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Mark L. Cline Sr.

2015 JUN -1 AM 9:55

1 Longfellow Ave.

Bradford, Pa. 16701

Warren Public Hearing

My name is Mark Cline and I am the president of the Pennsylvania Independent Petroleum Producers and a member of the new Conventional Oil and Gas Advisory Committee. Tonight I would like to speak about 78.66, Reporting and Remediating Spills and Releases.

All industries have accidental spills and releases. Ours are more evident because they happen outdoors and not in a factory or a huge plant complex.

March 26 the DEP announced that they have pictures of our industry doing environmental harm. The first set of pictures came from a spill near Bradford on March 11, 2010. It showed the cleanup in progress. Pictures #1, 2 and 3 show that. Pictures #4 and 5 show what the creek looks like today. I know you are thinking that it happened 5 years ago and the creek should be fine by now.

There was an oil spill outside of Bradford on July 2, 2014. About 8bbls of oil made its way down the hill, about 300 feet to the creek. Cline Oil was called to help clean it up as the operator was out of town at the moment. The fire department already had booms in the creek upon our arrival. We built an underflow dam before the creek and used a pump to wash the oil from the site of the spill to the dam. We spent several hours flushing all the oil down the hill. Others were cleaning the creek. By running water where the spill ran, it brought the oil on to the surface of the ground as water is heavier than oil. When we were done there was not even a sheen to be seen. The property owner who lives right next to where the spill was, told me last Sunday that she has never seen a sheen since the cleanup. She lets her chickens run loose in the same spot as the cleanup was done. Pictures # 6 thru 10 shows where we cleaned up the ground and little stream where the water made its way to the creek. We did not remove one bit of soil. We finished cleaning the main creek up and the booms were checked every day for a month. Cost was under \$10,000. Pictures # 11 thru 14 shows the creek is back to its pristine condition. The DEP was on site during the initial cleanup and checked it often. They were very satisfied with the outcome.

March 19th of this year there was a spill that ran down a ditch beside a road, then under the road and made its way to the creek about 450 feet away. Of course it was reported and water quality showed up and told the company they would have to remove the soil. The soil was only tested with a sniffer and no analytical analysis was done. The DEP let the company flush a 200 foot section of the little creek. Why weren't they allowed to clean the whole spill that way? After that the company did as they were ordered to do. 589 tons of soil was dug up and removed to a landfill. That amount of soil would fill this entire court room 6 to 8 feet deep. The area that was disturbed by doing this caused more harm than if they would have just left the oil on the ground. This spill could have been easily cleaned up the way we have done it for years before Act 2 was forced upon us. There will be sediment in the creek for some time as the bottom and sides of the creek were disturbed, and as you know oil floats on water so why dig up the bottom of the creek.

This cleanup has so far cost close to \$200,000 and is not done yet.

An Act 2 cleanup might sound good on paper but it causes more harm than good. The DEP job is to write regulations that protect the environment not destroy it.

I also have pictures showing what our industry truly looks like. Plus the pictures I have shown tonight are in there.

Mark L. Cline Jr.

1386 Parkside Drive

Limestone, New York

I would like to start with section 78.57(e) which states that we must report the location of all underground or partially buried storage tanks. After working under the 1984 Oil and Gas Act for 31 years why all of a sudden do you need to know where our buried tanks are? If they would have been causing environmental harm the Department would have known by now where they are. So obviously there have been no problems.

Section (f) states that when we replace a tank it must be corrosive resistant and have cathodic protection. Has there been a problem with the old style tanks, because from the year 2004 thru 2010 there was only 1 Notice of Violation for a leaking oil tank. That is an excellent safety record for seven years and approximately 12,000 oil storage tanks being used according to the two refineries. There are not very many industries that can show that kind of excellence. The cost to comply with this regulation will add quite an additional cost to the operator for something that is not been proven to be needed.

Section (h) states that we will have to inspect all tanks, above and below ground every month. Once again where is proof that our tanks have been enough of a problem to warrant these inspections. The extra cost of someone inspecting the tanks, filling out forms from the Department and keeping them on file for a year will be a huge burden on the operator. Most members of PIPP work other jobs besides operating their wells and don't have time to do unnessacary and burdensome paperwork that has nothing to do with protecting the environment.

Section 78.66 is about spills and releases. It states you must report a spill of 5 gallons or more. Our production water is listed as a residual waste. It weighs about 9 pounds per gallon which means 5 gallons weighs about 45 pounds. There are 717 hazardous materials that have a higher reportable quantity than our water. The Environmental Protection Agency states that you can spill 92 barrels which equals 3,864 gallons of 15 pound brine water before you must report it. When these facts were presented to Deputy Secretary Scott Perry he was asked

to explain how we are only allowed to spill 5 gallons. His answer was, that the EPA needs to change their standards. So he is stating that the EPA is wrong and the DEP is right. I along with every oilman in this room tonight are saying that you need to change your standards. They are out of touch with reality.

Here are a few examples of the hazardous materials.

Ammonia---reportable quantity is 100 pounds.

It is toxic, maybe fatal if inhaled.

For a small spill you must isolate area immediately for at least 330 to 660 feet in all directions.

Hydrogen Sulfide---reportable quantity is 100 pounds.

It is toxic, extremely hazardous and maybe fatal if inhaled or absorbed through the skin.

For a small spill isolate the area for 330 to 660 feet in all directions. Protect persons downwind during the day for .1 mile and at night for .3 mile. Wear Self Contained Breathing Apparatus for cleanup.

Phosphine---reportable quantity is 100 pounds.

