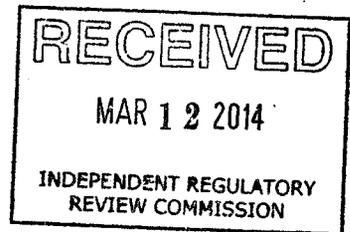


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TESTIMONY BY DANA HENNESSY
FEBRUARY 12, 2014
IMPACT OF CHAPTER 78 REGULATIONS

My name is Dana Hennessy. I am here tonight representing my family company, Fox and Sons Excavating, LLC. My brother, grandfather and I started this company in 1993. We employ about 30 people who provide complete oil and gas field excavation. Our services include water hauling, well hookups and moving and setting up frack and drill rigs. We also provide support crews for frack and drilling operations.

Over 98% of our work involves the oil and gas industry. We service new wells or existing wells; we cut trees, build roads, lay gravel, install culvert pipes, install E and S control systems, hydroseed and mulch all disturbed areas, dig ditches, lay and fuse pipes together, hook up all risers, set jacks, plumb wells and build tank batteries.

It is obvious that the proposed regulations are going to hurt the conventional oil and gas business. I operate excavation equipment for a living and I can tell you that the requirement to slope pits 2 to 1 will cost thousands of dollars at each new well site because we will have to clear more land and move more dirt. This doesn't make any sense because the current pits are very small and work just fine. It would seem like the additional excavation would be good thing for my business, but when the additional costs lead to fewer new wells being drilled, then everybody loses.

We also have a Sister Company that makes Water and Oil Tanks. The proposed regulations talk about changing tank lids so they lock. This would mean drilling or welding on existing tanks. You can't safely weld or drill on an existing tank that has oil in it because it could explode. For each tank it will cost thousands of dollars to clean out the tank so it can be welded or drilled. And why do the regulations require this? If you're worried about safety, the openings on the top of the tank are purposely made small so that people can't fall in. And if you're worried about trespassers, then a lock or a fence isn't going to keep out somebody who wants to do harm. The biggest risk to a tank is somebody shooting it.

These new regulations will add hundreds of millions of dollars of costs to the conventional oil and gas industry. I read the DEP's estimate of costs. There's no mention of the cost of the pits. The DEP's estimate for tanks talks about new tanks but forgets to include the costs of changing all the existing tanks. And tonight I only talked about tanks and pits. There are lots of other costs in these new regulations that I don't have time to talk about.

It is obvious that these costs are going to mean fewer new wells and the retirement of some of the existing wells. That means less work for my company. How many employees am I going to lay off? How many pieces of equipment am I going to have to sell to financially survive? And when I lay off these employees then how do they buy groceries, support their children, pay their mortgage and put fuel in their vehicles? How will the lack of work effect local businesses?

None of these serious impacts are discussed in the DEP estimate. Before new regulations are passed the costs need to be understood. The DEP has missed many of these costs. This process has to go back to the drawing board because the documents you have in front of you aren't adequate for you to balance the costs with the benefits.