Number One
On June 23rd, Governor Tom Wolfe signed Act 52 into law. First, it did away with the proposed Chapter 78 regulations on conventional wells that the industry spent four years fighting. The industry came together, giving a lot of time and spending a lot of money on the fight to block those regulations. Many legislators fought right along side us and we would not have been successful without the support of everyone.

Also to come through Act 52 was the creation of the Pennsylvania Grade Crude Development Advisory Council. The new council will be a tremendous asset to the industry. The full council will not be in place until after the first of the year but as of now, we are aware of the following appointments—Representing:

- PIPP........... Mark Cline
  Joe Thompson
- PIOGA......... Burt Waite
  David Ochs
- PGCC..........Art Stewart
  Bruce Grindle

Number Two
EPA granted the conventional industry a three-year extension on having discharge water treated at public owned water treatment plants. Much time and effort also went into this victory also. Many thanks need to be given to Congressman Glenn “GT” Thompson and Congressman Mike Kelley. They, along with their staffs, were in constant contact with the EPA and worked hand-in-hand with representatives from the industry to achieve this. But this fight is not over as we need to be able to take our water to these facilities forever—not just the next three years.

Number Three
In October, the legislators passed a bill that will keep our industry out from under the Pennsylvania One-Call System for one more year. PA One-Call is “a non-profit corporation created to protect the underground facilities before anyone begins to disturb the earth.” (See information on page 4 gleaned from the system’s Federal Form 990 that questions whether it really is a ‘non-profit’.)

This is another battle that will be on-going. It will be an uphill fight as most legislators’ think our lines should be included under One-Call. Both parties will be meeting in an attempt to reach an agreement.

Number Four
Act 2 cleanups of oil spills (requiring oil-soaked soil to be hauled to a landfill) may soon be a thing of the past.

Although not yet in writing, during Acting DEP Secretary Pat McDonnel and Deputy DEP Secretary Scott Perry’s visit to

(Continued on page 2)
PIPP Pipeline

(Continued from page 1)

McKean County on November 1st, they made the comment that “there will be no more Act 2 cleanups for oil spills” after a presentation put on by Mark Cline about bioremediation. Since the visit, Art Stewart has volunteered to bioremediate a site near Warren—with the Department’s blessing.

Although a tough year with the price of oil and gas being so low, it was a year of victories on the legislative side.

Prepared by PIPP President Mark Cline

PIPP President Mark Cline was among industry spokespersons who were copied on this Dec. 15, 2016 email from the DEP External Affairs Director to DEP Deputy Secretary Scott Perry regarding changes in waste reporting for 2017. Below is the section regarding Conventional Well Operators.

Oil & Gas 2017 Waste Reporting Changes

“Good Morning Stakeholders,

The Department is in the process of making changes to how waste is reported in the Oil and Gas Reporting application. Some of the changes will only impact the unconventional operators while some will impact both conventional and unconventional well operators. The changes are summarized below. The Department plans on providing webinar training on the waste reporting changes in January 2017. An email notification will be sent to the EFAs and users with the reporting access right with specific details on how to register for the webinar closer to the date of the training event.”

“Conventional Well Operators:

While the reporting frequency has not changed for conventional operators, changes to waste reporting will be implemented for the Jan – Dec 2017 reporting period, due in Feb. 2018. The Jan – Dec 2016 report has not changed. The definition of a few Oil and Gas waste codes (Produced Fluid - 802, Unused Fracturing Fluid Waste – 805, Servicing Fluid - 808, Spent Lubricant Waste – 809 & Filter Socks – 812) were changed beginning January 1, 2017. An email notification will be sent to the EFAs and users with the reporting access right with specific details on how to register for the webinar closer to the date of the training event.”

Thanks,

Katie

Katherine Hetherington Cunfer | External Affairs Director
Department of Environmental Protection
Rachel Carson State Office Building
400 Market Street | Harrisburg, PA 17101
Phone: 717.705.2693 | Fax: 717.705.4980
www.depweb.state.pa.us

(See related story on page 7.)

THANK YOU!

Thank you to all who donated to the Legal Fund, especially those who “pledged” an amount per month—and are fulfilling their pledge.

Members and friends were generous and the outcome was successful.
GCI Water Solutions Update  
Phase I, Phase II Testing  
December 21, 2016

GCI Water Solutions, prior to bringing their Phase I treatment system to Pennsylvania, did extensive bench testing of the Venango Sand production water at their facility in Midland, Michigan. Upon the successful testing and positive lab results, they embarked on constructing the Phase I treatment system to bring to PA to test conventional well production water from various regions.