It is toxic, maybe fatal if inhaled or absorbed through the skin.

For a small spill isolate the area for 330 to 660 feet in all directions. Protect persons downwind for .2 mile during the day and .8 mile at night. Wear Self Contained Breathing Apparatus for cleanup.

If our production water is so bad then explain to us how most streams in the areas where we operate, except for coal areas, are either high quality or exceptional value. A study of the streams that run through the Allegheny National Forest, which has tens of thousands of conventional oil and gas wells in operation, says a full 72% of the 2,126 miles of mapped streams are rated as high value or exceptional value. Conewango Creek which runs through Warren was just voted the Pennsylvania River of the year.

Since 1984 there have been enough regulations in place to protect the environment. More regulations will only hurt the industry and hamper its growth. Our industry as a whole does a great job protecting the environment. Our

industry along with the DEP must work together to bring the few bad operators into compliance.

Production Water vs Hazardous Materials

Act 13, Chapter 78.1 Definitions states, more than 5 gallons of brine within a 24-hour period on or into the ground at the well site where the total dissolved solids concentration of the brine is equal or greater than 10,000 mg/l must be reported.

Our production water (brine) weighs about 9 pounds per gallon. 5 gallons weigh about 45 pounds. It is listed as a residual waste not a hazardous material.

I went through the EPA's list of reportable quantities for hazardous materials and found out that there are 717 hazardous materials that you can spill more on the ground, without reporting it than you can our production water. The EPA list had 970 hazardous materials listed.

I tried to find the reportable quantity for production water on the EPA list and all I could find was a list that the brine water started out being listed was 15 pound brine. Our brine has never in the history of the oil fields ever been more than 9 or 10 pounds per gallon. The EPA list states that you can spill 92 barrels of 15 pound brine on the ground before you must report it.

How can anyone in the state of Pennsylvania justify 5 gallons of our water being a spill?

Examples of Hazardous Materials with a R.Q. over 50 Pounds

- 1) Ammonia---CASRN # 7664-41-7
Reportable Quantity is 100 pounds
North American Emergency Response Guide # 125

Toxic, maybe fatal if inhaled.

Isolate spill or leak area immediately for at least 100 to 200 meters (330 to 660 feet) in all directions. For a small spill
- 2) Benzyl Chloride---CASRN # 98-87-3

Reportable quantity is 5,000 pounds

North American Emergency response Guide # 156

Toxic, inhalation, ingestion or contact (skin or eyes) with vapor, dusts or substance may cause severe injury, burns or death.

Isolate spill or leak area immediately for at least 50 to 100 meters (160 to 330 feet) in all directions.
- 3) Chlorobenzene---CASRN # 108-90-7
Reportable Quantity is 100 pounds
North American Emergency Response Guide #130
May cause toxic effects if inhaled or absorbed through the skin.
Isolate spill or leak area immediately for at least 50 to 100 meters (160 to 330 feet) in all directions. Wear SCBA gear for cleanup.
- 4) Dimethyl Sulfate---CASRN # 77-78-1
Reportable Quantity is 100 pounds
North American Emergency Response Guide #156
Toxic, inhalation, ingestion or contact (skin or eyes) with vapor, dust or substance may cause severe injury, burns or death.
Isolate spill or leak area immediately for at least 50 to 100 meters (160 to 330 feet) in all directions. Wear SCBA for cleanup. For a small spill protect persons downwind during the day for .4 miles and at night for 1.7 miles.
- 5) Hydrogen Sulfide---CASRN # 7783-06-4

Reportable Quantity is 100 pounds.

North American Emergency Response Guide # 117

Toxic, Extremely Hazardous

Maybe fatal if inhaled or absorbed through the skin.

Isolate the spill or leak area immediately for at least 100 to 200 meters (330 to 660 feet) in all directions. Wear SCBA for cleanup. For a small spill protect persons downwind during the day for .1 mile and at night for .3 miles.

6) Methly Iodide---CASRN # 74-88-4

Reportable Quantity is 100 pounds.

North American Emergency Response Guide # 151

Highly Toxic, maybe fatal if inhaled, swallowed or absorbed through the skin.

Isolate spill or leak immediately for at least 25 to 50 meters (80 to 160 feet) in all directions. Wear SCBA for cleanup.

7) Phosphine---CASRN # 7803-51-2

Reportable Quantity is 100 pounds

North American Emergency Response Guide # 119

Toxic, maybe fatal if inhaled or absorbed through the skin.

Isolate spill or leak immediately for at least 100 to 200 meters (330 to 660 feet) in all directions. Wear SBCA for cleanup. For a small spill protect persons downwind for .2 miles during the day and .8 miles at night.

**Solomon Clark
477 Davey Hill Road
Pittsfield, PA 16340**

April 30, 2015

**Environmental Quality Board
P.O. Box 8744
Harrisburg, PA 17105-8477**

Dear Board Members,

My name is Solomon Clark and I aspire to become a third generation Oilman. I am 17 years old and as I have always dreamed of continuing on with our quote, unquote "family farm". But these "copy and paste" proposed conventional regulations are a threat to my dream. I know from working in our business that these regulations will bring a lot of unwarranted new expenses. How will we pay for these new expenses? I think these new expenses will lead to fewer jobs and a smaller tax base in my town and that will mean even more cuts to my school.

