



**September 2022 Newsletter**  
Hello from Arthur Stewart, Secretary

## **PGCC ANNUAL MEETING**

The PGCC Annual Meeting is **September 27, 2022** at Jackson Valley Country Club, 6927 Jackson Run Road, Warren, PA.

Social hour starts at 5 PM. Our annual meeting gets underway at 6 PM.

**Please attend—we have an important agenda.**

In addition to the normal officer elections and reports, there are several items we should discuss in person:

- Report from The Cameron Companies regarding PGCC Government Relations activities and a Harrisburg Update.
- Federal Well Plugging Update. **Whether you plan to plug or not, if you have employees or hire contractors, the Federal program is going to change your business.**
- Penn State Brine Study. What result do you get when DEP handcuffs the researchers?
- VOC Emission Lawsuit. PGCC spent a lot of money on litigation this year. **What did PGCC get for its \$?**
- HB 2644. Judging from last month's CDAC meeting, DEP hasn't caught up.
- 2023 Legislative Agenda.

**REMINDER: Without HB 2644 you would be bonding your wells at up to \$38,000 EACH.** Some of the legislators who were key to the introduction and passage of **HB 2644** will be at the Annual Meeting. **Be present to express our industry's appreciation.**

**Thank you to American Refining Group for sponsoring the food at our annual meeting!**

## **PENN STATE BRINE STUDY REVIEWED AT CDAC**

CDAC (the Pennsylvania Grade Crude Development Advisory Council) met August 18<sup>th</sup>. First on the agenda was DEP's release of the Penn State study titled 'Evaluation of Environmental Impacts from Dust Suppressants Used On Gravel Roads'. Penn State's lead researcher attended the CDAC meeting and answered questions for two hours.

The answers from Penn State make it clear that DEP imposed multiple artificial conditions on Penn State's (PSU) work, including a complete lack of any real-world field research, restrictions on the type of brine evaluated in PSU's laboratory-created roadbed, the simulation of a harsh, extreme rain event soon after the application of brine, as well as other key factors that effectively tied the hands of researchers to guarantee pre-determined conclusions. This laboratory-only evaluation also ignored, and contradicts, the results from field-based brine application studies conducted by DEP in 1991, 1996 and 2014.



From left to right CDAC members David Ochs, Sen. Scott Hutchinson, Rep. Marty Causer and Mark Cline

The PSU study will be a subject of discussion at the PGCC Annual Meeting September 27<sup>th</sup>. We have options that should be discussed in person.

Meantime, PGCC has joined with PIOGA and PIPP to issue a press release about some of the shocking things learned at the CDAC meeting. Here is an excerpt from that release:

**The leaders of three organizations representing Pennsylvania’s conventional oil and natural gas producers (the Pennsylvania Independent Petroleum Producers, Pennsylvania Independent Oil & Gas Association and the Pennsylvania Grade Crude Oil Coalition) expressed their specific concerns in a joint statement.**

**“The answers provided by researchers to questions raised at this meeting clearly show DEP had reached a pre-determined conclusion when it commissioned this study, which was to find that spreading brine on dirt roads presented environmental and public health concerns,” said Daniel J. Weaver (PIOGA), Mark Cline (PIPP) and Dave Clark (PGCC). “The most egregious, but far from sole, error was for DEP to discard two brine water samples collected from a Pennsylvania treatment facility in favor of a third sample used to form the study’s conclusions. That sample included radium levels of 2,500 picocuries/liter (pc/l), which is many times greater than all available data on the historical chemical makeup of locally produced brine water, a point with which PSU’s researcher was in agreement. The legitimacy of the entire study must be thrown into doubt with just this single incorrect data input.**

**“The researcher also admitted this study did not include an assessment or review of DEP-commissioned studies conducted in 1991, 1996 and 2014 on the use of brine on dirt roads, all of which concluded that the practice of brine spreading did not present risks to public health or the environment. Any researcher conducting a scientifically valid study would build upon existing data, not ignore it, which was the case here.”**