The Phase I treatment process virtually removes everything out of the production water, including oil and grease, hydrocarbons, BTEX, ammonia, suspended solids, and radioactive materials. Phase I does not remove dissolved solids, ie. Chlorides.

The Phase II system is a desalination process that will remove salts and chlorides. The goal of the desalination process is to bring the chloride levels in the effluent to 78mg/L for discharge into a receiving stream.

Prior to bringing the GCI Phase I treatment system to PA, a testing site had to be located and a permit obtained from the DEP. Joe Thompson, Vice President of Devonian Resources, provided an ideal site to test the GCI Phase I and II systems. It is located on Route 227, East of Butcherknife Hill. Devonian Resources submitted a OG00071, "Request for Approval of Alternative Waste Management Practices" to the DEP and it was approved.

After receiving the GCI test permit, Cline Oil, Inc., along with others, provided materials and manpower to prepare the site for GCI’s 2-8 1/2’ x 40’ containers which house the treatment equipment for Phase I. GCI moved the Phase I treatment system onto the test site on Friday, August 19, 2016. GCI and others worked Saturday and Sunday hooking up the treatment system to begin treating Phase I water.

Following is a list of operators who provided production water for GCI to test for the Phase I system:

Coastal Petroleum Corp.
Pennview Exploitation, Inc.
Weldbank Energy Corp.
Peak Energy
Mead Drilling
MSL Oil & Gas, LLC
Airdale Oil & Gas, LLC
EnerVest Operating
Kriebel Gas

Venango Oil Sands
Bradford Sands
Clarendon Sand
Bradford 3rd Sand
Clarendon, Glade Sands
Venango 2nd Sand
Venango 2nd Sand
Medina Formation
Bradford 2nd, 3rd, Baltown, Speechley Formations

With each load of water treated, samples were taken and sent to Pace Labs for a full NPDES analysis. This analysis will assist GCI in the fine tuning of the Phase I treatment system and also provide information for the desalination test unit.

Once each load of water was treated by GCI, it was put in tanks designated for treated water. Mark Cline was given permission by DEP Deputy Secretary Scott Perry for the treated water to be spread on dirt roads for dust suppression. Glenn Weaver & Son, LLC, spread the treated water on roads in Steuben Township, Crawford County, PA. Devonian Resources held the spreading permit for Steuben County and allowed Paul Weaver to spread the water. This offer by Devonian was a great help and saved thousands of dollars in disposal costs. Ergon Oil Purchasing, Inc. is in the process of making a donation to PIPP to cover the water spreading costs incurred by Glenn Weaver & Son, LLC.

Now that GCI has tested the Phase I treatment system, GCI is in the process of constructing their Phase II Desalination test unit. This unit is expected to be completed with 2-3 months and shipped to the GCI test site for testing. After desalinating Phase I water, the water samples will also be sent to Pace Labs for extensive analysis.

The main by-product of the GCI treatment system is salt. As a rule-of-thumb, for every gallon of production water, there is close to 1 pound of chloride/other elements slurry. GCI is working in conjunction with Tom Paras of Nobullim, LLC to recycle the waste stream generated from the GCI treatment process. Tom Paras is currently working on the various processes needed to extract economical products out of the waste stream. Also, Tom is looking for markets for the various products. Tom has agreed to give back a percentage of his profits from sale of salt products to the producers. This money will be used to offset the GCI cost per gallon to the producer.

On January 6, 2017, GCI’s principles, Mike Schuette and Josh Lauderman, Pom Paras of Nobullim, LLC, Bill Henderson, Mark Cline and Joe Thompson (board member of the Titusville Redevelopment Authority—TVA) will meet with Jim Becker, Executive Director of the TVA and Larry Manross, Titusville City Manager. The purpose of the meeting is to discuss the placement of the first GCI/Nobullim permanent facility in Titusville and use the City of Titusville’s NPDES Permit to discharge into Oil Creek. GCI/Nobullim hopes to have the first facility operating in the summer of 2018.

GCI is working on plans to place future treatment systems in Warren, McKean, and Indiana Counties, as well as other high conventional water production areas.

PIPP owes a special thanks to Cline Oil, Inc., Mark Cline and his son, Mark Jr., Joe Thompson, Rick Repasky, Donnie McGarvey, Mark Baker, Clint Brown & Sons, Glenn & Paul Weaver, R.W.Henderson, Ergon Oil Purchasing, Inc., and all the companies that contributed production water for the Phase I testing.