I want to talk about schools because our school district has already been forced to make unprecedented cuts to our educational and extra-curricular budgets. In the last 3 years the school district cut its extracurricular funding by ½ and the community now has to raise half the money. Who in my community is currently paying to field my football, basketball, baseball and track teams? I personally invite the members of this board to come and see for yourselves whose names are on the banners in my gym, and

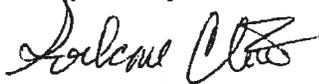
on the fence around my football field. It is the banner that my family's business paid for. It along with the other banners all around it were paid for by the other small businesses in our communities; businesses that are interwoven with our families business and represents the independent "can-do" spirit that has made our country the best place in the world. No business should have to deal with unreasonable regulations, but unreasonable regulations are particularly hard for a small business.

I call the regulations unreasonable because they are fixing a problem that doesn't exist. Our towns in the oil region are surrounded by thousands of conventional wells and at the same time we are also surrounded by the highest percentage of high-value trout streams in the state. The majority of the wells around this community were drilled in the last 31 years under Act 223. The most remarkable change during the last 30 years is that the water quality in the streams surrounding our communities have increased in and around our part of the state. This is just one way the conventional oil and gas industry has already demonstrated we are adequately regulated. If the unconventional oil and gas industry had not moved to Pennsylvania, we would not be here tonight. Act 13 would have never been created or adopted and my future would not be in peril. Please refuse to be a part of these misdirected, unneeded, and very damaging regulatory controls. The regulations that were in effect before the unconventional industry came to Pennsylvania already contained some of the strictest environmental standards in the United States. These new regulations are not needed to protect my family, neighbors, and friends. What is needed is to have you vote "no" so our communities can be protected from this vindictive, devastating "copy and paste" rewrite. Take a look for yourself at the job my family and the other shallow operators

have done. Conventional operators who have already provided the environmental stewardship necessary for the sustained beauty you see all around you. And what was the thanks that the Department of Environmental Protection gave to the hard working people in this room tonight? They supplied pictures to the newspaper of problems that were already accommodated for in Act 223, some 31 years ago. The Department tried to paint all the hard working people in this room as polluters and evil doers so they could do what they wanted. That would be like taking pictures of the kids in my school who have got in trouble or made mistakes and then to take their pictures and have them printed in newspapers all over the State to show how bad kids are today! Well, it won't work..... sure there has been some problems but I heard in the last election that **"government that works"** knows how to protect **we good people**, while it deals properly with problem situations.

We need our shallow conventional industry to be strong, now, more than ever; it is helping to save our schools in my community. Please think about what you are doing before you unnecessarily destroy the lives of thousands of people living in small towns like mine, for no reason.

Respectfully,



Solomon Clark

DEP Public Comments

By: Tyler Q. Martin April 30, 2015

Good evening

My name is Tyler Martin and I am currently employed at a conventional oil and gas company. I grew up hunting and fishing in this region. My interest in the outdoors led me to study Geographical Information Technology and Environmental Geoscience at Slippery Rock University. I chose that career because I care about water quality, good management of trees, and wildlife.

I started my career as a wetland delineator working for unconventional shale companies in both Pennsylvania and Ohio. I did that work for 3 years and walked 100's of miles of pipelines, delineated hundreds of wetlands and watercourses in both Pennsylvania and Ohio. I moved from that career to work at home in the conventional industry. I now work on environmental controls, timber management and mapping.

With my experiences on both sides of the industry, the unconventional and conventional, I can attest that they are truly apples and oranges. The economic and environmental impacts are on very different scales. To give you a taste of that difference in impact, I have compared my records from unconventional and conventional wells. I found that just one unconventional well pad and supporting infrastructure is equal to roughly 70+ conventional wells and their supporting infrastructure.

With that being said, the proposed conventional regulations still read as though geared to complexity and scope of the unconventional side of the industry. When the 2015 version of the regulations were issued very few of the burdens were removed. And, many new burdens were added. The process leading to the 2015 version was flawed. Instead of ever asking what changes needed to be made to the existing conventional regulations, the DEP wrote the 2013 regulations with a focus on the unconventional industry. The 2015 regulations are simply more of the same.

An example of "unrealistic" and "impractical" requirements found in the 2015 version is the site restoration and returning a drill site to original contours. Conventional drill sites are in hilly Pennsylvanian country side where the contour is changed to gain flat ground required to operate. This broad sweeping 2015 standard will be impossible in many cases and extremely expensive in all cases to implement. I ask this question in regards to this original contour requirement, where is the statutory authority for such a requirement to be imposed? Again this is just one small tip of this proverbial "regulatory iceberg".

In my opinion, the department has failed to meet their obligation to state a need for change. That very obligation is to be met and based in facts and science. I am shocked at the failure to address the difference in scale between unconventional and conventional oil and gas. I spend the majority of my time at multiple conventional well sites on a daily basis; in my opinion the

existing conventional regulations are working well. The conventional well sites are environmentally sound. It's one thing to incur enormous regulatory costs if a clear goal is being achieved. But that clear goal is absent.

I am fortunate to work in the woods every day. And every day I see that a harmonious existence can be achieved between conventional oil and gas and the sound care of the environment I studied in college. Before we make wholesale changes to regulations that are working, the DEP needs to state why it is proposing changes. The DEP did not do this as to conventional oil and gas. The result of this failure is a set of proposed regulations that is not geared to conventional operations and which will have a crushing financial impact on the industry.

April 30th, 2015

RE: Comments to Proposed Conventional CH78 Regulations

Warren County Courthouse – DEP Hearing

Good evening to the DEP, EQB and fellow colleagues of the Industry. My name is Shane Kriebel and I am providing comments on behalf of the Pennsylvania Independent Oil and Gas Association, as well as myself. I want to first thank the DEP for holding more hearings on what seems to be deja vu, or a re-occurring nightmare, but is actually round 2 of Ch 78, Subchapter C proposed regulations. I, sincerely, thank you for holding these hearings so that our voices and concerns are heard.

