

**J.R. Resources, L.P.**

February 5, 2014

Environmental Quality Board  
 P. O. Box 8477  
 Harrisburg, PA 17105-8477

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INDEPENDENT REGULATORY  
REVIEW COMMISSION

Re: Proposed rulemaking on 25 PA Code Ch. 78, Subpart C – Environmental Protection Performance Standards at Oil and Gas Well Sites

Dear Board Members:

We are writing in opposition to the Environmental Quality Board (EQB) adopting the revisions proposed by the Pennsylvania Department of Environmental Protection (PADEP) to 25 Pa Code Chapter 78 "Oil and Gas Wells." As a well tenured Pennsylvania Oil and Gas Producer (operating in Pennsylvania since 1975), our company and its eight employees have firsthand experience with the extraordinary efforts made by Pennsylvania's oil and gas industry to be good stewards to the environment and good neighbors to the communities where we live and work. Based upon those experiences, we find the proposed revisions to lack sufficient justification, to have costs far in excess of any benefits and to provide very little in actual, real-world environmental protections. In fact, we believe the proposed rule will diminish the recent prosperity created by Pennsylvania's oil and gas industry and will cost our communities revenue while increasing their social burdens. We urge you to stand with us by voting against finalization of this rulemaking in its current form.

Among our many concerns with this proposal, we would like to highlight several which pose a particular burden on our business.

**78.51. Protection of water supplies. Quality**

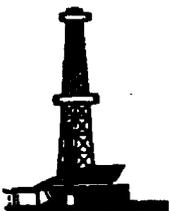
Our Organization has always made great strides to preserve and protect surrounding water supplies and over the past 39 years have had minimal issues. The proposed rule would actually require producers to do the impossible and restore any affected water supplies to better quality (meeting or exceeding standards established under Pennsylvania's Safe Drinking Water Act) than the areas water courses are capable of providing. Most rural residents in South Western PA obtain their water from wells which straight out of the ground and before treatment do not meet the minimum standards. 78.51 will prove to be an unbearable burden on both conventional and unconventional producers by requiring them to implement and forever bear the cost of water treatment systems for affected water purveyors.

This rule will also place producers on the defensive; it could serve as incentive for fraudulent water claims on behalf of purveyors who are discontented with the quality of their existing water supply. The net effect of the way this rule is currently written will be unnecessary and unethical exposure of the producer to bogus claims. It makes it possible for a producer to be held liable for simply developing in an area where the water table does not meet the minimums of the PA Safe Drinking Water Act.

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DEP Policy Office



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Previous regulation required a producer to restore water in like quantity and like quality which has served Pennsylvania's residents flawlessly throughout the years. How can the Department expect a producer to restore a water source in any given area better than existed prior to site development? In many Pennsylvania water wells iron is a very prevalent mineral which is not the result of Oil and Gas drilling but the Coal industry.

**78.52a. Abandoned and orphaned well identification and 78.73 General provision for well construction and operation.**

It has always been a long standing procedure to identify all offset wells including orphan and abandoned to the best of our abilities and locate the same on the well plat. Most often, we have to rely on our own records such as historic land line maps and field investigations to locate these old wells. In a lot of instances a well may be depicted on a landline map but is impossible to field verify which makes one question the validity of the map being reviewed. It is also possible, especially in areas where strip mining was prevalent that these wells have simply been removed over time and or covered over by brush and debris preventing field verification. Additionally, it has been common for landowners to remove the top portions of these nonproducing wells to ease their farming. As a result, a producer may make a very diligent effort to find these abandoned wells and never locate them in the field. Some of these pre-act wells have no permit number and may or may not have existed. Often pre-act wells were not surveyed so their locations can vary widely from what is depicted on the old maps.

Our contention with the proposed rule resides under 78.73 (d). According to the proposed regulation should a producer communicate and stimulate into an orphan or abandoned well bore than that producer becomes liable for something from which it received no financial benefit. The quality and or existence of completion reports for these old wells can be quite challenging, plugging operations could become very costly as a producer will truly be operating in the dark with little or no well information. There should be funds available to take care of this issue as a portion of every Well Permit Fee collected from Producers goes toward the Orphan and Abandoned Well plugging fund. This money is to be used by the State to plug these problem wells. 78.73 (d) places an unjust penalty on Producers and holds them liable for something the State has already addressed through the State Plugging Fund.

**78.57. Control, storage and disposal of production fluids.**

All of our well sites are visited at least once per week by company personnel. Routine site inspections are made regarding well conditions as well as onsite containment. Tank measurements are tracked to ensure no fluid is being lost. If there are any issues regarding tanks or valves they are caught very early. We disagree with the need to construct dikes around our tank facilities as we believe it will disguise any early signs of deterioration from being detected. Specifically, during the rainy season the dikes will collect rain water and during the winter months drifting snow; both of which will obscure the lower portions of the tank and make early detection of problems impossible. Earthen dikes around tanks associated with oil bearing wells make some practical sense as oil will float to the surface of pooled water. Earthen dikes around brine tanks associated with gas wells do not as it will be very difficult to distinguish pooling rain water from tank discharges.

It has always been our goal to reduce our well site foot print as much as practicable, the addition of a tank dike will require the tank to be placed farther from the well head, drip and meter. The proposed regulation requires a dike large enough to hold the largest tank plus 10%. On a standard gas well there is typically one - 100 barrel brine tank, the dike area required to contain this 110% capacity will encompass a very large area and will necessitate a larger finished platform. For existing wells where a producer needs to change or fix a tank it will require enlarging the existing location which will create more disturbed areas and potential run off. The environmental impacts resulting from disturbing this stabilized existing location for the relocation of a tank and construction of a dike far outweighs the benefits.

With regard to 78.57 (g) we see many safety issues with what is proposed. The use of locks on tank valves and access lids create a hazard especially in the winter months when they are prone to freeze. Thawing of locks in a potentially gaseous environment around a well head will certainly lead to a higher percentage of accidents. The Department's primary concern should be at the tank discharge and the most prudent and safe way for all involved to secure tanks are through the use of solid hex head plugs in the drain valve outlet and removal of the handle from the drain valve body.

Additional safety concerns with 78.57 (g) involve the use of retractable ladders on tanks. Currently the industry standard incorporates a step type system (double handrail) which allows personnel to access the top of a tank to obtain needed measurements of fluid levels. Use of a retractable ladder will only add to fall hazards and accidents especially during the winter months when the retractable ladder becomes frozen or the rungs iced over. The double handrail stair system is the best and safest way to protect our employees from fall hazards. If the main concern driving the use of retractable ladders is the general public than tank signage should continue to serve the purpose of putting them on notice as to potential hazards.

As a conventional Gas Producer we are very concerned with the pending revisions under review for Chapter 78. There are many suggested revisions in addition to the ones referenced above that could adversely affect future development, growth and viability of our Company going forward. We respectfully ask the Board to reconsider the ramification of their actions on the well established small to midsized producers. These are the companies that make up and enhance the local economy through employment, taxes paid, services purchased and income provide to area residents and royalty recipients.

In closing, we urge the Environmental Quality Board to reject this rulemaking as proposed. Unless the proposal is substantially revised based on full consideration of the costs and benefits, it will cause harm to the prosperity of our communities, and will cause harm to the people who will lose their jobs. To the extent that portions of this rulemaking are mandated by state law, the EQB should insist that DEP propose revisions only to fulfill those obligations, with simple rules written in plain language.

Sincerely,



Eric S. Doverspike  
Land Manager



Randon L. Doverspike  
President