**The additional discrepancies raised during the Aug. 18 CDAC meeting regarding the direction provided by DEP to conduct the study include the following:**

- **The study author agreed that the brine sample used for the lab-simulated test was likely not representative of the brines commonly produced in Pennsylvania and applied to dirt road surfaces. DEP rejected the use of two brine samples generated at a Pennsylvania-based brine treatment facility.**
- **The laboratory simulation did not replicate accepted practices used by townships and recommended by DEP and the U.S. Environmental Protection Agency to only applying brine when dry weather conditions are anticipated to allow brine to soak fully into a dirt road, instead simulating an extreme rain event of 2.4 inches 24 hours after brine application in the laboratory.**
- **One of the study’s conclusions – that oil and gas brine does not soak into the roadbed – directly contradicts an earlier DEP study, which included an analysis of field conditions, that applied brine effectively penetrates dirt roadbeds.**
- **The study set an assumed radium level of 2,500 pc/l, which is many times greater than readily available U.S. Geological Survey data, as well as radium levels included in a 1991 survey conducted jointly by DEP’s Bureaus of Oil and Gas Management and Radiation Protection.**
- **The researchers stated that DEP limited the scope of its study to a laboratory analysis rather than the completion of real-world conditions in the field, and that they did not draw any information or data from DEP’s previous studies, which included field analysis, conducted in 1991 and 1996.**

**“The information revealed directly from PSU’s researcher during August’s CDAC meeting show that the flaws in this study, including improper brine samples, the creation of an unrealistic weather simulation, the lack of field work, the refusal to mimic actual accepted brine application techniques and the decision to ignore all previous research, make the results worthless,” the association representatives said. “The hundreds of townships that rely on brine for cost-effective and safe dust suppression deserve better, and we urge DEP to shelve this research completely.”**

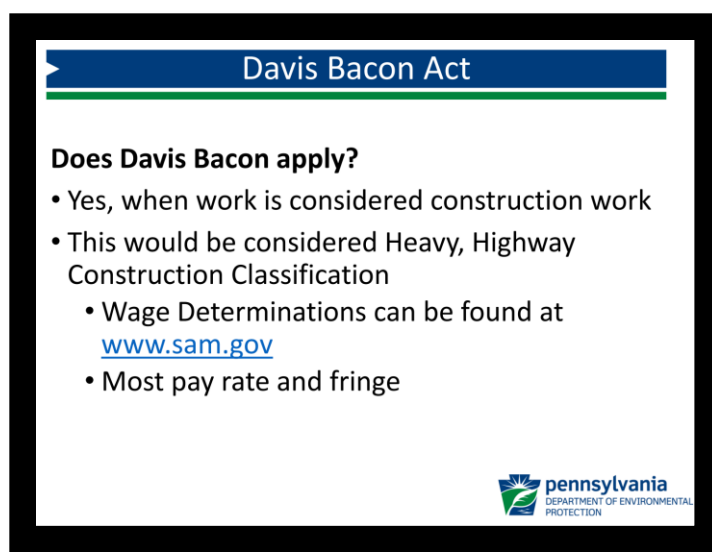
Join us on September 27<sup>th</sup> to talk about how you “follow the science” with scientists who have been blindfolded.

## **DEP SPELLS OUT DETAILS OF FEDERAL WELL PLUGGING PROGRAM**

DEP is conducting seven workgroups in preparation for the first round of Federal funds for well plugging. The seven DEP topics:

1. Formula Grant/Well Plugging
2. Due Diligence/Well Finder
3. Engineering Services – including Emissions Monitoring, E&S and Permitting
4. Waste Management, Site Remediation and Clean up
5. Project Prioritization and Workforce Development
6. Data Development and Management: Part 1: Data Mining / Undocumented Wells
7. Data Development and Management: Part 2: Identification of Reporting Requirements and Useful User Info


At these workgroups, details are emerging as to DEP plans. Most impactful, to our industry and communities, is DEP’s announcement that Davis-Bacon prevailing wage rates will apply.