I'm a 3rd generation natural gas and oil producer, working as a production/business manager for our small family owned conventional gas company, located in Clarion, PA. I've been in the natural resource arena all 42 years of my life, but have been in the business for 16 years. I must say that I've seen a lot within those 16 years, from the natural gas commodity price starting at around \$2.50, increasing to around \$12.00 and then going back down to where we are at today, \$2.50. I've had the privilege of seeing the Commonwealth become a hot area for Marcellus shale development. This to me has been a blessing and a curse. The blessings include: bringing jobs back into the Commonwealth, and injecting money into the State economy, in other words growth and prosperity for Pennsylvania. The simple fact is that PA is now considered a hot bed energy resource area for helping the Country take steps toward energy independence. The curse is: more proposed regulation for the smaller producers. Much of the additional regulation, proposed by DEP, is unnecessary for a Conventional producer and is questionable, at best, for shale producers. Honestly, what has happened in the last 10 years to warrant a total revamping of regulations for the Conventional producer? We believe the current regulations, as they exist today, are very suitable and should be followed and enforced. I also understand that Conventional producers aren't environmentally benign, BUT what Industry really is? The point is, we all should operate under smart and common sense regulation. We, the small gas producers, care about the environment because, we live here, we work here and we have families here. We strive to be good stewards of the environment, for we are ultimately responsible for our actions in the end.

I'm a proud Father of four boys and I would love for any one of them to have the opportunity to continue the Family business, or to join our Industry. I'm fearful though, that may not happen when I look at the current landscape.

We are experiencing a valley (a downturn in the industry) and there are numerous small companies striving to survive through these tough times. As I mentioned before, low commodity prices, coupled with high service costs, and now; add additional proposed regulations. ...? Where's the benefit in these new regulations? Where's the economic impact analysis? Anytime there's a new regulation put into motion, or put in place, there's a cost associated with it. Please don't misunderstand me, I believe there should be smart regulation, and it should be based on scientific merit & fact. Not regulation that could have a crippling effect on our industry with little to no merit.

The Department has clearly not taken a serious look at the economic impact of these proposals. Their impact on small business is staggering in scope. Given the current economic realities for this industry in Pennsylvania, our state regulators are either deliberately attempting to turn Conventional development and companies, such as mine, into dinosaurs, or they are completely ignoring the impacts these proposed regulations will have on our small businesses. Neither bodes well for the future of Pennsylvania's conventional producing industry, Pennsylvania's economy or the nation's energy independence. Neither represents sound public policy;

In closing, I want to, again, thank the DEP and EQB for holding these hearings. Thank you for the opportunity to speak this evening. Most importantly, it is imperative that the DEP and the industry work together. We truly can't have one without the other and I strongly urge the DEP to consider the economic impacts and the benefits that these proposed regulations will have on our small Conventional businesses.

Thank you,

Shane C. Kriebel
Member of PIOGA

Douglas E. Jones

508 North Perry Street

Titusville, Pa 16354

412-400-8938

I am an oil and gas professional with nearly 35 years of experience in conventional oil and gas operations. My experience covers nearly all aspects of the business.

I would like to open with a few general comments on the conventional Chapter 78 c rewrite.

The Department has not engaged the conventional industry in these rewrites. That failure results in fatally flawed regulations. The Department has not given the industry enough time to analyze the implications of these regulations. Many of these changes are so open ended and sweeping that we cannot possibly understand the financial impact of the changes.

One issue that fills me with trepidation is the numerous new reporting and notification requirements. In a time when the industry is faced with nearly unprecedented challenges the Department is piling on requirements that will force increased staffing just to comply. The phrase "on forms provided by the Department" is so open ended that I cannot possibly understand the cost of compliance.

It also appears that the Department is moving to paperless reporting entirely, as I do not see provisions for offline reporting written into these regulations. I object to that on behalf of those small operators who do not have the technological means or money to do so.

I have a few comments on specific aspects of the regulations.

The definition of Other Critical Communities is so expansive and far-reaching that the impacts cannot be known. The addition of so many different possibilities present the possibility of very large financial impacts that we cannot assess.

Section 78.52a regarding areas of review is vague and onerous. What exactly constitutes compliance with this section? What constitutes 'GPS coordinates'? Is

it field survey coordinates or points off a map? Does the Department claim the power to specify to operators what the rated accuracy of the GPS unit is supposed to be? A \$50 unit or a \$10,000 unit? What if a surface parcel not under control of an operator is included in the area of review and the owner refuses access? Are we then subject to violations for failure to comply?

Regarding Section 78.57a, the Department has indicated that it will not be part of the final regulations. If that is the case, I appreciate that fact. If that is not the case I will be saying my goodbyes to Pennsylvania on the day these regulations become final. I would, quite literally, be out of business in the state.

The sections regarding freshwater impoundments and the constructions requirements imposed therein will end such impoundments for conventional operations. They are simply too expensive to comply with.

Section 78.67 regarding borrow pits seems to tie pit usage to a specific well and requires registration of pits. Who bears responsibility for 'communal' pits that numerous operators may use simultaneously or over the course of the pit's life? Item (d) requires inspection of existing pits by 'qualified personnel'. What does that even mean?

In conclusion, there are many more points that I could bring up and object to. The Department has done itself a disservice with these revisions and may yet destroy the conventional oil and gas industry in Pennsylvania, along with the thousands of jobs it provides.

