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INDEPENDENT REGULATORY  
REVIEW COMMISSION

Charles G. Lang  
Professional Land Surveyor  
Registered Pennsylvania and New York

3042

**LANG SURVEYING**

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January 17, 2014

Environmental Quality Board  
P.O. Box 8477  
Harrisburg, PA 17150-8477

RE: Proposed Changes to Chapter 78 Regulations

Dear Board Members:

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JAN 21 2014

DEP Policy Office

My name is Charles G. Lang and I am a Professional Land Surveyor and owner of Lang Surveying. My company employs three surveyors and one office person. I have been in business for 26 years and during that time, 90% of our business has been surveying/consulting for the oil/gas industry. In addition to surveying required to stake well locations, we also do access road layouts, pipeline staking, prepare drilling permit applications, Erosion & Sedimentation Control Plans and prepare General Permit Applications. I have worked with dozens of small oil/gas Operators over the past 26 years. As a consultant, I must keep abreast of the ever changing regulatory climate that affects our business. I have a very good working relationship with the oil & gas management people in the Meadville office of the Pennsylvania Department of Environmental Protection. I've seen a lot of changes in regulations in the last 10 to 15 years.

I am writing to you today out of concern, not only for my own small business, but for the businesses in the oil/gas industry that I serve. Specifically, I am talking about the 'Conventional' oil drilling industry. There seems to be this perception in our state government that all oil and gas issues are the same. The conventional oil/gas operators have been doing business in Pennsylvania since 1859. By comparison, the unconventional gas drilling industry into the Marcellus Shale, is less than a decade old. A typical Marcellus Shale drilling pad is 217,800 square feet while a typical conventional drilling pad is only 4000 square feet or 54 times less than the Marcellus pad. The disparity, from a financial aspect, of the cost between Unconventional (Marcellus) and Conventional (oil) operations is absolutely staggering. The difference between conventional and unconventional drilling is like night and day yet the state agencies who regulate this drilling are treating them both the same, for the most part. The environmental footprint of conventional operations is much less than that of the unconventional operations. When the Marcellus Shale Gas rush came to Pennsylvania a few years ago, it was clear that the current regulations which covered oil and gas drilling were not sufficient for unconventional drilling.

The regulations for unconventional drilling needed to be more robust due to the larger size and complexity of the projects. However, in their rush to enact stricter regulations to cover the Marcellus drilling (as a result of the lawsuit filed by the Chesapeake Bay Foundation and others), the DEP, and ultimately the Legislature, passed ACT 13 which is a one size fits all approach to regulation. Most of the Legislators who voted for ACT 13 did so thinking they were regulating the Marcellus Shale operations without knowing the effect on the small Conventional operators. Granted, there were a few small distinctions between Conventional and Unconventional operations in ACT 13, but there should have been more thought into separate regulations for each. You won't hear any complaints from the Unconventional Operators, they just spend the money required to comply with whatever regulations are enacted because the financial gain from these Marcellus wells is so enormous. A Conventional Operator's budget to drill a well is about 30 times less than a Marcellus well and the financial gain from the well is far, far less. The profit margin on these conventional oil wells is small and it can sometimes take years to make a profit.

In my view, there were several reasons why ACT 13 was passed in the current form. Everyone, from the legislators down to the small operators, was under the impression that the ACT was to affect 'Unconventional' operations only. Since the ACT was to be directed to unconventional operations, the conventional industry paid little attention. The stakeholder group for the oil/gas industry, PIOGA, was so intent on keeping the Marcellus exploration on track that they overlooked the effect of the legislation on the conventional industry. All they (DEP, Legislature, Marcellus industry) wanted were regulations in place that would fulfill the stipulations in the decision of the lawsuit with the CBF so that Marcellus drilling could stay on track. The cost of the regulations on the Marcellus industry was inconsequential. The financial stakes were very high for the state and Marcellus industry and DEP just wanted to get out from under the lawsuit. The unintended consequences of ACT 13 are now coming to light. In short, a great injustice has been done to the Conventional oil industry.

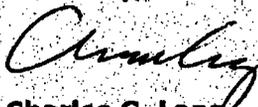
I am well aware that you will be receiving comments from people who see only the environmental side of the issue. I can tell you that most of the companies that I deal with are very environmentally conscious. Personally, I belong to several environmental groups. I love the outdoors and enjoy hunting and fishing. I also know that there must be a balance between the environment and industry. Both cannot have everything they want. There must be common sense regulation that will allow the oil/gas industry to develop energy resources while protecting the environment. The Conventional oil industry is not asking for no regulation, just reasonable regulation that will allow them remain in operation and provide energy and economic benefit to our state.

My point here is that the proposed changes to Chapter 78, which you are reviewing, should be sent back to the DEP for revision. 'Conventional' and 'Unconventional' operations need to have separate, distinct regulations which fit the particular industry and serve to protect the public and the environment. The current approach to regulating the Conventional drilling industry will likely result in an economic hardship for many of the operators who employ my services. If they are forced to close their businesses or cut back on the amount of drilling, I will in turn be forced to lay off three of my employees. That may not sound like much but the ripple effect throughout this region of North Central Pennsylvania will be devastating to the local economy.

I respectfully urge you to vote 'NO' on the proposed changes to Chapter 78 and send them back to the DEP with instructions to make separate regulations for the Conventional operations. Another option would be to have the DEP do a re-write of the proposed regulations and make them apply to 'Unconventional' operations only, as they were intended under ACT13.

Thank you for your consideration. I would appreciate a response, whether by letter or email, so I can be assured that someone from the Board has read and understands this letter. Please call or email me if you have any questions about my comments.

Sincerely,



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