**Davis Bacon Act**

**Does Davis Bacon apply?**

- Yes, when work is considered construction work
- This would be considered Heavy, Highway Construction Classification
  - Wage Determinations can be found at [www.sam.gov](http://www.sam.gov)
- Most pay rate and fringe

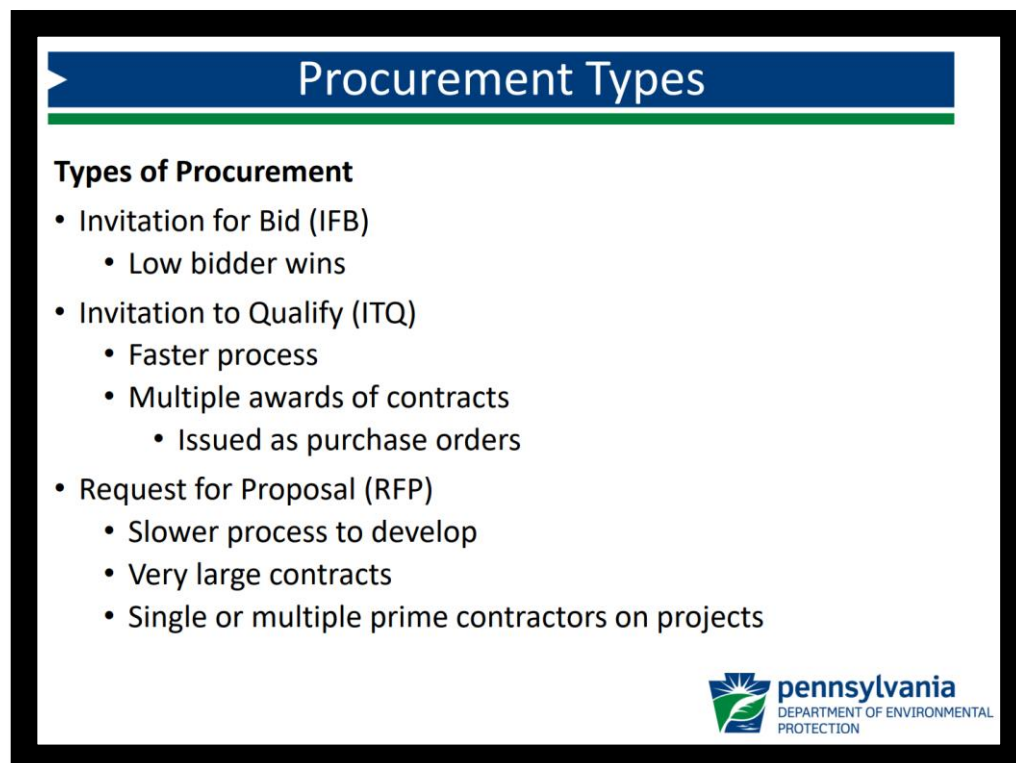
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Excerpt from DEP Workshop presentation

The Davis-Bacon wage rate applicable for our area is over \$30/hour; the required benefit rate is over \$20/hour; thus, the total compensation, required to be paid to any employee working at the site of a well plugging job, is over \$50/hour. DEP expects to receive more than \$30 million/year in Federal funding. That volume of money, at those wage rates, will change the conventional oil and gas industry work force. The labor and contractor shortages we currently face will soon become crises. Where will producers be able to secure a service rig or the personnel to operate it?

We are also anticipating a ratcheting of bureaucratic requirements. On the list of seven workshop topics above you will see items like site remediation, waste management, emissions monitoring and the like. Of course, historically, when DEP has plugged its orphan wells, DEP is notorious for ignoring requirements for site cleanup and access. But with the influx of federal money DEP is gearing up to bid out, on separate contracts, matters such as site remediation and emissions monitoring. Say goodbye to the days of a simple efficient plugging job, and get ready—the circus is coming to town.


