwealth. Moreover, DEP acknowledges that the rise of unconventional drilling in Pennsylvania has significantly impacted the competitiveness of the conventional industry, and that new creative thinking is necessary so that the industry can remain vital. However, as we address these challenges, we cannot allow corners to be cut that could contribute to a legacy of environmental degradation. In recent years we have made significant progress through collaboration, good environmental stewardship from the conventional industry, and appropriate regulation.

DEP remains committed to working collaboratively and in good faith to develop requirements specifically tailored to the conventional oil and gas industry's operations, but we have a significant number of substantial concerns with House Bill 2154 (and its Senate companion, Senate Bill 1088), of which we had very little input. DEP does not believe these concerns can be resolved within the current bill structure and opposes the legislation.

As written, the bill presents environmental and public health risks and loosens current environmental protections to the point, in some cases, of nullification. For example, the bill promotes well abandonment and improper well plugging practices that threaten drinking water supplies; the bill substantially weakens the protection of important public resources such as parks and public forests; public health and safety is jeopardized by relaxing casing and cementing standards that protect coal miners, and it lowers standards for restoring polluted water supplies. Some other important environmental protection and health and safety standards weakened by the bill includes spill reporting and clean-up standards, brine treatment standards, public transparency and DEP's enforcement authority.

Further, contrary to recent rhetoric, the bill does not properly address legacy well plugging and methane emissions. The language is ambiguous at best and proposes no new source of funding to address these issues. Make no mistake, the primary purpose of this bill is not the elimination of methane, it's the elimination of Act 13 of 2012.

The substantive issues outlined herein are merely a fraction of DEP's concerns. DEP believes HB 2154 (and SB 1088) will cause great harm to the environment, and to the public, and urges members to vote NO on this legislation.

DEP welcomes a dialogue on how we can all work together on new legislation that can move Pennsylvania forward, not backward.

Respectfully,

A handwritten signature in black ink, appearing to read "Patrick McDonnell".

Patrick McDonnell  
Secretary

**Next is our response—it provides a history of all the collaborative work that was put into the Bill:**





April 30, 2018

To: All Members of the House Environmental Resources and Energy Committee

Re: House Bill 2154—response to Secretary McDonnell letter

Dear Chairmen and Members of the Environmental Resources and Energy Committee,

Dear Representative Maher,

**On April 27, at 3:30 PM**, DEP Secretary McDonnell delivered you a letter expressing his misgivings about HB 2154, the Conventional Oil and Gas Act. The letter says: “DEP welcomes a dialogue on how we can all work together on new Legislation...” and that “(DEP had) very little input” as to the HB 2154. Below are facts about the significant efforts made by industry and legislators to obtain input from the DEP on HB 2154:

- 1) First some background: The coming of the unconventional (Marcellus shale) industry to Pennsylvania brought new oil and gas laws (Act 13) and regulations. Too little, too late, it was realized that subjecting Pennsylvania’s 160-year-old conventional industry to new laws, written to address the impact of the new Marcellus shale technologies, was a devastating mistake. In the last few years new conventional drilling has virtually stopped, conventional oil and gas production has dropped over 50%, and the mom and pops and small businesses that make up 100% of the conventional industry are on life support. Act 52 of 2016 created the PA Grade Crude Advisory Council (CDAC) with the purpose of developing a “regulatory scheme that provides for environmental oversight and enforcement **specifically applicable to the conventional oil and gas industry.**” Members of the conventional industry, legislature, academia, and DEP sit on CDAC.
- 2) On September 30, 2017, CDAC’s chairman provided a memo to all CDAC members, **which memo was pre-approved by the DEP**, advising that the conventional oil and gas act would be an agenda item at CDAC’s November 16, 2017 meeting, and asking CDAC members to be prepared with input on a conventional oil and gas act.
- 3) At CDAC’s November 16, 2017 meeting, CDAC discussed the details of a conventional oil and gas act. Senator Scott Hutchinson suggested that Act 223 of 1984 (the oil and gas act in place before Marcellus shale’s advent in Pennsylvania) be the starting point for a new conventional act. All CDAC members brainstormed what changes might be made to the old Act 223 to improve it, **and 4 members of DEP staff** (Scott Perry, Kurt Klapowski, Joe Kelly and Seth Pelepko) were in attendance to discuss changes.
- 4) On January 18, 2018, Representative Martin Causer and Senator Scott Hutchinson provided, to all their fellow CDAC members (**including the DEP**), their draft of a conventional oil and gas act. As discussed, it was based on the old Act 223, and it included many, if not all, of the items discussed at CDAC on November 16, 2017.

