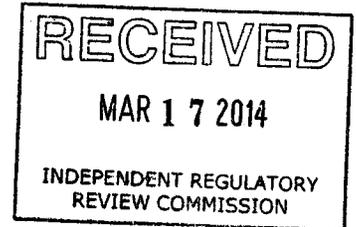


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March 14, 2014

Environmental Quality Board  
Rachel Carson State Office Building, 16th Floor  
400 Market Street  
Harrisburg  
PA 17101-2301

**Re: Comments on Proposed Amendments to 25 PA.CODE CH. 78, Environmental Protection Performance Standards at Oil and Gas Well Sites**

Dear Members of the Environmental Quality Board,

Southwestern Energy (SWN) is an independent company whose wholly-owned subsidiaries are engaged in oil and gas exploration and production, natural gas gathering and marketing. As such, we are the fourth largest producer of natural gas in the United States. We appreciate the opportunity to provide comment on the proposed amendments to the Chapter 78 Regulations. We are committed to responsible shale development by working with federal, state and local government officials and regulators. There is no denying the Marcellus Shale has been among the most transformative turning points in the Commonwealth's history. Natural gas development can serve to enhance and improve our natural resources, environment and economy. Southwestern Energy's goal is to strengthen the communities in which our employees live and work while making the Commonwealth a better place to live and raise a family.

The Marcellus Shale Formation is the most prolific natural gas production basin in the U.S., generating about 12.5 billion cubic feet per day and contributing approximately 18% of daily U.S. supply. The Marcellus is making a significant contribution to energy security in the US, while generating sustainable economic and environmental benefits for the nation. Pennsylvania Department of Labor and Industry statistics show responsible development of the Marcellus Shale supports more than 200,000 jobs in the Commonwealth. Domestically produced natural gas has provided a clean-burning energy resource for power generation that is contributing to air quality improvements across the nation. According to the US Energy Information Administration, nationwide energy-related carbon dioxide emissions dropped 3.8% in 2012 versus 2011 and a significant portion of this was attributed to the increased use of natural gas for power generation. The U.S. EPA confirmed in October 2013 that carbon emissions are at their lowest since 1994, thanks to increased use of natural gas.

Significant investments have been made across the Commonwealth by Southwestern Energy and the natural gas industry to restore lands and watersheds and provide needed habitats for our wildlife. Partnerships with conservation groups are examples of our industry's willingness and commitment to voluntarily protect and preserve our natural resources. As a company, and collectively as an industry, we have raised the bar for shale development even further with practices designed specifically to lessen the impact on surface disturbance and provide strategies to improve habitat and landscapes.

The proposed amendments to Chapter 78 can put these benefits, unfortunately, at risk. Pennsylvania has a complex and robust regulatory environment. However, this situation has turned less certain in the wake of the 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, Southwestern Energy will continue to voluntarily comply with these setbacks.

Southwestern Energy is a member of the Marcellus Shale Coalition and as such supports and endorses their technical comments that have been submitted as part of this review process. As a company, and an industry, we believe 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. As currently proposed, the amendments to Chapter 78 do not state when they will be implemented. This results in a great degree of uncertainty for operators in the Commonwealth which could lead to a sudden increase in costs. In addition, Southwestern Energy would like to highlight and reiterate specific concerns with the proposed Chapter 78 amendments:

- Southwestern Energy would support a rule that requires reasonable diligence to identify nearby active, inactive, plugged, abandoned, and orphaned wells prior to hydraulic fracturing. The DEP's proposal, however, would lead to open-ended obligations for identifying these wells.

- Currently, in the Commonwealth of Pennsylvania both federal and state listed threatened and endangered species are fully protected. Southwestern Energy is very much committed to our public resources and environment and will continue to support this standard. However, establishing the term "special concern species" in well permitting has no basis. There is no legislative or regulatory definition for such a species category in the Commonwealth and there never has been, 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. The proposed rule creates tremendous uncertainty about a permit applicant's obligations.

- In the past DEP's Technical Advisory Board correctly stated it is "unreasonable to require the oil and gas industry to upgrade private water supplies, at industry expense, beyond that which existed pre-drilling." Yet this is precisely what has been proposed by the DEP in these Chapter 78 amendments. This double standard only applies to the oil and gas industry and

would prove costly and be a detriment to the industry. If the DEP were to collectively analyze pre-drill water results it would be aware that in a large number of instances water has historically contained increased levels of metals, methane and other constituents. This has nothing to do with the oil and gas industry; however, it would be obligated to correct the problem.

- Southwestern Energy requests the current use of all pits be grandfathered.

In conclusion, instead of undermining our strong, consistent, and predictable regulatory framework, we should work cooperatively to revise these proposed amendments 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. Again, thank you for the opportunity to provide this testimony.

Sincerely,

*Michael Narcavage*

Michael Narcavage III  
Community Relations Manager



The Right People doing the Right Things,  
wisely Investing the cash flow from  
our underlying Assets, will create Value+