Douglas E. Jones

508 North Perry Street

Titusville, Pa 16354

412-400-8938

Brianna Howard

77 Howard Lane

Mount Jewett, PA 16740

Good evening ladies and gentleman. My name is Brianna Howard, I am the daughter of Ted Howard, co-owner of Howard Drilling Incorporated. My family has been drilling and producing oil and gas in Pennsylvania for four generations. My life has been surrounded with this incredible industry, and as a 10 year old I could tell you more about the history of drilling in this state than most adults. As a young adult, I have developed a passion for this state and its natural beauty. I have been around drilling sites my entire life, and believe that they are some of the most beautiful places in our forests. The oil and gas industry works hard to preserve and protect the environment in which they work in, because they have been raised to love and appreciate its beauty, just as I have.

As a college student traveling home for holidays and special occasions, I come home to a place that makes me both filled with joy and disappointment. I see an area with a loss of energy, and a dire need for a rejuvenated spirit. I believe that the oil and gas industry is the key to restoring our small Pennsylvanian towns to their former glory. Not only does this industry provide countless good paying jobs, but it helps the towns that those workers live in. Local restaurants, stores, gas stations, and any other small business that you can imagine are benefitted. The locally earned dollars, are spent locally, which is what this area's economy desperately needs.

As a friend and family member of many employed by a business involved in this industry, I am worried about my loved ones' futures. I fear that if these regulations are passed, they will struggle to provide for their families and have the means to live a prosperous life. These regulations aren't just hurting small businesses, they are hurting sons and daughters, and the elderly parents of hard working men and women who depended on the livelihood of their children to help take care of them in their old age. I encourage those who are trying to pass these regulations to ask anyone in this room tonight if they know someone who has been recently laid off from a Conventional Oil and Gas job, the answer will be yes. At this time if you know someone who has been laid off from a Conventional Oil and Gas job please raise your hand. By looking around this room, you will see the already evident burden that has been placed on the industry. Do we really need more jobs to be lost over expensive regulations? The answer is no. For small businesses to carry the financial burden of these proposed regulations is impossible. The people that just raised their hands will not be the ones who know someone who has been laid off, they will be the ones who no longer have a job.

There have been tens of thousands of wells drilled along the Allegheny River. Anyone who has seen this river, knows of its clear water and roaring beauty. How is it possible that this river has maintained its beautiful state if the wells drilled along it have done such terrible damage? It's because those wells have NOT done damage to the river. This area is one of the most beautiful in the state, and it has the most conventional wells drilled. We have been drilling here for centuries, and the land is still as beautiful as it

ever was. The negative propaganda surrounding the oil and gas industry leads most uneducated people to believe that we are causing poisoned water and destroying the environment, which is simply not true.

I believe in this state, and i believe in the oil and gas industry. Please consider the people that will be hurt by these regulations. Thank you.

30 April, 2015

Reply to Regulatory Analysis Form

Proposed Regulations
Oil & Gas Surface Activities
Amendments to 25 PA Code Chapter 78, Subchapter C

McKean County
Community Impact Assessment

Overview:

Pennsylvania's Environmental Quality Board (EQB) was directed via the 2012 Oil & Gas Act (Chapter 32, Act 13, 2012) to promulgate new regulation to protect the Commonwealth, its Citizenry and Natural Resources from hazards associated with newly introduced practices associated with the nascent shale gas industry.

While the charge to EQB was clearly and unequivocally directed toward shale (or unconventional) wells, the proposed amendments do not appear to differentiate between conventional and unconventional production. If the scope of the proposed regulation includes conventional wells, conventional producers and their associated drilling, service & support contractors and suppliers, and their host communities will be placed in jeopardy. Regulatory Review Act directs EQB to consider the "hidden cost upon the economy of Pennsylvania". EQB's cost analysis fails to recognize the economic and societal consequences that will result from this new regulation.

This report will:

- Consider the role conventional producers, their associated support contractors and suppliers currently play in McKean County Pennsylvania.
- Demonstrate how effect increased regulatory financial burden will affect McKean County conventional well operators' business behaviors
- Quantify the economic impact of the proposed regulation to McKean County and its communities.

McKean County was selected for this analysis, but the relative impacts will be similar in the other conventional producing counties of Northwestern Pennsylvania, including, but not limited to Elk, Forest, Warren, Venango, Clearfield, Jefferson Clarion, Crawford and Mercer Counties.

Economic Impact of Conventional Production in McKean County

McKean County's relationship with conventional oil & natural gas production has existed for approximately 140 years. The refinery in Bradford, PA began operations in 1881.

This section uses cumulative non-Marcellus production reports as furnished by PA DEP for quantities of oil & natural gas produced within McKean County. Commodity prices are taken from United States Energy Administration data:

McKean County Oil & Natural Gas Production:

	2010	2011	2012
Oil (barrels)	980,162	849,148	855,260
Oil - \$/barrel	\$74.71	\$95.73	\$94.52
Oil (revenue)	\$73,227,957	\$81,288,938	\$80,839,175
Nat Gas (MMCF)	6,886,248	6,299,713	5,694,362
Nat Gas - \$/MMCF	\$4.48	\$3.95	\$2.66
Nat Gas (\$)	\$30,850,395	\$24,883,866	\$15,147,002
Total Wellhead	\$104,078,352	\$106,172,804	\$95,986,178

For the purposes of quantifying the personal income value to McKean County residents, refer to:

Economic Profile System-Human Dimension Toolkit January 20, 2014 McKean County Report