- 5) On January 25 CDAC met all day, with the main agenda item being the discussion and revision of the conventional oil and gas act. Again, **a DEP team of 5 DEP employees gave input**, and the draft minutes of the discussion fill six pages! The meeting was very cordial; all members expressed satisfaction with the quality of the dialogue, and it was left that in one to two weeks members of the industry **and the DEP** would submit suggested language for change based on that day's very productive discussions.
- 6) On January 26, the day after the CDAC meeting, the CDAC chairman sent to all CDAC members a spreadsheet containing every legislative topic discussed, and a summary of input from members, **including input from the DEP staff**. The email from the CDAC chairman confirms **the opportunity for subsequent input on the legislation**, noting that "next week" industry members will "provide revised language to Senator Hutchinson and Representative Causer on the particular points summarized on the spreadsheet," and that the chairman "...understand(s) **the DEP team will be undertaking a similar effort in the next few days.**"
- 7) On the next day, January 27, **one of the DEP team members** wrote an email of thanks to the CDAC chairman; the **DEP staff member said this: "I certainly recognize that the industry members have given DEP an opportunity to comment before the draft is introduced..."**
- 8) A week later, industry members submitted their suggested language changes to CDAC members Senator Hutchinson and Representative Causer.
- 9) Despite the above history, **the DEP never submitted ANY suggested language changes to the CDAC members or anyone else.**
- 10) HB 2154 was circulated for sponsorship in March 2018 and was introduced March 19, 2018.
- 11) The week of March 19, 2018 the DEP contacted legislative leaders to seek delay of the Senate Committee's vote on the Bill.
- 12) The legislative leaders contacted by the DEP invited members **of the DEP** and industry to a meeting on March 26, 2018 to discuss DEP's concerns with the Bill. At that meeting **DEP Secretary McDonnell declined to state any specific concerns** saying the DEP had not had time to review the Bill.
- 13) Secretary McDonnell's April 27 letter arrived at the close of business, one work day before the Bill was scheduled for vote. Please note:
  - a. the **absence of any specific suggested language from Secretary McDonnell;**
  - b. the **very general and unspecific matters of complaint.**

As you can see, there has been a long and exhaustive dialogue that occurred prior to and after the introduction of the Conventional Oil and Gas Act at CDAC. As you can see, the DEP has been intimately involved in that dialogue since the inception in September 2017. As you can see, those efforts even earned the thanks of DEP staff. And as you can see, Secretary McDonnell's 11<sup>th</sup> hour letter, on Friday afternoon, is contrary to everything his staff has been involved in for over half a year.

As to the substance of the generalities cited in Secretary McDonnell's letter: in some cases, it is hard to guess what provisions the Secretary is referring to, and in the main, we rely on the substantive letter we sent to all House members last week, in which we cited to specific provisions of the Bill. However, there are a few remarkable items in the Secretary's letter upon which we are compelled to comment:

- 1) The Secretary tells you: "public health and safety is jeopardized by relaxing casing and cementing standards that protect coal miners..." That sounds frightening. In truth, the revisions in this Bill to cementing procedures incorporate best field practices and are unrelated to miner safety. As for plugging methods, the only revisions apply to an orphan well in a **noncoal area** – this can have no impact on miner safety. Most significantly, the plugging provision in the Bill is a



change **requested by the DEP**. Industry's language stated that plugging from a shallower depth would be satisfactory; **the industry voluntarily changed their suggested language so that DEP now determines the depth from which plugging is satisfactory**. Section 310 (e)

- 2) The Secretary tells you: the Bill threatens "DEP's enforcement authority." That sounds frightening. **The Bill does not alter DEP's enforcement authority** or prohibit NOV's. It encourages (in non-binding language) the DEP to work cooperatively with operators to resolve harmless violations where compliance is achieved within 48 hours. It does require DEP to remove NOV's from the public record when they were issued **in error**. (Currently those erroneous NOV's never go away and are left on the DEP website where the public gains an unreasonable negative perception of industry members.) See Section 712

Please also be aware that the Bill contains several **suggestions made by the DEP** for improving environmental protection. Those include:

1. Extending the permit time for allowable activity from one to three years (a "best management practice" that allows locations to better stabilize before activity, thus reducing erosion and sedimentation);
2. Providing for an "area of review" for identifying and monitoring abandoned and orphan wells during hydraulic fracturing;
3. Streamlining the Good Samaritan provisions for application to well plugging to incentivize the industry operators to voluntarily plug orphan wells. The industry is wholly committed to plugging orphan wells, and **voluntary plugging by the conventional industry already yields more plugged orphan and abandoned wells than any other program in the state**, including DEP programs;
4. Options for orphan well adoption and permitting;
5. Grant funding or permit fee relief to a volunteer who plugs an orphan well;
6. Eliminates need for DEP to redundantly advance new conventional regulations through both the Technical Advisory Board and the CDAC.