Submitted by William C. Henderson
Pennsylvania One-Call: A “Non-Profit” or a “Family Charity”?  

⇒ PA One-Call Corporation’s logo professes to be a “privately funded non-profit Pennsylvania Corporation.”  
⇒ Its purpose is stated—“to prevent damage to underground facilities. To promote safety, we provide an efficient and effective communications network among project owners, designers, excavators, and facility owners.”  
⇒ The company description includes the statement that it is a non-profit 501(c)(6)* Pennsylvania corporation created to help protect the underground facilities of members through communication with any person planning to disturb the earth.

However, these claims come into question if you review PA One Call’s Federal 990 Return of Organization Exempt From Income Tax form, filed in 2014 and 2015. Rep Bob Godshall (R—53rd Legislative District, Montgomery County) did just that and the results are troubling. He found the following:

**Salaries:**  
<table>
<thead>
<tr>
<th>Year</th>
<th>President, William Kiger</th>
<th>V.P. (&amp; Kiger’s wife) Ellen Kiger</th>
<th>Kelly Pearl (relative?)</th>
<th>James Larkin (relative?)</th>
<th>Corporation Earnings/Profits</th>
<th>Net Assets, end of year (most in cash and investments)</th>
<th>Lobbying expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$417,370</td>
<td>$270,202</td>
<td>$97,927</td>
<td>$36,744</td>
<td>$535,867</td>
<td>$7.3 million</td>
<td>$66,210</td>
</tr>
<tr>
<td>2015</td>
<td>$423,031</td>
<td>$273,618</td>
<td>$110,058</td>
<td>$53,844</td>
<td>$1.27 million</td>
<td>$8.3 million</td>
<td>$66,921</td>
</tr>
</tbody>
</table>

**Travel expenses:** $257,075 $271,868  
**Conferences, conferences and meetings:** $57,167 $62,870

The One Call system was created by Act 287 of 1974 and amended in 2006 to include a sunset (termination) date of December 31, 2016. In 2014, local representatives Rep. Martin Causer and Sen. Scott Hutchinson, were successful in keeping the exemption for conventional producers gathering lines in the legislation to reauthorize the PA One Call until 2021.

This year, however, legislation was again introduced that would have stripped our exemption in the reauthorization and transfer enforcement authority from Labor & Industry to PUC (Pennsylvania Public Utility Commission). The decision, however, was postponed for one more year to give legislators time to study this.

The trade associations will continue to work to retain our exemption. If it is removed, small producers will be required to map production lines, mark all underground lines, and report these lines to the PUC; participate in the One Call System; respond to all notices; and share the cost for the operation of the system.  

It is important that all PIPP members make their state representatives and senators aware of the statistics reported above so this (what appears to be a “family funding scheme”) is what is terminated!  

*same as PIPP*  

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**CRUDE OIL PRICING**  
GROUP 2 (OH/PA/NY): 60.0 – 149.99 net barrels from a single location

<table>
<thead>
<tr>
<th>Year</th>
<th>Year High</th>
<th>Year Low</th>
<th>Current 12/22/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>48.98</td>
<td>22.21</td>
<td>48.95</td>
</tr>
<tr>
<td>2015</td>
<td>44.87</td>
<td>30.73</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>102.76</td>
<td>49.27</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>105.55</td>
<td>89.02</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>106.82</td>
<td>75.49</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>108.25</td>
<td>70.72</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>85.50</td>
<td>61.75</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>75.00</td>
<td>28.75</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>138.50</td>
<td>28.25</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>93.25</td>
<td>47.25</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>73.75</td>
<td>52.75</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>67.00</td>
<td>39.50</td>
<td></td>
</tr>
</tbody>
</table>

Source: American Refining Group, Inc.  

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**U.S. Natural Gas Wellhead Price**  
(Dollars per Thousand Cubic Feet)

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.28</td>
<td>1.99</td>
<td><strong>1.73</strong></td>
<td>1.92</td>
<td>1.92</td>
<td>2.59</td>
<td>2.82</td>
<td>2.82</td>
<td>2.99</td>
<td>2.98</td>
<td>2.55</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.99</td>
<td>2.87</td>
<td>2.83</td>
<td>2.61</td>
<td>2.85</td>
<td>2.78</td>
<td>2.84</td>
<td>2.77</td>
<td>2.66</td>
<td>2.34</td>
<td>2.09</td>
<td>1.93</td>
</tr>
<tr>
<td>2014</td>
<td>4.71</td>
<td>6.00</td>
<td>4.90</td>
<td>4.66</td>
<td>4.58</td>
<td>4.59</td>
<td>4.05</td>
<td>3.91</td>
<td>3.92</td>
<td>3.78</td>
<td>4.12</td>
<td>3.48</td>
</tr>
</tbody>
</table>