Personal Income: 2012 Mining - Including Fossil Fuels: \$217,249,000

This figure includes some limited personal income associated with gravel and stone quarrying, but the overwhelming majority comes directly from conventional production. The limited non-oil & gas mining is primarily quarrying to support conventional oil & gas construction activities. This figure includes many direct support contractors (such as drilling and well completions); it excludes excavation, site work contractors, equipment suppliers and all manner of ancillary business:

- Lawyers & Accountants
- Land surveyors
- Insurance agencies
- Truck dealers
- Metal fabricators
- Equipment dealers

As a stand-alone source of revenue, **Mining-Including Fossil Fuels** (excluding ancillary business) accounts for 20.9% of McKean County's economic output. If we consider *all* of McKean County's conventional production, McKean County personal incomes derived from **mining including fossil fuels** is greater than any source other than manufacturing (keep in mind that the Bradford Refinery is scored in *Manufacturing*).

Segment	Aggregate Personal Income
Health Care & Social Assistance	\$121,860,000
Government	\$169,965,000
Manufacturing <i>(includes Refinery > \$26,000,000)</i>	\$219,926,000
Mining - Including Fossil Fuels <i>(excludes Refinery)</i>	\$217,249,000

Economic Profile System-Human Dimension Toolkit January 20, 2014 McKean County Report

Economic Impact of Legacy Wells

This section is based on PA DEP January-December 2010 McKean County Oil & Gas excluding Marcellus Production Reports.

6,177 wells were in production in 2010. Of these, all but 16 wells would be defined as Marginal or "Stripper" wells (producing less than 10 barrels of oil per day OR less than 60MCF/day).

We assume a model of \$3.25/MCF natural gas and \$85/bbl oil. We then convert volumetric production numbers (furnished by the PA DEP McKean County Non-Marcellus report) to dollars per well. Net Revenue reflects revenue after paying 1/8th royalty to landowner.

	20th Percentile Well	Median Well	80th Percentile Well
Gross Revenue	\$3,360	\$4,406	\$22,945
Landowner Royalty	\$420	\$551	\$2,869
Net Revenue	\$2,940	\$3,855	\$20,076

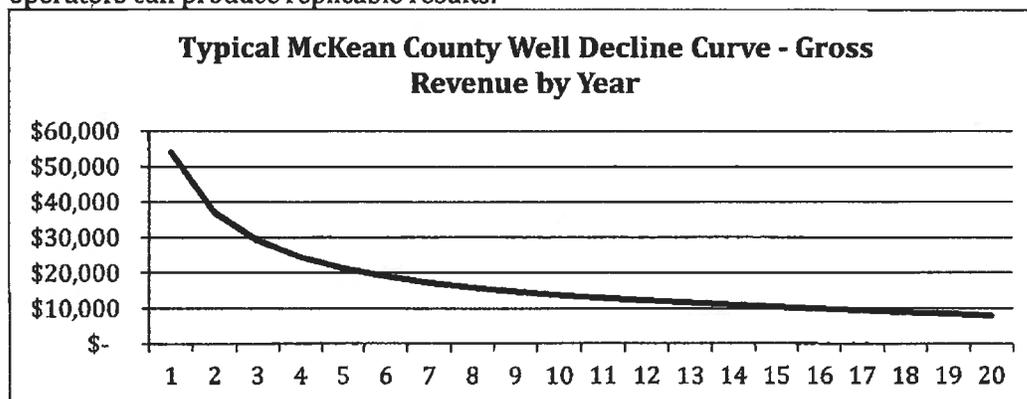
In 2010, McKean County was home to 4,120 wells that individually generated less than \$10,000/yr in gross annual oil sales. These 4,120 wells (in aggregate) contribute roughly **\$22,550,000** in annual royalty and working interest payments in McKean County.

Compare the 4120 poorest performing McKean County wells to other industries:

Segment	Aggregate Personal Income
Accommodation and Food Services	\$18,667,000
Educational Services	\$19,925,000
Administrative and Waste Services	\$17,032,000
Professional and Technical Services	\$19,125,000
Finance and Insurance	\$15,669,000
Forestry	\$10,882,000
McKean County's lowest producing 4120 wells (Wells that individually generate less than \$10,000 per year in oil sales)	\$22,550,000

Economic Profile System-Human Dimension Toolkit January 20, 2014 McKean County Report

While the revenue generated by these low-producing legacy wells is modest *individually*, the aggregate revenue generated is significant for McKean County's economy. Moreover, McKean County's conventional wells are predictable performers. Efficient conventional operators can produce replicable results:



Data: Survey of McKean County Conventional Operators

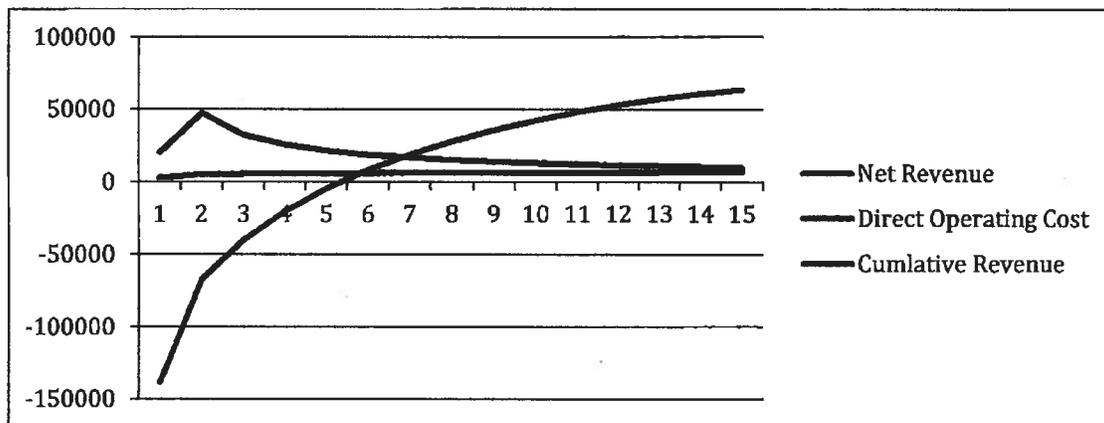
Wells have high levels of initial production (*flush*) then gradually decline. It is common for McKean County wells to produce economically for more than 25 years.