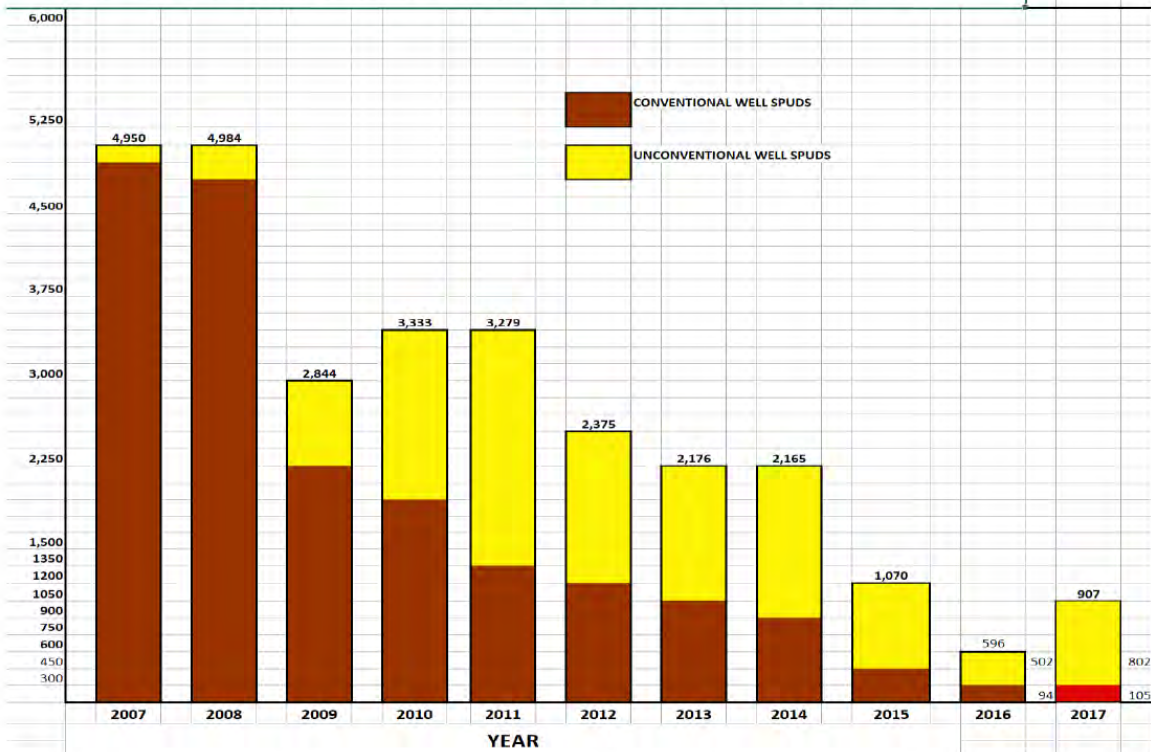
For over a century our conventional industry has supplied heat (natural gas) to our local homes, hospitals and schools. In its heyday the Bradford oil field supplied the oil for the U.S. army in World War I. And still today, we produce Pennsylvania grade crude oil that supplies the world's oldest operating refinery, in Bradford, employing 350 Pennsylvanians. But our industry is in deep trouble. Production is down so greatly that, for the first time ever, that oldest refinery is paying to transport oil here from New Mexico and Canada.

We are much like PA's small family farms—multi-generational businesses that can't move out of the communities where we live and raise our families. Because we and our children live here we are committed to business practices that keep our streams and land clean. And our operations are low impact. Our wells produce a few gallons of oil or mcf of gas per day.

But these small producing wells cannot support a system of laws and regulations designed for a high-impact Marcellus shale industry. Over the last five years many of us have laid off a saddening number of employees, and small supply and service companies have gone out of business.

Below is a graph of the number of new conventional wells in Pennsylvania (since 2007) compared to the number of unconventional wells. As you can see, despite the new laws and regulations, the unconventional business is growing satisfactorily. The conventional industry has come to a virtual halt.

