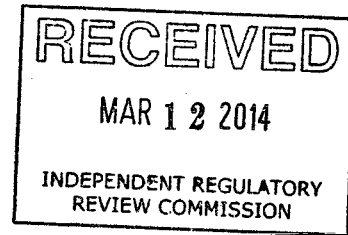


3042



February 12, 2014

Environmental Quality Board
PO Box 8477
Harrisburg, PA 17105-8477

RE: Presenting Comments at the Public Hearing, Warren County Courthouse, Warren, PA, regarding the Proposed Regulations of Chapter 78 of Pennsylvania Code.

Dear Sir or Madam,

My name is Kim Grindle and I am here this evening to testify as part owner and employee of Oil & Gas Management, Inc. Ten years ago, after much thought and consideration, I closed the doors to my own business that I owned and operated for 14 years and began to work at Oil & Gas Management, Inc. alongside my husband and his partner. We now own and operate approximately 300 conventional wells in southwestern Pennsylvania and currently have a staff of seven (7) people. Our company was founded and established in 1991 with very little financial resources and we have made many sacrifices along the way. Nevertheless, it has provided for our families, and up until now we have a great sense of security and great hopes for the future.

At Oil & Gas Management, Inc., I am the first person you see when you walk through our doors and the first person you talk with when you call our office. I can speak for myself and our employees when I say that our security has been diminished by the many challenges this industry has handed us. The gas prices are very low and revenue has decreased dramatically, however the costs of services and materials has not followed that curve. The number of conventional wells drilled has dropped from 4,836 in 2007 to a mere 1,000 wells drilled in 2013. Pending regulations and revisions of Chapter 78 of The Pennsylvania Code will create an environment in which the conventional operators will not be able to sustain....simply, these revisions and regulations will force us out of business.

The conventional oil & gas industry has been a part of the Western Pennsylvania landscape for over 150 years. Now, in an effort to regulate a new, unconventional industry, namely The Marcellus Shale development, the department is imposing inappropriate, onerous regulations on the conventional operators with economic burdens that will devastate a small business such as ours. The vast majority of conventional oil and gas wells are drilled and operated by small locally owned companies just like ours, and in **most** cases are family owned. A critical distinction of the conventional industry is the cost to develop the wells, lower production and smaller return on investment compared to unconventional wells. The unconventional operators **MAY** be able to comply with these proposals without a devastating economical outcome for their company, but the conventional operators cannot. In accordance with the requirements of the Regulatory Review Act, as amended on June 29, 2012, the DEP is required to consider the impacts to small business from new regulation, including legal, accounting and consulting compliance costs that would be incurred. Also noted in Act 76 of 2012, Act of June 29, 2012, under the statute, the DEP **MUST** consider the establishment of less stringent compliance requirements for the small businesses throughout Chapter 78.

I am here to ask you to consider alternatives for small businesses such as ours which can include the establishment of less stringent schedules or deadlines for compliance or reporting requirements, the consolidation of compliance or reporting obligations and exemptions. In addition to excessive costs to comply with the proposed regulations, most small oil and gas business owners will find it necessary to reduce their current work force, which will result in higher unemployment and lower tax revenue received by the state. Small businesses are the economic engine in our society and with unending regulation we find ourselves fighting a daily battle to survive. Through our drilling programs, we have enabled landowners to prosper from their land thru lease bonuses, royalty payments, free gas and right-of-way compensation. We have purchased property on which to drill and in turn paved roadways, installed water lines, removed trash and helped improve the communities in which we operate. Our lessors have called and stopped in our office to find out why their leases are being surrendered or not being renewed or to find out where we have been because they have not seen our rigs coming into their area. These people truly rely on the monetary income from their royalties and the free gas that they receive. If these regulations are imposed on the conventional operators, thousands of wells will be plugged and tens of thousands of landowners will be deprived of this income.

I have traveled 3 ½ hours today to be here to express my concern with the proposed regulations. I love what I do. As citizens of the great state of Pennsylvania, we have been enriched with the abundance of oil and natural gas that lies beneath our land. I believe that it is our responsibility to extract this source of natural energy in a responsible, respectable, and safe manner while complying with the CURRENT regulations that have been in place for thirty years. The DEP should give serious consideration to the exemption of small business from all or any part of the new requirements contained in the proposed regulation.

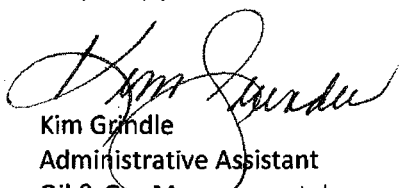
I would like to leave you with one thought:

Should the shoe industry decide that they are only going to manufacture size 8 shoes, that would leave many people barefoot without a means to cover their feet.....as one size does not fit all.... all the time!

I URGE YOU TO VOTE 'NO' ON THE PROPOSED REGULATIONS!

Thank you for your time and consideration.

Very truly yours,



Kim Grindle
Administrative Assistant
Oil & Gas Management, Inc.
Pennsylvania Citizen