



September 2019 Newsletter

Hello from Arthur Stewart, Secretary

Here's the news...

1: The Conventional Oil and Gas Act Progresses in the Legislature



On September 24th COGA passed the Senate ERE Committee on a bipartisan vote

We remain optimistic that 2019 will be the year of the Conventional Oil and Gas Act (COGA). In the PA House of Representatives, Representative Marty Causer, along with many co-sponsors, re-introduced the bill that passed the House in 2018. In the Senate, last year's bill's sponsor, Senator Scott Hutchinson, worked closely with Senate President Pro Tempore, Joe Scarnati to develop a new bill that was introduced by Senator Joe Scarnati in June.

On September 24th Senate Bill 790, the COGA, passed the Senate Environmental Resources and Energy

Committee (ERE) by a vote of 8 to 3. Voting in favor of the bill were Republicans Gene Yaw (Committee Chairman), Scott Hutchinson, Camera Bartolotta, Scott Martin, Elder Vogel, Joe Scarnati, and Joe Pittman. Southeast Pennsylvania Democrat Andrew Dinniman also voted in favor.

PGCC Legislative Committee members David Clark, Sue Phillips and Wally Phillips were in Harrisburg on September 23 and 24 to meet with Senators and answer questions about the bill. The PGCC team explained that the new Senate bill was the product of long meetings between PGCC representatives and DEP staff, facilitated by Senator Scarnati's office. The new bill was drafted to respond to several concerns expressed by DEP.



David Clark, Sue and Wally Phillips met with legislators in advance of the vote

Without these educational visits from PGCC and its members, many legislators would know nothing about the conventional oil and gas industry. Our experience with Senator Dinniman is typical. The Senator is from Chester County where pipeline construction for unconventional gas is causing overwhelming health and safety concerns for the constituents who densely populate the neighborhoods around the pipeline right-of-way. When we first visited the Senator, he viewed every Pennsylvania oil and gas well as pretty much the same. A former college professor, the Senator is a thoughtful gentleman, generous with his time; he absorbed many details and nuances about our industry during our meetings with him. At the committee meeting the Senator cited the many differences between conventional and unconventional operations and voted in favor of the need for a separate conventional bill.

Even those voting against the bill acknowledged the positive results of the negotiations that led to the Senate bill. Senator John Yudichak (D-Luzerne) said that great progress has been made on the negotiation of this bill with leadership, the conventional industry and the DEP. The Senator noted that the good work has put the Senate "close" to a position where it could fully support the bill.

The bill now moves to the full Senate where it will hopefully be scheduled for a vote soon. If successful Senate passage occurs, the bill will move to the House of Representatives for consideration and a

possible vote in that chamber. It remains to be seen what version of the bill moves forward in the House. While Representative Causer's version is currently pending, it is possible that the House could take up the Senate version if it passes the Senate. After both chambers of the legislature agree upon a bill it goes to the Governor for his approval or veto.

PGCC remains close to the process, educating legislators about the differences between the conventional and unconventional industries, and showing how conventional industry members are positively linked to the communities where we operate.

2: Representative Causer Takes Action on Brine Spreading



Representative Marty Causer

With brine disposal and treatment options dwindling in Pennsylvania, Representative Causer recently penned a letter on brine spreading to DEP Secretary McDonnell:

September 30, 2019

Secretary McDonnell:

I am writing concerning correspondence received by the Board of Supervisors in Annin Township, McKean County. As you can see from the enclosed correspondence, your department is giving the township 14 days to provide a plan of action to prevent airborne road dust. The township supervisors contacted me regarding this matter. The township supervisors have regularly controlled road dust with local conventional brine application.

- 1. This problem was caused by your department taking away the local governments' ability to address this issue.*
- 2. Your department continues to oppose legislation that would provide local governments with the tools to address this issue.*
- 3. Paving the highways is not economically feasible. Nor is it necessary in many areas.*
- 4. Would praying for rain be considered a reasonable action under your regulations?*

5. *Throughout Pennsylvania there are hundreds of miles of dirt and gravel state highways. Many of them are very dusty. Have you given PennDot officials 14 days to come up with a plan of action for these highways?*
6. *Instead of ordering local governments to address issues while taking away their ability to do so, when is your department going to work in good faith as a partner with local officials to address this issue?*

I would be glad to further discuss. I look forward to your response.

Sincerely,

*Martin T. Causer
Majority Chairman
Agriculture and Rural Affairs Committee
PA House of Representatives
717-787-5075*

3: PA House ERE Committee Visits the Oil Patch

Seeing is believing, and some of PGCC's most positive interactions happen when legislators visit western Pennsylvania to see oil and gas operations. On August 26 and 27 PGCC hosted the PA House Environmental Resources and Energy Committee with Chairman Daryl Metcalfe (R- Butler County), Paul Schemel (R-Franklin County), Kerry Benninghoff (R-Centre County), David Zimmerman (R-Lancaster County), Kathy Rapp (R-Warren County), Chris Dush (R-Jefferson), and Mike Zabel (D-Delaware County) attending. Also attending were Senator Scott Hutchinson, Richard Fox (Executive Director ERE) and Griffin Caruso (Research Analyst).