PA DEP YEARLY OIL AND GAS WELL SPUD DATA (CONVENTIONAL & UNCONVENTIONAL)



We ask you to support the Conventional Oil and Gas Act. It is a thoughtful piece of legislation, built with much opportunity for input. Indeed, at least in our experience, the DEP’s opportunity for input and engagement on this bill was unprecedented.

An industry that still employs thousands across rural Pennsylvania is suffering the peril depicted on the chart. We desperately need a separate conventional oil and gas act. The conventional industry will meet at any hour—even the 11<sup>th</sup> hour—for meaningful dialogue on a bill that allows our industry to survive, and which carefully crafts the necessary protections for our environment, public health and safety. We invite the Secretary of the Department to join us in that effort.

Sincerely,

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In addition to opposition from the DEP Secretary, the Governor's office sent a letter to members of the House opposing HB 2154:



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR  
HARRISBURG

June 5, 2018

Dear Representatives:

I write to make it emphatically clear that the Administration, including the Department of Environmental Protection (DEP), is strongly opposed to House Bill 2154, Printer's Number 3477.

We have collectively engaged, through DEP and the Department of Community and Economic Development (DCED), in what we thought to be productive conversations at the Pennsylvania Grade Crude Development Advisory Council (CDAC) over the past year. We believed that those efforts were headed toward development of a bill that we could support. However, HB 2154, PN 3477, is not it.

This bill is bad for the environment. For example, the legislation allows for up to 210 gallons of crude oil or 630 gallons of brine, to be spilled without having to be reported. It also relaxes casing and cementing requirements, which significantly increases the risk of water contamination, and would relax water restoration or replacement standards where a well operator affects a public or private water supply. Additionally, the legislation encourages the proliferation of methane by allowing wells to remain in active status (i.e., uncapped) if equipment is left on site.

This bill is also bad for landowners. It would remove the requirement to notify landowners 24 hours in advance of drilling and would eliminate the requirement for operators to obtain and post a well permit prior to commencing site construction, while affording landowners only 15 days to raise objections to a proposed well location. Further, the bill would prevent local municipalities from making reasonable zoning decisions, a right which was upheld by the Pennsylvania Supreme Court in the *Robinson Township* decision.

These are merely a few examples of major concerns with the legislation that cannot be resolved through piecemeal attempts to amend. The Administration acknowledges that the conventional industry is facing particular challenges and is in need of a legislative solution. However, the bill in its current form is unworkable, and a new product needs to be crafted. We were sincere in our offer to return to CDAC to work toward a collaborative product, and that offer still stands. However, the Administration strongly opposes House Bill 2154, PN 3477, and would ask for a negative vote should this bill run on final passage.

Sincerely,

A handwritten signature in black ink, appearing to read "William C. Danowski Jr.", written over a light blue circular stamp.

William C. Danowski Jr.  
Secretary of Legislative Affairs



PGCC mobilized to get an immediate response out to all members of the House of Representatives:



**Pennsylvania Grade Crude Oil Coalition**  
P.O. Box 149  
Mt. Jewett, PA 16740  
Phone: (814) 230-3033  
Email: [admin@pagcoc.org](mailto:admin@pagcoc.org)  
[www.pagcoc.org](http://www.pagcoc.org)

June 7, 2018

Dear Members of the House of Representatives,

On June 5, 2018, William Danowski Jr., Secretary of Legislative Affairs for Governor Wolf, sent you a letter opposing HB 2154 (the Conventional Oil and Gas Act). Mr. Danowski's letter grossly misrepresents HB 2154, and even though HB 2154 has now passed, we believe it is important we provide you this letter.

Mr. Danowski asserts HB 2154 is "bad for the environment" because it allows for up to 210 gallons of crude oil and 630 gallons of brine to be spilled without reporting. Please know: 210 gallons of oil is the reporting threshold for crude oil in Texas (a state which produces roughly 1000 times more oil per day than Pennsylvania). As to brine: 630 gallons of brine contains just under 500 pounds of sodium chloride (salt). To put that in context: EPA's reporting threshold for sulfuric acid is 500 pounds; EPA's threshold for nitric acid is 1000 pounds. HB 2154's reporting requirement for brine is stricter than is the EPA's requirement for sulfuric and nitric acid! To provide further context: annually, PennDOT spreads 9.8 million gallons of brine PLUS 900,000 tons of salt (combined, the PennDOT brine and salt is roughly 3.5 MILLION TIMES the 630 gallon reporting threshold).