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**Natural Gas Spot Prices at the Henry’s Hub**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.89</td>
<td>2.46</td>
<td>2.25</td>
<td>1.89</td>
<td>1.94</td>
<td>2.54</td>
<td>2.59</td>
<td>2.86</td>
<td>2.71</td>
<td>3.03</td>
<td>3.35</td>
<td>3.35</td>
</tr>
<tr>
<td>2009</td>
<td>5.15</td>
<td>4.19</td>
<td>3.72</td>
<td>3.43</td>
<td>3.45</td>
<td>3.45</td>
<td>3.43</td>
<td>3.14</td>
<td>2.92</td>
<td>3.60</td>
<td>3.64</td>
<td>4.44</td>
</tr>
<tr>
<td>2008</td>
<td>6.99</td>
<td>7.55</td>
<td>8.29</td>
<td>8.94</td>
<td>9.81</td>
<td>10.82</td>
<td>10.62</td>
<td>8.32</td>
<td>7.27</td>
<td>6.36</td>
<td>5.97</td>
<td>5.87</td>
</tr>
</tbody>
</table>
US President Barack Obama closed 3.8 million acres off the US North and Mid-Atlantic coasts and 115 million acres in the US Arctic Ocean to future oil and gas activity. The president made his Arctic move in coordination with Canada in a joint announcement with Canadian Prime Minister Justin Trudeau, who took similar steps with his country’s Arctic offshore area.

Obama withdrew the US Outer Continental Shelf areas on Dec. 20 under Section 12-A of the 1953 Outer Continental Shelf Lands Act (OCSLA), which a few of his predecessors used for significantly smaller areas and with time limits. He acted to preserve what he considered vulnerable, sensitive environmental areas from potential hazards he believes oil, gas, and other mineral operations would pose, administration officials said.

“The president’s bold action recognizes the vulnerable marine environments in the Arctic and Atlantic oceans, their critical and irreplaceable ecological value, as well as the unique role that commercial fishing and subsistence use plays in the regions’ economies and cultures,” US Sec. of the Interior Sally Jewell said.

“The withdrawal will help build the resilience of these vital ecosystems, provide refuges for at-risk species, sustain commercial fisheries and subsistence traditions, and create natural laboratories for scientists to monitor and explore the impacts of climate change,” she maintained.

Oil and gas trade association officials quickly criticized Obama’s action. “President Obama’s short sighted, unilateral withdrawal of Atlantic and Arctic Ocean areas from future oil and gas leasing not only risks the long-term energy security and energy leadership position of the United States, it violates the letter and spirit of the law,” National Ocean Industries Association Pres. Randall B. Luthi said.

He said that a withdrawal this expansive—particularly since it’s being portrayed as permanent—violates OCSLA’s declaration that the OCS is “a vital national resources reserve held by the federal government which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs…”

‘The wrong direction’

American Petroleum Institute Upstream Director Erik Milito said, “Our national security depends on our ability to produce oil and natural gas here in the United States. This proposal would take us in the wrong direction just as we have become world leader in production and refining of oil and natural gas and in reduction of carbon emissions.

“Blocking offshore exploration weakens our national security, destroys good-paying jobs, and could make energy less affordable for consumers,” he continued. “Fortunately, there is no such thing as a permanent ban, and we look forward to working with the new administration on fulfilling the will of American voters on energy production.”

Daniel T. Naatz, senior vice-president of government relations and political affairs at the Independent Petroleum Association of America, found Obama’s actions puzzling since the US Energy Information Administration and international data analysis have said that oil and gas demand will continue to grow until 2040 and beyond.

“We disagree with this last-minute political rhetoric coming from the Obama administration and contest this decision by the outgoing administration as disingenuous,” he said. “With exactly one month left in office, President Obama chose to succumb to environmental extremists demands to keep our nation’s affordable and abundant energy supplies away from those who need it the most by keeping them in the ground.”

Lucas Frances, a spokesman for the Arctic Energy Center, called Obama’s attempt to close the Arctic offshore to future oil and gas activity “deeply frustrating, and one that will mean a bleak economic future for Alaska.”