PGCC highlighted the economic impact of conventional oil and gas in western Pennsylvania. It's impactful to see that conventional permits have fallen from 5000 per year a few years ago, to less than 200 last year. It's also impactful for legislators to learn that the Bradford refinery now imports the majority of its oil supply from Michigan, Kentucky, Canada and New Mexico.



Cameron Energy employee, Brad Bawden, explains his job to legislators

On the 27th we talked about job opportunities, the challenges of plugging orphan wells, and safety at the hydrofracture site. Then we toured orphan wells and attended a frac job in Forest County.



Chairman Metcalfe and Representative David Zimmerman watch the flush from the rig floor

It's fun to capture some of the comments from our visitors. "Wow, that's a lot of work to frac a well." "I can't believe how small your footprint is—I was thinking it would be a much bigger operation." "The forest is beautiful. You have to look hard to find the wells." These are things the industry knows...and takes for granted...because we live it every day. It's important to see it through the eyes of our visitors and guests ...and remember there are hundreds more legislators in Harrisburg who have no idea who and what the conventional industry is.



Senator Hutchinson gives the "go" to hydrofracture the next stage



Representative Kathy Rapp (foreground) and others examine E & S controls

PGCC will be hosting the House Republican Policy Committee for a visit to Northwest Pennsylvania on October 7 and 8, 2019 and if you have an activity or a site that you think would be good for a future visit, please reach out to one of your PGCC Board members.



Legislators chat with John Stewart and Jacoby and Jameson Curtis

4: Renewing the Call to Get Caught Doing Something Good

Below is a message from our President, David Clark. Please consider it carefully. On the following pages are photos of some the projects by members who have answered the call to get caught.



P O BOX N

Mt. Jewett, PA 16740

814-778-5820

I am David Clark and I serve as President of the Pennsylvania Grade Crude Oil Coalition. In September 2017 I challenged the PGCC membership to get "Caught Doing Something Good." I asked our members to commit to plug an orphaned or abandoned well and gain the title of "Good Samaritan."

Our membership's response has been remarkable. Not only has the membership plugged 4 very challenging orphan wells, but PGCC members have also tackled 3 other very critical environmental problems that DEP and our local Conservation District did not have the funds or manpower to tackle. The cost borne by these PGCC Good Samaritans is in excess of \$160,000.

These projects communicate an important message—that those of us in the conventional oil and gas industry care about our community environment. We live and raise our children where we work—of course we want that environment to be clean and healthy. And the reality is that our industry is the only place where you can find the equipment, expertise and ingenuity to solve the orphan well problem. It would be silly for regulators to put us out of business when we are the folks who are a part of the solution to a serious problem.

My Father first penned the words "Caught Doing Good" as the title of an article published in the American Oil and Gas Reporter in May of 1982. His words challenged producers to clean up their act and lead by example. He went on to write that "There's no bureaucrat that knows our business like we know it. But if we don't work at cleaning it up somebody else will do it for us." We are proud that in the last 37 years we have implemented many new environmental measures. As a result, stream quality around conventional wells is the best in the state, and we have reduced the size of our operations to minimal footprint.

PGCC's Board and members know that the message of Caught Doing Good is as vital today as it was 37 years ago. We know that we care for the communities where we live, work and recreate. How do we communicate our care to the strangers who don't know us, or confuse us with large unconventional companies that are here today and gone next year?

There are at least 200,000 orphan wells in PA that need plugged. Plugging **any one** of these wells communicates our care and puts us one well closer to solving the problem. It's not easy. If the well you volunteer to plug isn't yet registered as an orphan well, it needs to be registered. Then, under the Good Samaritan Act you make an application to plug the orphan well to be relieved from future liability. PGCC members have successfully gone through this process 3 times and it took an average of five months each time plus multiple meetings with the DEP. But the DEP has promised to streamline the process...and with 3 successes under our belt I'm certain it will become easier.

PGCC membership has **earned** the moral ground of "being caught doing good." And getting caught has meant plugging wells and fixing environmental problems everyone else only talked and complained about. You should be proud of PGCC's accomplishments. But I want to remind all of us that getting caught doing good is an ongoing process. There are more projects waiting for us in our neighborhoods.

Thank you for taking the time to read this letter. Please let me hear about you being caught doing something good for your community and your fellow Pennsylvanians!!

