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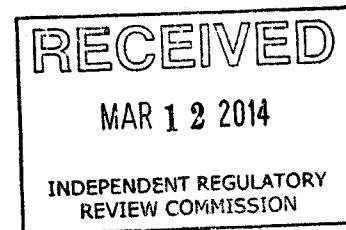
Environmental Quality Board Remarks

January 13, 2014 Williamsport, PA

January 16, 2014 Mechanicsburg, PA,

January 23, 2014 Indiana PA

Gary Hovis, President, PIPP



Thank you for the opportunity to present the following remarks from the perspective of the Shallow Conventional Oil & Gas Industry of Pennsylvania. We extend that welcome to the other industry representatives, sister Oil & Gas organizations, local Legislators, and all those in attendance.

The PIPP organization, **Pennsylvania Independent Petroleum Producers**, was founded in 1985 (29 years ago) in response, at that time to the state's legislative Act 223. Our current membership is just over 300 members.

Beginning several years ago, a new energy formation was discovered deep below the surface in Pennsylvania, extending across the state from the Northeast to the Southwest. An exploration frenzy began and after several years of development, the state legislature realized they needed to develop "new regulations" to cover the exploration, development, and production of this new found source of energy, from the Marcellus, & Utica Shales. This exploration, drilling, stimulation, and production was much more involved than that of (conventional) vertical stripper wells already existing across central and western Pennsylvania. Consequently new procedures and regulations were generated to cover these new non-conventional wells and that effort became law, Act 13, in February of 2012.

Other than the bonding requirements, all of the new regulations under Act 13 designed to control this "new breed" of unconventional wells (essentially wells with horizontal legs) — is being considered to also apply to the traditional vertical stripper wells in Pennsylvania.

This legacy class of conventional shallow wells is an entirely different animal than the deep unconventional well this ACT#13 set out to regulate. Here are some major differences:

- (1) Shallow wells can be drilled and stimulated in a matter of days,
- (2) require a fraction of the surface area disturbance,
- (3) require less than 0.1% (1/1000th) of the frack water,
- (4) uses minimal truck traffic to the well site of that required by the Marcellus type well,
- (5) Doesn't require stoned and topped access roads due to excessive truck traffic,
- (6) and well sites can be restored in a matter of days.

Let's comment more specifically to a couple of these points:

Item 2: Surface area disturbance. A typical well pad for a shallow well pad is 50 ft x 50 ft, or 2500 sq ft. Typical Marcellus well sites are 5 acres or about 200,000 sq ft, or greater than eight times as much area. And that area doesn't include the space required for storing frack water.

Item 3. Typical water requirements for fracking a shallow well is around ~~100,000~~^{35,000} gallons. The minimum water requirement for a Marcellus well is at least ~~4,000,000~~¹⁶⁰ gallons, more than ~~300~~ times more than the shallow well. And the shallow well can be fracked in less than a day where the non-conventional well might take weeks or even months.

Item 4. Truck traffic to a shallow conventional well might be the drilling rig, drill pipe tender and a maximum of 5 – 6 trucks hauling water and transporting the fracking equipment. And of course a couple pickup visits by the local DEP inspector. For the Marcellus well, the truck traffic is exponentially higher, probably 10 times the trucks to move in the drilling equipment, over 300 trucks to haul in water for the fracking, and the drilling crew traffic compounds this by another magnitude over a time period of months.

However, the new documentation and procedures for well permitting are just as complicated for the legacy shallow stripper oil and gas well as for the deep unconventional gas wells.

One of the most onerous threats to the shallow stripper well industry today is the "proposed change of Chapter 78 Regulations" under the new Act 13. These regulations are now out for comment and being considered in these series of hearings across the state.

We recommend separate regulations for these two very different types of wells. The new Chapter 78 Regulations can apply to the unconventional deep Gas & Oil wells; and the previous Chapter 78 Regulations can apply to the conventional Oil & Gas wells as they have for years.

If this doesn't happen, it could sign the death warrant to our conventional shallow Oil & Gas industry, and have a far reaching impact on other related industries. This would affect:

- (1) Our refineries,
- (2) fracking companies,
- (3) seismic logging companies,
- (4) well service companies,
- (5) water trucking companies, and water treatment facilities,
- (6) oil field supply companies,
- (7) and many secondary and tertiary companies like restaurants, hotels, insurance companies, banks, freight companies, hardware stores, and the list goes on and on.