Noting that the White House cited a lack of industry interest in the Arctic for removing nearly all of the region from the 2017-22 OCS leasing program that’s being developed (OGJ Online, Nov. 21, 2016), he said that an Alaska state lease sale on Dec. 14 received 410 bids from companies and investors for tracts in the Beaufort and Chukchi Seas.

Risks not worth taking

Administration officials said that Obama’s Arctic withdrawals encompassing all of the Chukchi Sea and significant portions of the Beaufort Sea would protect marine mammals and other resources on which many Alaska Native communities rely for subsistence and cultural traditions.

“Risks associated with oil and gas activity in the remote, harsh and undeveloped Arctic are not worth taking when the nation has ample energy sources near existing infrastructure,” said Abigail Ross Hopper, the director of Interior Department’s Bureau of Ocean Energy Management. “Oil spill response and cleanup raises unique challenges in the Arctic and a spill could have substantial impacts on the region, particularly given the ecosystem fragility and limited available resources to respond to a spill.”

She said the withdrawal does not affect existing leases in these federal offshore waters and would not affect a near-shore area of the Beaufort Sea, totaling about 2.8 million acres, that has high oil and gas potential and is adjacent to existing state oil and gas activity and infrastructure.

(Continued on page 6)
Loss of “An Original”

Don Taylor represented the heart and soul of PIPP from the day it was organized. He was not only one of the original directors in 1985, but (as those who knew him will attest) Don himself was an “original”—with his storytelling talents, his “colorful speech”, and his “unpredictable attire”. But all those were what made Don the “DON” that everyone liked and respected!

Don personified the small, independent oil man of the early days—a “private” person who preferred to work on his leases and hire out as a contract driller and for well plugging, without being noticed, except as an expert at doing what he loved. He wanted people to think he knew nothing about anything—but being an oil man. But once you got to know Don and he dropped his guard, you soon realized it was a façade.

Don served on the plugging committee in Harrisburg, which was undoubtedly was an “eye-opening” experience for Harrisburg bureaucrats who were not accustomed to dealing with the likes of Don. And he was a spokesperson for PIPP during our early battles with the DEP. He and his family were also an important part of the annual PIPP picnic.

In 2014, Don was named an Honorary Member of the PIPP Board. His health prevented him from attending board meetings or participating in activities as he had done for 30 years. When he offered his resignation, the board voted instead to name him an honorary member, along with John Ifft, to preserve his legacy and acknowledge his important contributions to our organization.

Don was unique—an “original”. **He will be missed!**

(Continued from page 5)

While there are significant concerns about oil and gas activity occurring in this area, it will be subject to additional evaluation and study to determine if new leasing could be appropriate at some point in the future, Hopper said.

In their Dec. 20 US-Canada Joint Arctic Leaders Statement, Obama and Trudeau said they were launching joint actions “ensuring a strong, sustainable, and viable Arctic economy and ecosystem, with low-impact shipping, science-based management of marine resources, and free from the future risks of offshore oil and gas activity. Together, these actions set the stage for deeper partnerships with other Arctic nations, including through the Arctic Council,” the statement said.

“In the coming weeks, a new Congress will be sworn in and a new president will assume office,” Consumer Energy Alliance Pres. David Holt said in Houston. “That transition will hopefully provide an opportunity to undo today’s irresponsible and irrational action and replace a misguided ‘just say no’ approach to energy with common-sense policies that recognize that offshore energy development and environmental stewardship can be done successfully and do in fact coexist. The nation’s energy, economic, and environmental security depends on it.”

**Contact Nick Snow at nicks@pennwell.com.**
Small well operators say new EPA mandates could force them out of energy business

By Chip Minty For The Oklahoman * Published: October 29, 2016 3:57 PM CDT * Shared on the NSWA website

A new wave of clean air rules administered by the Environmental Protection Agency are so technical and financially demanding that some small oil and natural gas producers may be forced to shut-in wells and go out of business.

That is the warning expressed in a legal action industry associations have filed in response to new greenhouse gas emissions standards the EPA has established for the oil and natural gas industry.

“It’s going to be a burden,” said Darlene Wallace, chairman of the National Stripper Well Association. “They are imposing these regulations at a very bad time for our industry.”

Stripper wells, or marginal wells, are considered low-volume producers, typically less than 15 barrels per day. Operators have suffered for two years under lower oil and natural gas prices.

“The biggest concern is how much is it going to cost us, because most of the wells are not even in the green,” said Wallace, who owns Columbus Oil Co. in Seminole. She operates 27 wells in Seminole and Pottawatomie counties.

