

**Testimony of Thomas J. Shepstone, Shepstone Management Company, Inc.
on Proposed Revisions to Chapter 78 Oil and Gas Regulations**

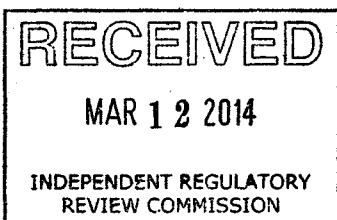
My name is Tom Shepstone. I am a planning and research consultant from Honesdale, Pennsylvania. I have consulted with numerous municipalities through the Northeastern Pennsylvania gas region and have assisted some in drafting regulations having to do with certain aspects of the industry. I also consult with some gas companies, am a leased landowner and publish a blog: NaturalGasNOW.org.

I support most of what is in the proposed new version of the Chapter 78 regulations because they strike a reasonable balance of economic and environmental concerns and address some of the details that need to be addressed to keep Pennsylvania's regulatory program where it should be.

Nonetheless, I remind you Pennsylvania's existing regulations were reviewed, in the fall of 2013, under the State Review of Oil & Natural Gas Environmental Regulations or "STRONGER" program. It was determined the Commonwealth's Oil and Gas regulatory program, even before the currently proposed revisions, is "well-managed, professional and meeting its program objectives." Moreover, this followed an earlier STRONGER report that called Pennsylvania's hydraulic fracturing regulations one of the nation's most stringent.

So, the system is hardly broken. We don't need to fix anything, although upgrading and tweeking to keep up with technology are always warranted, provided Pennsylvania avoids the temptation to fall into mission creep, that horrible disease of all governments that has paralyzed our neighboring state of New York and resulted in job stagnation and sales tax declines just over the border. We don't need their zero job growth across the Southern Tier or 8.7% sales tax decline in the Binghamton area.

What we do need is a balanced set of regulations, not unlike the ones we have now, that have protected the environment and allowed our economy to compete with that of other states. The proposed revisions to these regulations include a few troubling things in that regard.



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Most important is the addition of a new category of protected species, an action that will empower special interests to throw up regulatory obstacles to any and all development for what are purely speculative concerns of no substance. Section 78.15(f) (iv) refers to "critical communities" and "special concern species," neither of which is defined, except to say they're the same. We already have Federal and state-listed threatened and endangered species lists. We already give more rights to some species than we do people in this Commonwealth.

While the industry has supported protective measures for endangered and threatened species, there is absolutely no basis for designating species this way. It is a loophole just waiting to be exploited by unscrupulous opponents of development as a delaying tactic. It is vaguer than the morning fog on some parts of Route 6.

How would any such list be generated? Will environmental special interests be effectively making it up for DEP by challenging every application with form letter objections based on the possible existence of some relatively rare but non-threatened plant? What criteria will be used to determine whether there is an impact to these species and to mitigate it? This is a recipe for unending uncertainty, which is what is killing New York. We don't need this in Pennsylvania. I urge you to revise the proposed regulations to eliminate this and other unwarranted extensions of legislative authority.

Thank you.

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