We should also prepare for a new procurement process. DEP has always let plugging contracts out for bid. And the first round of contracts—involving about \$30 million and supposedly being offered beginning October 2022--will be done under the old bidding method. But in the workshops, DEP is introducing the ITQ and RFP processes. Details from DEP are limited at this time, **but we will discuss what we have learned about ITQ and RFP, at the PGCC annual meeting on September 27<sup>th</sup>.**



## Procurement Types

### Types of Procurement

- Invitation for Bid (IFB)
  - Low bidder wins
- Invitation to Qualify (ITQ)
  - Faster process
  - Multiple awards of contracts
    - Issued as purchase orders
- Request for Proposal (RFP)
  - Slower process to develop
  - Very large contracts
  - Single or multiple prime contractors on projects

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Slide from DEP Workshop introduces new procurement methods



## **PGCC PARTICIPATES IN NATIONAL PETROLEUM DAY**

On August 27<sup>th</sup> PGCC joined the American Petroleum Institute Pennsylvania, other trade groups, and several state legislators, at the Drake Well Museum, to celebrate the pivotal role that Pennsylvania, has played for over 160 years in the oil industry.

In attendance was Senator Scott Hutchinson (R-Butler/Clarion/Forest/Venango/Warren), who said “I am proud to represent the birthplace of the petroleum industry in the Pennsylvania State Senate. What occurred here in 1859 helped catapult the United States onto the world stage as an industrial giant. It helped reshape society for the better by transforming manufacturing and transportation processes, and by making life improving products and inventions accessible to the average person.”

Also present was Rep. Martin Causer (R-Cameron/McKean/Potter), chairman of the House Majority Policy Committee and a member of the Pennsylvania Grade Crude Development Advisory Council. He said: “Day in and day out, our oil and gas producers help power our cars, heat our homes and supply materials for many of the products we use in our day-to-day lives. This industry has been a vital part of our nation’s history, but it is an equally vital part of our future. We owe a debt of gratitude to these hardworking men and women, and we owe them our support for the important work they do.”

Rep. R. Lee James (R-Butler/Venango) offered similar sentiments: “It is appropriate to celebrate this date in history, and to remember that we enjoy energy security in our country.”



Legislators and Trade Group members gather to celebrate National Petroleum Day

Representing Warren, Crawford and Forest Counties, Rep. Kathy Rapp remarked: "Petroleum has historically been the largest major energy source for total annual U.S. energy consumption. Try going the day without using any petroleum products – from car gas to plastic and more – to see the impact petroleum has had on our lives. To say life without petroleum would be different than we know it, would be quite the understatement. It would be a daily struggle."

Attending on behalf of PGCC was president David Clark. "We are blessed," said Clark, "Our product, Pennsylvania Grade Crude Oil, provides 6000 products once it is refined for all Pennsylvanians. And simultaneously the 29 counties in Pa. where these wells are located consistently maintain the highest stream water quality in the state."

## **FORMER REPRESENTATIVE JEFF PYLE DIES**

Rural Pennsylvania lost a tremendous advocate with the recent death of Jeff Pyle. Jeff served nine terms in the State House of Representatives, and PGCC came to know Jeff well while Jeff served as a member of the Environmental Resources and Energy Committee. Jeff understood that fossil fuels bettered peoples lives and Jeff was never shy about pointing out the hypocrisy of people who blamed fossil fuels on one hand, yet who happily reaped the benefits of fossil fuels with the other hand. Jeff received an A+ rating from the National Rifle Association for 16 years.

Jeff is survived by his wife Michele and two daughters.



PGCC will miss our good friend, Jeff Pyle

## **VOC EMISSION LAWSUIT ENDS**

In March 2022 DEP sent a proposed regulatory package (#7-544), governing emissions from natural gas sources, to the Independent Regulatory Review Commission (IRRC) for enactment. The proposed regulation lumped together conventional and unconventional wells.