Next Mr. Danowski asserts HB 2154 will encourage the proliferation of methane. This is a fantastic claim that ignores the steps HB 2154 takes toward plugging orphan wells. Orphan wells are left from generations ago and release methane because they are not properly capped. Members of the conventional industry have voluntarily plugged hundreds of orphan wells over the last several years, while the DEP has plugged less than two dozen. HB 2154 incentivizes increased orphan plugging by giving an operator who plugs an orphan well either: 1) credit against a new well permit fee; or 2) a \$5,000 grant from CFA funds for every well plugged. HB 2154 also streamlines the Good Samaritan (liability) protections for operators who voluntarily plug orphan wells.

Mr. Danowski then asserts HB 2154 is "bad for landowners" because the bill only affords landowners 15 days to raise objections to a proposed well location. What Mr. Danowski failed to tell you is that 15 was always the number of days afforded a landowner to object under the Oil and Gas Act of 1984, and that 15 days is the current standard under Act 13! Mr. Danowski

also erroneously asserts that HB 2154 “would prevent local municipalities from making reasonable zoning decisions.” Contrary to Mr. Danowski’s assertion, section 902 of HB 2154 specifically authorizes local zoning decisions by allowing local ordinances adopted under the Pennsylvania Municipalities Planning Code. This language in HB 2154 is also the same provision contained in current law!

Almost without exception, the businesses that comprise the Conventional Industry are ALL small businesses as defined by federal code. Most importantly, these rural small business owners along with their employees who are struggling to stay afloat, have been waiting 2 years since the passage of Act 52 for our own Conventional Oil and Gas Act (HB2154) to be promulgated - this bill is it and should be supported.

We trust the facts contained in this letter will dispel myths being circulated about HB 2154.

Sincerely,

David Clark  
PGCC President

As you take the time to read the above letters you will see we have been victims of unfounded fears and misinformation. In addition to letters from the DEP and Governor’s office, environmental groups such as the Environmental Defense Fund and Pennsylvania Environmental Council sent propaganda predicting environmental catastrophe if Pennsylvania adopts a conventional oil and gas act.

Opponents paid little to no attention to the fact the primary effect of the conventional oil and gas act is to reinstate the old Oil and Gas Act of 1984...a law which worked very well in simultaneously protecting the environment and meeting the needs of Pennsylvania’s conventional oil industry.

PGCC spent hundreds of hours attempting to dispel the propaganda and continue educating anyone who would listen with a fair ear via visits, telephone calls, letters and emails. The result was the bipartisan success in the House of Representatives. Thanks to all who sent notes, emails, thank you’s, etc.

### **# 3: WHAT HAPPENED TO OUR LEGISLATIVE DAY IN HARRISBURG???**

This spring PGCC was supposed to organize a day in Harrisburg for all our members to visit legislators and talk about the conventional industry. We set aside a day in May, and then postponed to June...and then we had to cancel. The propaganda surrounding HB 2154 forced us to focus our time on answering technical and legal questions about the conventional oil and gas act.

Members of the executive committee answered those questions. Wally Phillips and his wife, Sue, Cathy Kirsch and Bruce Grindle made a three-day trip to the Philadelphia area to meet with southeast Pennsylvania legislators who had questions about how the conventional act would impact their districts.



All of the executive committee--David Clark, Doug Jones, Bruce Grindle, Wally Phillips, and Arthur Stewart--made multiple trips to Harrisburg throughout the spring and early summer, to meet with legislators who had specific questions, and to meet with key House and Senate leaders.



**June 21, 2018 PGCC executive committee members and family gather in the Capitol basement to go over the day's agenda and have an impromptu conversation with Representative Lee James (front: Katie Stewart, Sarah Stewart, Doug Jones) (rear: Mike Ward, Wally Phillips, Sue Phillips, Dave Clark, Chris Clark, Bruce Grindle, Judy Saf and Representative Lee James)**

Judy Saf joined us for a day in the Capitol and meetings with several members of the House of Representatives. And David, Bruce and Arthur made two special trips to Harrisburg to meet with DEP staff and legislative leaders attempting unsuccessfully to learn details about the DEP's concerns with the proposed legislation which they participated in crafting as members of the CDAC.

PGCC hasn't lost sight of the importance of the legislative day and we will get it back on the calendar when the time is right for a more general set of educational visits with House and Senate members.



## **# 4: WHAT'S NEXT WITH HB 2154?**

HB 2154 has now moved to the Senate. PGCC has worked for several years to acquaint Senate leaders and members with the conventional industry and there is little doubt but that the conventional oil and gas act enjoys broad support in the Senate.

