



**Environmental Quality Board Proposed Chapter 78 Regulations
Testimony of John L. Augustine III
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January 13, 2014**

Good evening. I am John Augustine, Community Outreach Manager in northeastern Pennsylvania for the Marcellus Shale Coalition, an association working with regional partners since 2008 and currently comprised of nearly 300 exploration and production, midstream, and supply-chain companies committed to developing clean-burning natural gas resources. In 2012, our members were responsible for 96 percent of the natural gas produced here in Pennsylvania.

Responsible shale development has been among the most transformative turning points in our Commonwealth's history. And indeed, natural gas development can serve to enhance and improve our natural resources.

Significant investments have been made across the Commonwealth by our industry to provide needed habitat and restore lands and watersheds. Partnerships with conservation groups are examples of our industry's willingness and commitment to voluntarily protect and preserve our natural resources. And our industry has raised the bar for shale development further with practices designed specifically to lessen the impact on surface disturbance and provide strategies to improve habitat and landscapes.

The benefits do not end there. Take, for example, the fact that the Commonwealth accounted for 18 percent of the nation's natural gas production in recent months, according to the Energy Information Administration. This has led to:

- More revenue: The natural gas industry has paid over \$1.8 billion in taxes since 2008 and \$406 million over two years to communities, counties, and the state in impact fees.
- More jobs: More than 200,000 new hires in Pennsylvania are supported by industries associated with shale development.
- Less costly heating fuel: According to the Associated Press, about two-thirds of Pennsylvanians heating their homes this winter will pay the lowest prices in a decade.
- And cleaner air: The U.S. EPA confirmed in October 2013 that carbon emissions are at their lowest since 1994, thanks to increased use of natural gas.

These benefits, unfortunately, are at risk. Pennsylvania has a complex regulatory environment and an uncertain fiscal climate, which has resulted in the Commonwealth falling behind. And there is even less certainty in the wake of a decision of the Pennsylvania Supreme Court to reject portions of Act 13 of 2012 that established a statewide standard for oil and gas development. Moreover, a plurality of the Court ruled

to roll back many of environmental protections under Act 13 – including more stringent well setbacks. Nevertheless, our industry will voluntarily comply with these setbacks, at the Governor’s request.

Other regulatory provisions spurred by Act 13 and the Chapter 78 revisions that followed add to the Commonwealth’s strong regulatory framework, which the State Review of Oil & Natural Gas Environmental Regulations, or STRONGER, a national non-profit organization dedicated to assessing states’ regulations, referred to last fall as “well-managed, professional and meeting its program objectives.” And for that, we applaud both the General Assembly and the Pennsylvania DEP.

At the same time, many of the DEP’s proposed regulatory changes to Chapter 78 stretch beyond legislative intent and will undercut the Commonwealth’s ability to compete for capital – while providing little or no additional benefit with regard to safe and secure oil & gas development. These include:

- Establishment of special concern species, which raises questions about how any such list is generated, what criteria are used to determine whether there is an impact to these species, and how DEP proposes to mitigate impacts to such species.
- Treatment of abandoned wells, which would lead to open-ended obligations for identifying these wells.
- And the “better than standard,” which requires the oil and gas industry to upgrade private water supplies, at industry expense, beyond that which existed pre-drilling – despite the Technical Advisory Board’s recommendations otherwise.”

The Marcellus Shale Coalition will provide detailed written comments on the Department’s proposed regulations in the weeks to come. Our over-arching message, though, is straightforward: *instead of undermining our strong, consistent, and predictable regulatory framework, we should work cooperatively to revise these proposals to maintain a balance between strong environmental protections and a competitive economic climate.* It does not need to be a false choice between the two, and we urge the DEP to continue working with our industry and stakeholders across the Commonwealth on a reasonable, competitive path forward. Thank you for the opportunity to provide this testimony.

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