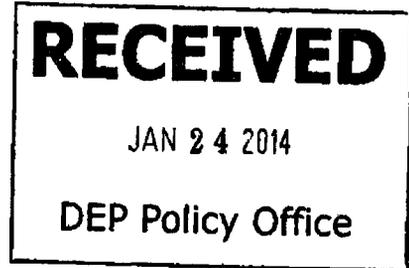
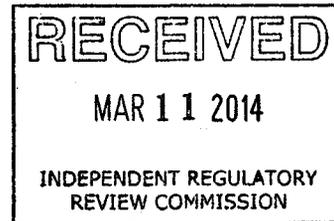


3042



January 21, 2014

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



Reference: Proposed amendments to Chapter 78

Gentlemen,

I write asking for your rejection of the proposed amendments to Chapter 78 as presented by the Department of Environmental Protection. These amendments, as proposed will impose significant and unnecessary financial hardships upon the conventional oil and natural gas operations throughout the Commonwealth of Pennsylvania, endangering countless business operations and individual jobs.

The following calculations of the financial impact of the proposed amendments upon conventional oil and gas operations have been developed by DEP:

- Changing of tank access lids - \$53,360 to \$6,670,000
- Secondary containment for brine containment - \$4,002,000
- Removal of underground tanks - \$1,334,000

**TOTAL ANNUAL COST PROJECTED TO BE BETWEEN  
\$5,389,360 and \$12,006,000**

Likewise, the department has calculated the annual potential savings possibly to be seen by conventional operators to be a mere \$36,680.

Based upon meetings with members of the conventional oil and gas community I believe that the DEP's calculations dramatically understate the actual costs of compliance. For example, the DEP's calculations state that the responsibility of identifying orphaned and abandoned wells will not pertain to the conventional industry. Therefore, the DEP does not attribute any cost. Nevertheless, the proposed regulations do make this requirement applicable to conventional operations. Obviously the DEP's costs are understated.

Similarly the changing of tank access lids only considers tanks for new wells. But the proposed regulations apply to the tens of thousands of tanks already existing in the conventional oil and gas industry. Using the DEP's own cost estimate per tank the DEP has understated the costs of compliance by hundreds of millions of dollars!!!

The list of DEP omissions goes on and on. For example, we know there are buried tanks in use in the conventional industry and we know that there will be costs associated with the removal of those and with the replacement of those tanks in accordance with the new secondary containment requirements. But because the DEP doesn't attempt to estimate the number of buried tanks involved, the DEP attributes zero cost to this new regulatory requirement. This is a remarkably inadequate analysis.

Another place where the DEP does not attribute any cost are the new requirements regarding public resources. The proposed regulations refer to special concern species. This is an open-ended term that clearly means something more than the endangered species now covered by law. But even though the term means something more, with the associated additional obligations that will go along with that "something more", the DEP does not attribute any more costs to compliance.

To the extent the DEP analysis is intended to help us make an informed decision as to the consequences of the proposed regulations and their impact on commerce, the DEP analysis is a failure. Surely an informed vote cannot be taken on the basis of such incomplete information.

To the contrary the information I have related shows that the DEP must be sent back to do the analysis over and to take into account the many factors that it missed.

When that process is re-done, as I think it must be, I also ask that the DEP do a proper analysis of the impact to small businesses that is required under the Regulatory Review Act. All of the businesses in my community are small businesses of the type targeted for special consideration under the Regulatory Review Act. That Act requires that before these new regulations are approved there be a very specific analysis done of alternatives, exemptions, and impact upon small businesses. The DEP document does not come close to satisfying the Regulatory Review Act and the new regulations cannot be approved without the Regulatory Review Act being satisfied.

When the proper analyses are done I firmly believe that the facts will show that the costs of initial compliance with these new regulations will involve hundreds of millions of dollars or even a billion, and that annual compliance will also be in the hundreds of millions of dollars. To believe that this business community is capable of absorbing such an egregious

**bureaucratic assault without being forced to commensurately reduce direct operational expenses, such as wages, employee benefits and capital investments, is unrealistic. What is realistic is that these businesses will be forced to close their doors.**

**Adoption of the proposed amendments to Act 78 will cost Pennsylvania jobs while providing no meaningful or proven enhanced environmental protections.**

**Your adoption of the proposed amendments will have devastating economic consequences in Warren County. We ask for your serious consideration of rejecting the proposed amendments in their entirety in favor of the necessary study of financial impact and alternatives under the Regulatory Review Act.**

**Sincerely,**

**James Decker  
President/CEO**

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