

N.C. Oil and Gas Commission

Minutes of the February 12, 2019 Meeting¹

The Meeting of the Oil and Gas Commission took place on February 12, 2019, in the Archdale Building, Ground Floor Hearing Room at 512 N. Salisbury Street in Raleigh. Commission Chairman James K. Womack, Jr. gavelled-in the meeting at 10:02 AM. Members of the Commission stood for a Moment of Silence followed by reciting the Pledge of Allegiance. The Chairman read the ethics reminder and asked Commission members to identify conflicts or potential conflicts. No conflicts were disclosed.

The Commission roll was then called: Present -- Stanford Baird, Victor Gaglio, John T. Lucey, Jr., Robert C. Reinhardt, Rebecca W. Salmon, Michael C. Stone (by phone), James Womack and Dr. Jim Zhang (by phone).

The minutes of the both the October 16, 2018 and December 4, 2018 Meetings were approved without changes.

The Commission then moved to the election of commission officers. There was discussion among Commissioners and the Commission Counsel as to interpretation of the statutes and the draft of the Commission's Standard Operating Procedures, also referred to as the Commission's By-laws. After the discussion regarding the statute governing the election of officers, Chairman Womack requested Commission Counsel to preside over the nomination and election process, and no objection was had from the members regarding the Chairman's request. Commission Counsel asked for nominations for Chair. Commissioner Baird nominated Commissioner Womack for Chair. There were no other nominations, and Commission Counsel called for a vote. The vote was unanimous. Commission Counsel then called for nominations for Vice-Chair. Commissioner Womack nominated Commissioner Reinhardt for Vice-Chair. With no other nominations for Vice-Chair being made, Commission Counsel called for a vote. The vote was unanimous.

The next agenda item was the Commission's By-laws. The Commission Counsel discussed the edits he has made and said that the revised document would be discussed today, but that no vote taken at this meeting. It will be an agenda item at the next Commission meeting. The Commission Counsel also said that several of the By-laws were from the former Mining and Energy Commission (MEC) and are not suitable for the Oil and Gas Commission (OGC). As an example, he noted that an extensive committee structure might have been more suitable for the former MEC, which had 15 members, but might not be suitable for the OGC, which only has nine members.

The commissioners also discussed the propriety of permitting members to participate in closed-session by telephone, which the current by-laws prohibit. The members indicated a preference to leave the prohibition in place as the by-laws are updated. who are participating in the meeting by telephone rather than in-person.

The next item was the introduction of new staff. Danny Smith, the interim Director of the Division of Energy, Mineral and Land Resources (DEMLR) introduced himself and said he was looking forward to working with the Commission. Director Smith also spoke about the other regulatory Commissions which DEMLR supports – Mining Commission, Sedimentation Control Commission, as well as the Oil and Gas Commission.

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

Audio recording of all Oil and Gas Commission meetings are posted on the OGC website.

The Chairman next asked about staffing to support the Commission, its committees and study-groups; migration of the Mining and Energy Commission documents to the website; and the Commission's Annual Report to the Legislature. Jennifer Mundt said a draft copy of the report would be sent to Chairman for review in the next month.

The new Senior Geologist for Oil and Gas Regulation, Jim Chapman was next introduced, and he briefed the Commission on a Comparison of the North Carolina rules to other states. North Carolina is well ahead of other states on oil and gas regulation. Commissioner Lucey asked that North Dakota, Texas, Louisiana, New Mexico, and Pennsylvania be added to the Comparison. All commissioners received a copy of the Comparison prior to the meeting.

Chairman Womack indicated that because the General Assembly required the State to regulate oil and gas activities, local governments were constrained in what they could do at the local level. Commissioner Baird said that the North Carolina setbacks are extremely conservative, and he is comfortable with that decision.

Commissioner Gaglio asked about the site closure perspective in addressing the removal of drilling equipment from the drilling site. Commissioner Lucey also said that there are new regulations in West Virginia concerning flowback water and the 3-4-year inspection of tanks.

Chairman Womack tasked the staff to ask the NC Division of Air Quality management for their knowledge of changes at US EPA or US DOI on their existing rules concerning emission standards. He also asked for an update on status of methane emission monitoring in the counties which lie in the Triassic Basins. Commissioner Lucey also noted that there is now drone-based monitoring of methane emissions.

Public Comments:

Jim Lister – Mr. Lister introduced himself as a Certified Petroleum Geologist and a Licensed Professional Geologist in Utah and Colorado. He expressed his concern with the incomplete or misleading definitions of conventional and unconventional reservoirs.

Commissioners Comments:

No commissioners had final comments.

Chairman Womack adjourned the meeting.

Meeting ended at 11:48 AM.