The new rules and additional mandates on the horizon are part of the Obama Administration’s ongoing fight to reduce methane and other greenhouse gas emissions associated with climate change.

The requirements will be complex and expensive, said A.J. Ferate, vice president of regulatory affairs for the Oklahoma Independent Producers Association (OIPA). Compliance will require technical expertise that many small operators do not have.

The OIPA has joined the Washington-based Independent Petroleum Association of America (IPAA) and more than a dozen other industry associations in a lawsuit filed in August at the District of Columbia Circuit Court of Appeals in Washington. The associations are asking the EPA to reconsider mandates affecting small, independent operators.

The new standards, referred to as Quad O(a) under the Clean Air Act, will be implemented in stages over the next year. Operators — large and small — will face new emissions monitoring, reporting and control mandates for new, modified and reconstructed oil and natural gas wells, tank batteries, compressors and natural gas processing facilities.

In addition to the new measure, the industry associations are protesting a second EPA initiative involving a national inventory of nearly 700,000 oil and natural gas production sites across the U.S. Through its “Information Collection Request,” the agency will lay the groundwork for tracking methane emissions from all oil and natural gas facilities nationwide.

The OIPA’s Ferate called the inventory an unprecedented data grab that will allow the EPA to regulate whatever it wants in the oil and gas industry, and he maintains that it is the start of even more regulations for Oklahoma’s independent producers.

Wallace said she is concerned that the increased regulation will force some producers to shut down, costing valuable jobs and state tax revenue generated by energy production.

The industry associations share her fears, claiming that methane leak detection mandates and the required use of reduced emissions completion technology are too expensive for small operators.

The cost of compliance could easily be thousands of dollars per well, said Scott Baber, owner of Moore-based Baber Environmental Assistance & Remediation.

While this may not be a surprise to larger operators, Baber said smaller operators may be unaware, and new costs could include emissions monitoring and reporting services as well as expensive emissions-reduction equipment.

Baber, who has spent 15 years in the oil and gas industry, said some operators may choose to remain uninformed and hope they’re too small for regulators to notice. However, operators funded by venture capital investors are more likely to comply out of concern for potential fines and penalties.

Officials at the Oklahoma Department of Environmental Quality anticipate playing a major enforcement role when rules are fully implemented. When that happens, the agency will be counting on companies to self-report.

“There are so many production sites that it is hard to track them all down,” said Rick Groshong, an air quality compliance and enforcement manager for the DEQ.

Wallace said she is not aware of anyone who would purposely not comply, but she said this is a difficult time for small producers, and the EPA does not seem to care.

“Everybody is kind of wondering. We can’t pay our bills now. How can we comply with something that costs more money? I think they’re trying to do the same thing to the oil business that they’ve done to the coal business,” she said.

(See related article on page 8, by Ray Stiglitz)
EPA Request for Information

Earlier in December, the Obama Administration sent out some going-away presents to select producers in the form of a registered letter. The letter “requests” information about the producer’s air emissions at their facilities.

In the letter, “facilities” is not defined. Is it a lease? Is it a specific well? At any rate, the producer is required to complete a Part I survey online within sixty days of the receipt of the letter. Additionally, if you happened to draw the short straw, you may have to submit a Part 2 survey that involves additional information on a particular well, which the EPA happens to select.

As it currently stands, it appears as though the EPA is going to require those of us who received this letter to spend a considerable amount of time in January attempting to complete these surveys. Then, unless things change, the information we provide will be used against us ALL in the form of enforcement of the Clean Air Act.

Will this mean a closed system of some sort on our stock tanks? Will it mean that we will no longer be allowed to have low volume oil wells venting a miniscule amount of gas to the atmosphere? What will be the threshold of allowable natural gas emissions to the atmosphere per operator? Will you be able to swab or flow a gas well to a tank without somehow capturing the vapors?

For the immediate future, it might be helpful if the PIPP office could get some kind of a number as to how many of the members have received these letters. At this writing, efforts are underway to coordinate some sort of response in conjunction with the other trade organizations. It might also be beneficial for our U.S. Congressmen to be made aware of our concerns.

Meanwhile, the Clueless in this country just can’t seem to understand why Middle America was so upset and voted the way they did back in November.

Written by Ray Stiglitz

REQUEST:
If you received one of these letters from the EPA, please advise the PIPP office at PIPP1985@verizon.net, or by calling (814) 368-5395.

United States
ENVIRONMENTAL PROTECTION AGENCY

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