The PGCC Executive Committee is planning additional visits to Harrisburg, in the fall when the Senate reconvenes, to work with Senate leadership on their plan to advance the Bill. Stay tuned for developments.

## **# 5: WHAT'S HAPPENED TO SPREADING OF PRODUCED WATER ON ROADS?**

Currently DEP is not authorizing the spreading of oil and gas well brine on roads...at least when the brine is characterized as a "waste". Last year a Farmington Township, Warren County resident brought a lawsuit against the DEP and Hydro-transport (a brine hauler) seeking to stop brine spreading on dirt roads. PGCC became involved in the lawsuit, and at first the DEP indicated it would be defending the lawsuit. However, without advance notice, and on the last day for filing documents, the DEP threw in the towel on the lawsuit, stating to the Court the DEP had acted incorrectly in giving Hydro-transport the OK to spread brine in Farmington Township. The DEP went on to state that the annual permission to Hydro was now expired, that in the future the DEP would not give new permission to Hydro, and that, therefore, the case was moot and should be dismissed by the Court.

Not surprisingly, the Court dismissed the case, stating along the way that the action by the DEP was... unusual (to say the least!).

The DEP did this despite the fact it has given permission for decades, and despite that PGCC's lawyers (as well as lawyers for Farmington Township and the PA State Association of Township Supervisors) asserted there was solid authority for the DEP to continue to allow brine spreading under the law.

Now for the real irony: along the way PGCC has learned that, in Erie, a private company (Seneca Minerals) is selling brine from Oriskany wells (drilled in the 1950's). Under Pennsylvania's Right-to-Know Law, PGCC submitted a request to DEP for all records concerning brine from the Seneca Mineral wells, together with all records relating to how the brine is being sold legally.

The records from the DEP reveal that the DEP is treating the brine from the Seneca Mineral wells as a product rather than as a waste. This means that the brine from the Seneca Mineral wells can be sold and applied without oversight from DEP. In other words, even the protections which applied to brine spreading when it was allowed—such as no spreading in proximity to streams—do not apply to the brine from the Seneca Mineral wells.

Through CDAC, PGCC is working to bring common sense and equity to this situation. The CDAC Water Committee recently held a meeting with DEP staff to continue to explore options for brine treatment, use and disposal, including spreading on dirt roads. DEP has indicated that brine spreading might be possible under a co-product determination. But at the same time DEP cautions that that avenue is fraught with risks—both to operators and townships.

The HB 2154 contains a brine spreading section, and if the legislation were to become law, the DEP would gain the authority it told the Court it did not currently possess. Presumably the DEP would then be able to resume giving permission for brine spreading. Moreover, in mid-June both DEP and the Governor's office talked about putting a brine spreading bill on the fast track for passage by July 1. Obviously, that did not happen.

That leaves the industry in a remarkably odd position, with brine from Seneca Minerals Oriskany wells being permissible for spreading, but with spreading by the rest of us being a risky proposition that the DEP won't give written permission for. Brine spreading is interwoven with the conventional oil and gas legislation...and we'll all have to stay tuned for developments on both.

**Below is part of a DEP inspection report and DEP photograph turned over by the DEP in response to PGCC's Right to Know request:**

049-20014

April 23, 2008  
Production Information Regarding Brine Wells

To : Craig Lobins, *SLJ*  
Program Manager  
Bureau of Oil & Gas Management

From : J. Scott Lux, *JSL*  
Water Quality Specialist Supervisor  
Bureau of Oil & Gas Management

On 4/16/08, William Britt and myself inspected the five (5) registered brine wells in Erie County. It appears that all of these wells were producing brine, with 2 of these wells set up to produce gas. Only one of these wells appeared to be actually hooked up and producing gas on this date (Seneca Mineral Co. Korrell # 1 well). The other well, Bruce Coffin's Pitonyak # 1 well, was not plumbed to produce gas although evidence of previous gas production was present.

The attached information was gathered at your request as a result of an interpretation that the brine produced from these brine wells in Erie County is considered a "product" not a "waste". I hope this information helps in your decision.



**This picture is from the DEP's 2008 inspection report. Although it looks a lot like a gas well this is actually a well that produces brine as a product and not as a waste! ☺**

### **SUPPORT OUR MEMBERS:**

PGCC is fortunate to have a growing membership that includes valued service providers. We urge you to support our service members!!!





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**Purchasers of Pennsylvania Grade Crude Oil**

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