

N.C. Oil and Gas Commission

Minutes of the August 7, 2018 Monthly Meeting¹

The monthly meeting of the Oil and Gas Commission took place on August 7, 2018 in the NC Department of Natural & Cultural Resources Auditorium at 109 East Jones Street, Raleigh, NC. A quorum of the Commission being present, Commission Chairman James K. Womack, Jr. gavelled-in the meeting at 1:05 PM. Members of the Commission recited the Pledge of Allegiance, followed by a moment of silence. Chairman Womack reviewed the requirements of the State Government Ethics Act and asked Commission members to identify conflicts or potential conflicts. No conflicts were disclosed.

The Commission roll was then called: Present – Stanford Baird, John Lucey, Rhonda Jones, Robert “Chris” Reinhardt, Rebecca Salmon, Michael Stone, and James Womack; Absent – Victor Gaglio and Dr. Junfeng “Jim” Zhang.

The Commission next considered the minutes from its May 8, 2018 meeting. A motion was made by Commissioner Lucey and seconded by Commissioner Jones to approve the minutes. The commission vote was unanimous.

Presentation on the draft Standard Operating Guidelines:

The next item of business was a discussion of the Internal Operating Procedures of the North Carolina Oil and Gas Commission. The Chairman walked the Commission members through the sixteen-page document by reviewing each Article of the operating procedures. Commission Counsel will review and confirm each statutory reference in the document. The Commission discussed attendance requirements for Governor appointees, telephonic access, restoration of the Commission website, closed sessions, quarterly reports, timeline for meeting notices, and future meetings scheduled for Calendar year 2019.

Article X of the Internal Operating Procedures pertains to Committees. At this point, the Chairman reviewed the document titled, “Proposed Committees and Study Groups for NC Oil & Gas Commission.” Chairman Womack explained the need for each proposed Committee (Civil-Penalty Remission, Rules, Operations, and Environmental Standards) and Study Group (Best Practices, Public Health and Socio-Economic Impact) and requested each Commissioner to identify a Committee and/or Study Group they would be willing to serve on by the next Oil & Gas Commission meeting.

Article XII, Section 6 pertains to declaratory rulings. Chairman Womack asked Dr. Taylor to clarify if Section 6 of Article XII should be outlined in the Internal Operating Procedures of the North Carolina Oil and Gas Commission or if rules were needed. Chairman Womack reviewed the editorial changes required for the Internal Operating Procedures of the North Carolina Oil and Gas Commission:

1. Article VI, Records Retention and Rulemaking Responsibilities - Add detailed description of the records generated during a closed session and the process of briefing Commissioners that could not attend the closed session; and
2. Article XVII, Amendments - The title is incorrect and currently is listed as Article XVI.

A motion to approve the Internal Operating Procedures of the North Carolina Oil and Gas Commission was offered and seconded. The motion to approve passed unanimously.

¹ These minutes remain in draft from until approved by the Commission.

Administrative Discussion:

Dr. Taylor led the administrative discussion, Item 6 on the agenda. Dr. Taylor's Commission briefing covered the State process of requesting per diem (each Commissioner must submit in writing if they wish to receive per diem), research and technical presentations from the Geological Survey (Dr. Reid's contribution includes over 55 publications), communication processes between individual Commissioners and the Staff Director (Commissioners should direct their communication to the DEQ Staff Director and the information will be disseminated to Commission members via DEQ staff), DEQ email accounts for each Oil & Gas Commission member (email account activation must occur within 24 hours of receiving notice), introduction of the Senior Geologist for Oil and Gas Regulation (Ryan Channell), and scheduling of future Commission meetings for calendar year 2019 on a quarterly basis (February, May, August and November).

Chairman Womack ~~asked~~ ~~requested~~ that Mike Abraczinskas ~~to~~ provide the Commission with an update on EPA emission regulations for oil and gas operations.

The final administrative agenda item was a review of the 2018 meeting schedule. The next Commission meeting is scheduled for the 14th of September in the Ground Floor Hearing Room. Several members of the Commission cannot attend the meeting as scheduled and Dr. Taylor will secure a venue for Thursday the 13th of September. The October meeting is scheduled for Tuesday the 16th from 10AM to 2PM in the Ground Floor Hearing Room. The November meeting will be held on Thursday the 8th. Dr. Taylor will secure a venue for the November meeting. The December meeting is scheduled for Tuesday the 4th in the Ground Floor Hearing Room.