Respectfully,

David Clark

President, PGCC

“Get Caught Doing Something Good” – PGCC Call to Action, 2017



Project Name: *PGCC Good Samaritan Plug Job Lot 460*

Description: *PGCC Volunteer Curtis Well Service and Gas and Oil Management plugged an Orphan well in Warren County, PA.*

Date: *May to August 2018*

Cost: *\$12,500 (approximate)*



“Get Caught Doing Something Good” – PGCC Call to Action, 2017



Project Name: *Matthews Run Stream Restoration Project*

Description: *PGCC Volunteers worked with Youngsville Boro and Warren County Conservation District to remove woody debris, re-channelize, and install stream bank stabilization to limit future flooding and property damage.*

Date: *August & September 2019*

Cost: *\$50,000 (approximate)*



“Get Caught Doing Something Good” – PGCC Call to Action, 2017



Project Name: *Abandoned Oil Tank Removal from Matthews Run*

Description: *PGCC Volunteer Curtis Well Service removed an abandoned leaking oil tank from stream in Warren County, PA*

Date: *April 2019*

Cost: *\$2,500*



“Get Caught Doing Something Good” – PGCC Call to Action, 2017



Project Name: *Marvin Sanders Oil Spill Cleanup*

Description: *Numerous PGCC volunteers cleaned an oil spill in Warren County. PGCC and DEP cooperated to develop protocols for bioremediation of the spill.*

Date: *March 2018 to present*

Cost: *\$11,000 (approximate)*



5: Pipeline Update

A. PHMSA Rulemaking Update:

Under the Obama administration the US Pipeline and Hazardous Materials Safety Administration (PHMSA) began the process to adopt more stringent pipeline standards. The rule proposed near the end of the Obama second term would have undone current longstanding rules and made virtually all pipelines 8 inches or greater subject to federal safety standards.

Following the election of President Trump PHMSA revisited the proposed changes. At its June 2019 meeting PHMSA issued a proposal which would target for regulation Class 1 (rural) gas gathering lines 12 inches or greater. The PHMSA proposal would also add a provision that at least one dwelling or other impacted site be located within the potential impact radius for lines at the lower end of that diameter threshold (between 12 and 16 inches) in order for the line to be regulated.

However, there is also a 15 member federal committee titled the Gas Pipeline Advisory Committee (GPAC) which has been tasked with making recommendation to PHMSA. The GPAC has recently announced that it recommends regulations that look more like the requirement advanced under the Obama administration. The GPAC recommendation would make more pipelines subject to federal regulation by establishing baseline requirements for all high-stress Class 1 gathering lines 8 inches or greater in diameter. Those requirements would include regulations for materials, design, construction and initial testing, as well as certain operations and maintenance provisions.

The GPAC recommendation, which is not binding on PHMSA, would require another 90,000 miles of gathering lines in the country to be subject to PHMSA safety standards. The PHMSA 12-inch proposal would "only" apply to 25,000 miles of additional lines.

B. New Provision for ALL Class 1 (meaning rural) gathering lines:

At its June meeting, PHMSA also reported a proposal that would require operators of *ALL unregulated Class 1 gas gathering lines (regardless of diameter)* to submit incident and annual reports to the agency as fact finding. This would mean that approximately 400,000 miles of unregulated gathering lines in the country would be subject to the new federal reporting requirements. This would include *ANY diameter gathering line, even PGCC member lines carrying natural gas from conventional oil or gas wells.*

PGCC, in an effort to exempt our small diameter, low pressure Class 1 "gathering" lines from the Annual Reporting requirements, submitted Comments to PHMSA requesting an exemption that would apply to almost all our member "gathering" lines, being those line Operators with 10 employees or less. (NOTE: The reporting applies only to "Gathering" lines, not well production lines.)

A Final Rule determination by PHMSA will most likely not occur prior to the Nov 2020 election. That being said, it is our understanding that Annual Reporting requirements will nonetheless be required in 2020 by all "gathering line" operators.

6: Annual Member Meeting

OUR ANNUAL MEMBER MEETING WILL BE HELD OCTOBER 23, 2019 AT 6 PM. WE WILL GATHER AT THE CONEWANGO CLUB, 201 MARKET ST. IN WARREN PA.

WE WILL HAVE A SPECIAL GUEST FROM THE LEGISLATURE WHO WILL TALK WITH US ABOUT THE COGA PROCESS AND THE CHALLENGES THE COGA FACES.

WE WILL ALSO ELECT OFFICERS, TALK ABOUT WATER CHALLENGES, OTHER LEGAL AND LEGISLATIVE MATTERS, PLUS ANYTHING ON YOUR MINDS.

PLEASE PUT THIS IMPORTANT DATE ON YOUR CALENDAR AND PLAN TO ATTEND.

Your PGCC Board of Directors:

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	Glenn Baldensberger glennbaldy@verizon.net

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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