Economic Impact of New Well Drilling

While conventional Pennsylvania producers have enjoyed several years of strong oil pricing, natural gas sales are a critical part of the economics of Conventional Pennsylvania wells. McKean County conventional producers have faced strong price and capacity competition from Marcellus gas producers in recent years. The deterioration of gas prices, coupled with the shortage of takeaway capacity have significantly reduced the return on investment for conventional producers.

Consider a typical McKean County well, assuming:

- Well permitting, drilling and completion costs of \$138,500
- Standard 1/8th royalty lease
- Monthly maintenance & operations cost of \$444 with inflation factor of 3%
- Initial oil production of 541 barrels per year with typical decline curve
- Initial gas production of 2,494 MCF gas per year with typical decline curve
- \$85/BBL oil & \$3.25MCF Gas



Based on these parameters, we would expect the investment of \$138,500 to be recouped at roughly 5½ years. At year 15, we would expect this well to have a cumulative return of \$202,000 (\$63,500 profit after recouping the \$138,500 well cost). This is roughly equivalent to a 2.75% annual rate of return.

- *If new regulatory burden increases the initial well cost by \$10,000, investment recovery is delayed from 5½ to 7 years. The effective rate of return would be reduced to 2.15% annually over a 15 year period. This represents greater than a 21% reduction in benefit of making the investment.*
- *If new regulatory burden increases the initial well cost by \$20,000, recovery is delayed from 5½ to over 8 years. The effective rate of return would be reduced to 1.75% annually over a 15 year period. This represents greater than a 36% reduction in the benefit of making the investment.*
- *Penn Grade Crude Coalition's (PGCC) analysis calculated \$52,000 in increased regulatory burden associated with proposed amendments to Chapter 78. This will delay recovery from 5½ years to over 12 years. The effective rate of return would be reduced to 0.4% over a 15 year period. This represents an 85% reduction in the benefit of making the investment.*

Oil & gas investors expect a reasonable rate of return. 5½ year payback is close to the minimum acceptable return to attract new investment. New regulatory costs may dramatically erode future investment.

"Of the two types of crude oil, paraffin or methane series oil is the most prized, but it comprises less than 2% of the total world supplies. The "Industry Standard" is "Pennsylvania Crude" derived from oil wells in the state of Pennsylvania. Crudes dominated by naphthenic components are called asphalt-based oils." Louisiana DNR – Educational Website

McKean County wells produce Penn Grade Crude, the paraffin based crude that is unique and highly valued due to the non-fuel products that are manufactured from Penn Grade feed stock. These products are essential for the manufacture of lubricants, and pharmaceutical & cosmetic base stocks and waxes.

Of particular concern is continued viability of refining capacity for Penn Grade Crude. There are two refineries in North America that refine Penn Grade Crude:

- American Refining Group (ARG), Bradford, PA – 10,000barrels/day
- Ergon West Virginia, Inc. - Newell, WV – 18,000barrels/day

If the two refineries are unable to source sufficient volumes of Penn Grade (paraffin based) crude, one or both of the refineries would be forced to either shut down or retrofit their facilities to accept *naphthenic* or *asphalt-based* oils.

ARG's refinery is the cornerstone of Bradford, PA's manufacturing industry. In 2013, ARG:

Purchases of Penn Grade crude	\$194,000,000
Purchases of other raw materials	\$41,000,000
Direct wages and benefits to employees	\$25,300,000
Payments to local utilities & sewer districts	\$7,900,000
Local tax payments	\$479,000
Annual Direct Economic Impacts	\$268,600,000

A shutdown of the Bradford refinery would be devastating to McKean County and Northwestern PA. In addition to the loss of ARG's direct economic benefits, Pennsylvania's conventional producers would be reduced to a single buyer for their crude. Competitive pricing support would be diminished, further reducing incentive for conventional producers to invest in new production.

Alternatively, one or both of the refineries may elect to retrofit their facilities to accept naphthenic crudes. While conversion would preserve some of the economic benefits, it would represent a permanent destruction of the domestic market for Penn Grade crude. ARG currently spends \$194,000,000 purchasing crude within the Commonwealth and neighboring NY, OH & WV. Conversion would mean those dollars would leave our region and instead go to Texas, Oklahoma, North Dakota or Alberta.

The refineries use legacy well production to plan for capacity. Transient downturns in drilling can be “averaged out” over several years, but sustained downturns in drilling eventually translate into reduced legacy production.

At first glance, it seems reasonable to think shutting down or retrofitting the refinery(s) is hyperbole. There have been periods in prior decades where drilling activity in PA was reduced, and two refineries were able to survive.

Today’s environment is decidedly different. In prior decades, reductions in PA drilling coincided with national drilling trends. Oil & natural gas prices moved in tandem. When commodity prices increased, Texans and Pennsylvanians alike put rigs to work.

