

N.C. Oil and Gas Commission

Minutes of the Tuesday, 11 May 2021 Meeting*

The meeting of the Oil and Gas Commission took place at 10:00 A.M. (ET) on 11 May 2021 via WebEx tele-conference, hosted by the North Carolina Department of Environmental Quality (DEQ).

00:00:57 – **Commission Chairman James C. Lister** opened the meeting with a moment of silence and led the Pledge of Allegiance.

00:02:05 – Chairman Lister read the ethics reminder from the Elections and Ethics Enforcement Act, then asked for concerns for conflicts of interest. No concerns were voiced.

00:02:43 – **DEQ Senior Policy Advisor Jennifer Mundt** took roll-call attendance of Commissioners. In attendance: **Commissioner Rebecca W. Salmon, Commissioner Stanford Baird, Commissioner John Droz, Jr., Commissioner John Lucey**, and Chairman James C. Lister. A quorum was declared.

00:03:42 – Chairman Lister opened the discussion with some remarks and questions, then reminded the Commission that the Commission will take comments at the end of the meeting and that people are limited to comments only. Ms. Mundt remarked that no one had as of yet signed up to comment but that anyone is welcome to sign up at any time during the meeting in the chat interface in WebEx. Chairman Lister asked Ms. Mundt if there is new information regarding the status of the nominated, but yet to be confirmed, people that would potentially bring the Commission to its full nine-member status; Ms. Mundt responded that there is no new movement within the General Assembly. There was discussion as to whether or not it would be useful to send a letter to the Governor to remind him of the Commission's status. Chairman Lister remarked that he is inclined to send the letter but is not yet decided. The letter will likely be addressed to the Senate and House leadership with a copy sent to the Governor as well.

00:09:22 – Chairman Lister moved the discussion to the Action Items. Commissioner Droz made a motion to approve the 9 February 2021 Commission meeting minutes, seconded by Commissioner Baird. Ms. Mundt conducted a roll-call vote, and the minutes were unanimously approved.

00:10:48 – Chairman Lister moved the discussion to the Informational Items. **State Geologist and North Carolina Geological Survey Section Chief Dr. Kenneth B. Taylor** conveyed to the Commission that there have been a few inquiries to the Survey since the last meeting: Dan Daniels called regarding oil/gas potential in Onslow County, an oil/gas industry professional made an initial inquiry but did not (or has not yet) followed up, Russ Patterson (Lee County-based driller) and Dan Butler conducted a pressure/flow test on the Butler #3 well – recording readings of 850-900 psi. Dr. Taylor noted that this is within the psi range recorded approximately 10 years ago, when the well was last tested. Dr. Taylor further commented that Dan Butler is making inquiries into the potential for recovering helium from the wells.

00:14:50 – **DEQ Rulemaking Coordinator Jennifer Everett** gave a presentation to the Commission regarding the process and procedure for changing the Commission's rules. An action/responsibility summation included: (1) drafting rule changes and fiscal note, (2) EMC approval of rules and fiscal note for public comment and hearing, (3) public comment period, (4) EMC approves hearing officer's

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

report, fiscal note, and adopting rules, (5) Rules Review Commission approves rules, and (6) approved rules go into effect. Ms. Everett remarked that this process takes approximately a year when all goes well.

00:32:44 – **Vice-Chairman James K. Womack, Jr.** entered the meeting and asked Ms. Everett what the appropriate way to move forward with a rule changing petition would be. Ms. Everett and **DOJ Assistant Attorney General and Commission Counsel Shawn Maier** responded that it would be a good idea to have a rule making committee petition the full Commission. Chairman Lister expressed his opinion that the rule changing committee should be reconstituted for such a petition. Chairman Lister asked if the Office of State Budget and Management (OSBM) worked under a time constraint for such a petition. Ms. Everett responded that it was not and Vice-Chair Womack offered that some of the time considerations may be alleviated by potential waivers from the OSBM. Chairman Lister stated that he was inclined to have all the rules reviewed at the same time in order to clean up typographical errors and the like left over from the initial codification. Vice-Chair Womack concurred, emphasizing technological changes and advancements in the industry that might need to be accommodated in the current rules.

00:44:05 – Commissioner Droz asked Ms. Everett how to sign up to receive other energy policy-related commissions' distribution lists. After explaining that the various commissions' distribution lists were not hosted in a central location, Ms. Everett determined that he would likely need to reach out to each commission individually to ask to be put on their distribution list.