Review of Mining & Energy Commission's Unfinished Business:

Chairman Womack reviewed the document titled, "MEC Unfinished Business for OGC Consideration." The document included the following ten items for the Oil & Gas Commission's consideration:

1. Pit standards. Establish limitations for use of pits and continue to survey other states' pit regulations.
2. Tank standards. Extend the use of tanks for managing flowback and wastewater in lieu of pits.
3. Set-back standards. Review scientific and engineering studies to further refine setback distances.
4. Internal OGC procedures for managing drilling units. Additional rules to define how the Commission should deliberate and issue drilling units.
5. Internal OGC procedures for managing pooling orders. Additional rules to define how the Commission should deliberate and issue pooling orders.
6. Forms and submission requirements for drilling units. Development of rules to address the process of requesting and receiving a drilling unit from the Commission.
7. Seismic monitoring during active drilling. Consideration of performing seismic monitoring during the first year of drilling.
8. Public health baseline study. Consideration of performing a pre-drilling baseline study of public health.

9. Air quality monitoring during active drilling. Review EPA regulations for air quality and collaborate with the Environmental Management Commission and DEQ for applicable rulemaking.
10. Emergency services requirements for local and state level agencies. Establish the minimum acceptable standards or recommendations for local emergency management offices.

Chairman Womack requested all MEC information and reports to be posted to the Oil and Gas Commission website for review and reference.

Discussion of Future Oil & Gas Commission Trip to PA Drill Sites:

Chairman Womack led discussion of visiting an active drill site in Pennsylvania. He shared details regarding his trip to northeast Pennsylvania, Bradford County, and the opportunity to see drilling, hydraulic fracturing, and production equipment. Commissioner Stone discussed his trip to Arkansas and Pennsylvania and the opportunity to speak to local government representatives, industry operators, and land owners. Chairman Womack would like to identify several days in the spring of 2019 to visit northeast Pennsylvania. The Commission members agreed to participating in a field trip to either northeast Pennsylvania or Pittsburgh in the spring of 2019 (April or May). Funding resources will need to be secured through the legislature due to DEQ's limited budget.

Public Comments:

Public comments included the following six individuals:

Jeanie Ambrose – Ms. Ambrose said that vertical drilling, not laterals would be used in North Carolina based on the study by Chatham County's consultant.

Martha Girolami -- Ms. Girolami had two handouts for the Commission ("NASA-led study solves a methane puzzle" and "Summer of Extremes"). She said the impact from natural gas extraction may be related to weather impacts seen today.

Sharon Garbutt – She asked that commission information be posted a week or two weeks in advance. She also said that training local emergency response personnel and the equipment they would need should be in place prior to the start of drilling. She also spoke of the potential for changes in road conditions from the traffic associated with fracking.

Keely Wood Puricz – She suggested to look at laterals by helium content. Dr. Ingratia (?) – cement engineer with NC DOT looked at the impact from fracking in this State and shared his observations in state e-mail.

Therese Vick – She has observed the conduct of landmen with the Atlantic Coast Pipeline and similar land men with the Mt. Valley Pipeline. She wants to see if someone is able to protect the landowners from predatory land agents. She also wanted land owner protection from forced pooling and severed estates. She also said that much more is known about the impacts of gas extraction on air quality and is also the potential for explosions from both wells and pipelines.

John Wagoner – He suggested to have the next meeting at a venue with a good sound system. He supports going to Pennsylvania or West Virginia but to not be misled by fracking, drilling, flaring, and compressor stations. Do background investigations from the National Response Center on well failure,

and see how often, how serious, and what was the impact on water. Issues with tanks for waste and air monitoring at the fence line not 25 miles away. Stop all consideration of new fracking rules if the commission cannot address the issues.

Commissioner Comments:

Michael Stone – He welcomed Commissioner Salmon to the group. He discussed the workload and challenge ahead of the Commission.

Stanford Baird – He requested Commission Council to provide additional information and detail related to a public records request submitted to the Department. He also mentioned the importance of understanding the work that was completed by the MEC.

Rhonda Jones – She discussed the large amount of information the Commission needs to filter through and the learning curve ahead of them. To accomplish this, the Commission needs to meet more often and prompt notices are important.

Rebecca Salmon – She thanked the Commission members for the warm welcome. She is interested in reviewing best practices from other states and the possible impact of oil and gas development to Lee County. She asked Dr. Taylor for a copy of the binder material that was issued to each Commissioner detailing the work completed by the MEC.

James Womack – Thanked everyone for attending the meeting. He mentioned the complaints received by the Commission and the required response to the five complainants. He discussed the public records request submitted to the Department and the required information each Commissioner may need to provide to staff.

Meeting adjourned at 3:31 PM