The DEP's effort to join both conventional and unconventional wells in one package violated two state laws. In 2014 the legislature passed Act 126 of 2014 (58 P.S. § 1207(a)) mandating that all regulations for "conventional oil and gas wells (be prepared) **separately** from proposed regulations...relating to unconventional gas wells." In 2016 the General Assembly passed Act 52, which reaffirmed the legislative intent for separate regulations. Going beyond the 2014 statute, Act 52 spells out that not only must the regulations be developed **separately** for the conventional and unconventional industries, but that DEP must also develop a separate Regulatory Analysis Form (RAF) for conventional oil and gas wells.

When DEP sent the new Emission Rule to the IRRC in March 2022, the DEP did it in a blended package and without a separate RAF for the conventional industry. PGCC joined forces with PIOGA attorney, Kevin Moody, to file a lawsuit against the DEP and the Environmental Quality Board (EQB), asking the Commonwealth Court to make the DEP and EQB FOLLOW THE LAW by initiating regulations pertinent to and drafted exclusively for the conventional industry as required in Act 126 and Act 52.

We filed our lawsuit in early May. Shortly after we filed, the DEP and EQB changed course; they sent a letter to the IRRC withdrawing the VOC Rulemaking from consideration by the IRRC at its May 19, 2022 public meeting. Then the DEP modified the VOC Rulemaking to remove requirements related to the conventional oil and gas industry. The DEP and EQB then proceeded with a rule titled "Control of VOC Emissions from Unconventional Oil and Natural Gas Sources" that only applies to unconventional oil and natural gas sources of VOC emissions installed at unconventional well sites and associated equipment.

On July 21, 2022, IRRC approved the Unconventional VOC Regulation. In correspondence with us, the DEP and EQB have indicated that "[n]either the Petitioners (PGCC, PIPP and PIOGA) nor their [conventional oil and natural gas producer] members will be subject to regulation under the Unconventional VOC Regulation."

With these developments we have achieved what we set out to accomplish. The blended rule is dead; DEP proceeded with a rule that relates only to equipment installed at unconventional oil and gas wells. If DEP intends to implement a rule for conventional wells, DEP will have to do what the law requires—namely, institute a process that relates to equipment at conventional wells.

We have sent a letter to DEP reminding them that the equipment at conventional wells is very different than the equipment at unconventional wells. We have offered to make conventional wells available for study so that DEP has the correct set of facts and data BEFORE it launches a rulemaking for emissions from conventional well equipment.

But the bottom line is that there is no need for the lawsuit to continue. The ball is now in DEP's court as to whether, when and how it proceeds with a new rulemaking



## **TELL US ABOUT YOUR PERMITS**

PGCC members: are you seeing anything unusual on your PNDI searches or concerning conditions on a drilling permit? Specifically, are you seeing requirements related to threatened, endangered, or other species?

If so, please contact a PGCC Board member. **We will discuss this in more detail at the Annual Meeting on September 27<sup>th</sup>.**

## 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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Marty Comini – COO  
(412-260-9040)

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- 1) **Description:** 3 Complete Wireline Units setup to run Openhole and Casedhole Services. With 2 additional Wireline units in yard. Equipment was built and designed to handle the terrain of the Appalachian's, and the specific needs of the Energy business.
- 2) **Safety:** ATF & NRC Licenses for all operating States. Registered with ISNetworld with a "A" rating. OOSH 300A forms with ZERO incidents since conception (Sept. 2014). All training and safety audits up to date.
- 3) **Personal:** Keystone Wireline staff has many years of field, sales, and management experience dealing with all aspects of wireline work, including Plug-n-Abandonment, Openhole, Casedhole, Cavern, and Porosity storage operations. The team has between 20 plus years of experience for each individual in the wireline industry, making the staff experience leader in the industry.



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