00:47:25 – Commissioner Droz suggested that the Commission address the issue of typographical errors before policy related issues were addressed by the Commission. Chairman Lister asked for detailed clarification from Dr. Taylor who stated that there is an identified final version of the rules and that the DEQ would supply the Commission with that version. Vice-Chair Womack suggested that it might be worthwhile to consider reconstituting committees to perform a qualitative review of the rules for technical issues, then send that product to the rules committee for a final review. Chairman Lister concurred, and together with Commissioner Lucey reminded the Commission that in 2019, the Chairman previously reviewed the rules and followed that with a presentation to the Commission.

00:55:04 – Dr. Taylor, at the request of Chairman Lister, offered an explanation for the differences between the American Petroleum Institute's (API) well numbering and the Professional Petroleum Data Management's (PPDM) U.S. Well Numbering Standard. Dr. Taylor stated that in 2010 the API, after determining that their responsibilities were too vast to take on revamping the well numbering system in order to accommodate new technologies that now provide multiple wellbores from a single surface entry point, i.e., transferred the well naming responsibilities to a different organization (PPDM), whose one responsibility would be managing the petroleum wells numbering system. Dr. Taylor clarified that the code is completely a numeric code and that unsuccessful drilled wells for oil/gas discovery purposes also have numbers.

01:10:40 – Chairman Lister asked Dr. Taylor who is responsible for assigning the numbers. Dr. Taylor responded that the DEQ staff assigns the numbers. Chairman Lister asks Dr. Taylor if the well number is tied to a particular geographic location (latitude/longitude) and Dr. Taylor responded that the number is tied to a geographical key.

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

01:17:00 – Chairman Lister reminded the Commission that there was intent to arrange for someone for the Department of Information Technology (DIT) to give a presentation to the Commission but that it unfortunately could not be arranged in time. The intent is to have this arranged for the August 2021 Commission meeting.

01:21:15 – Chairman Lister provided a presentation pertaining to the professional demographics of the North Carolina Oil and Gas Landman Registry. The majority of the registry is comprised of individuals with no, or undetermined, professional qualifications. Chairman Lister highlighted that a declaration of credentials is not asked for on the Landman Registry form. Vice-Chair Womack stated that the absence of a statement of credentials on the form was an oversight from the former Mining and Energy Commission.

01:34:23 – Vice-chair Womack made a motion to vote on having the individuals currently on the Landman Registry contacted by the DEQ staff within the next six months, with the intent to discover if the individuals still wish to remain on the Registry and if any of their contact information has changed, etc. Commissioner Salmon seconded the motion. The motion was put to a vote by roll-call conducted by Ms. Mundt; four of the five commissioners present voted for the motion, Commissioner Baird opposed. Motion was approved, 4:1.

01:39:00 – After further comments, the vote is withdrawn for further Commission discussion. Commissioner Baird stated that he believes maintaining the Registry for updated information is unnecessary and burdensome to the DEQ staff until there is oil/gas activity in the State. Vice-chair Womack countered that there is currently activity in the state in the way of potential business agreements being sought and made, if not actual drilling.

01:40:03 – **DEQ Assistant General Counsel Jay Osborne** offered that the DOJ may have timeframe stipulations for this general action that might need to be considered.

01:47:20 – Commission Counsel Maier advised the Commission to request that the DEQ take action to contact the individuals on the Landman Registry rather than direct the DEQ to do so. Also, Mr. Maier advised that the Commission give explicit reasons why such action is requested.

01:48:40 – Vice-chair Womack amended his original motion to read as a request rather than a directive.

01:49:20 – A second amended roll-call vote was taken to ask the DEQ to contact the individuals on the North Carolina Landman Registry (administered by Ms. Mundt). This time the vote was unanimous to approve, 5:0.

01:50:10 – Chairman Lister asked if there are any additional comments from the Commissioners. With no further comments offered, Chairman Lister announced that the next Oil and Gas Commission meeting is 10 August 2021.

01:50:40 – Chairman Lister opened the discussion to public comments.

Public Comments:

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

01:50:55 – Ms. Sharon Garbutt (Chatham County) requested that any committee meetings under the Oil and Gas Commission be made public with time/date made available through notice.

Commissioners Comments:

01:52:20 – Vice-chair Womack offered that if someone is interested in seeing the Commission seated to its full nine members, it would be a good idea to contact the General Assembly directly. Additionally, Vice-chair Womack asked for clarification for Dr. Taylor about how an already completed well fits within the framework of the current rules. Dr. Taylor responded that any new amendment to an existing well would fall under the existing rules and further offered that that activity would require a new drilling unit. Vice-chair Womack suggested that a discussion about drilling unit procedures should be taken up by the Commission quickly and Chairman Lister concurred.

01:57:30 – Chairman Lister adjourned the meeting.

DRAFT