In the shale era, there has been a de-coupling of oil & natural gas pricing. North America has seen a dramatic reduction and stabilization of natural gas prices, while oil has maintained a persistent high price. Conventional PA producers rely on both natural gas and oil sales to make their well economics work. This is creating a historically unique period where drilling activity is strong throughout North America, but is weak among Penn Grade crude drillers.

In prior periods, refiners facing reduced volumes of Penn Grade would have also faced reduced volumes of naphthenic crude. Conversion would have made little sense, as existing naphthenic refiners would readily soak up demand for all available crude stocks.

In contrast to prior eras, Naphthenic crude is becoming increasingly abundant; we have sustained high levels of drilling in a low-priced natural gas price environment. If producers of Penn Grade have a sustained reduction in capacity, conversion would likely be the only option available for survival. If conversion is deemed uneconomic, the refinery(s) will close.

In either scenario, the Commonwealth will lose the most important economic driver in McKean County – conventional well production. Without refining capacity, Penn Grade Crude wells will no longer be drilled.

Based on *Human Dimension Toolkit January 20, 2014 McKean County Report*, McKean County’s conventional producers and their associated drilling and completions contractors account for 2,017 (2011) of McKean County’s 22,104 jobs. These jobs average \$78,954/yr - twice the county average of \$39,631 (2012).

It is beyond the scope of this report to extrapolate the broader impact of such loss. Every sector of McKean County’s economy would be devastated.

The Commonwealth’s conventional producers fueled America’s rise to greatness. Penn Grade crude was the feedstock for innovation in manufacturing,

petrochemicals and transportation. It powered our military, and helped us end two great wars.

Pennsylvania needs its conventional producers – McKean County depends on them.
Conventional oil & natural gas production is essential to the societal and economic wellbeing of McKean County.

Regulation impacting the conventional producers has the potential to curtail capacity at one or both of North America's two Penn Grade Crude Refineries.

Loss of Penn Grade Crude refining capacity (at either refinery) would trigger catastrophic and irreparable harm to McKean County and its citizens.

The Regulatory Review Act Compels EQB to consider "hidden cost upon the economy of Pennsylvania".

This analysis was produced by:

David Stein
CEO, LJ Stein & Company, Inc
71 E Fairmount Ave
Lakewood NY 14750
david@ljstein.com

Clark Oil Co LLC.
80 Dillon Drive
Youngsville, PA 16371

April 30, 2015

Environmental Quality Board

P.O. Box 8744

Harrisburg, PA 17105-8477

Dear Board Members,

My name is David Clark and I am a second generation Oilman. I am writing to you to express my opposition to the passage of this illegal rewrite of the Chapter 78 regulations as proposed. I urge you to vote NO to these "copy and paste" regulations that are in direct opposition to the spirit and legislative intent of the 2014 Bifurcation legislation. Please vote NO to this attempt by DEP to destroy the communities that have been apart of the oil region since 1859. Please reject this misuse of power and public trust that was granted to them to serve Pennsylvanians and allow conventional wells to operate under the effective regulations in place before the passage of Act 13 of 2012.

The legislature heard the difference and understood that the path the DEP was on would unnecessarily decimate communities all across our state and wipeout countless beneficial Pennsylvania businesses. The legislature acted quickly and decisively to mandate DEP to properly propose regulations for the conventional industry. The mandate by the legislature was to start the process over and legally propose conventional regulations that are based on need. At the first COGAC meeting the DEP was asked to produce the Regulatory Analysis Form that was used to frame up the new conventional regulations. Instead of producing a properly generated regulatory analysis we heard the DEP

spokesperson tell us that the need for the 2015 conventional rules were now to be based on a few pictures. Pictures that were somehow leaked to the press and because of that stunt, we now know that those pictures do not reflect the overall compliance rate of 99% which the conventional industry has earned over the past decade. The mandate by the legislature was also to start over and legally propose regulations that were developed using of an accurate cost analysis so that any needed changes would not become deleterious to small businesses in Pennsylvania. And if needed to develop alternatives so any associated costs to small business could be managed and jobs would not be lost to unneeded standards. Instead, DEP has purposefully rejected this statutory obligation to properly complete a Regulatory Flexibility Analysis for the 2015 Conventional Regulations altogether. Moreover, we now have in this 2015 "copy and paste" version numerous new obligations that were not even in the combined regulations a year ago. It would now seem a properly conducted Regulatory Flexibility Analysis and a properly completed Regulatory Cost Analysis have both been magically transformed into an "emotional analysis". It would now seem that the procedure to conduct an "emotional analysis" is to play on the fearful emotions of those who don't understand the problems or the solutions. This tide of fear is apparently fueled by the DEP and they have now incorporated the liberal media to distribute their Cinerama of fear.

With the passage of the Regulatory Review Act also known as the Small Business Act by the legislature the regulators are also mandated by statute to do the hard and arduous work of determining the economic impact of the proposed Chapter 78 regulations on small businesses like ours in the state of Pennsylvania. This is to be done in conjunction with the bifurcation legislation of 2014 and it is abundantly CLEAR that the necessary level of due diligence to comply with these laws were not even considered let alone done. I urge this board NOT TO BE APART OF ANY REGULATION THAT BREAKS THE EXISTING LAWS OF PENNSYLVANIA. We should have had every reason to expect the DEP and this board to desire to be willing to fully comply with the Laws of Pennsylvania as we conventional operators have been expected to do for decades. The only reasonable course of action due to your own non-compliance with this statute would be to cease and desist and exempt all conventional activities from this proposed rulemaking. Who are those in our government that have abused and misused the power granted them to such an outrageous extent? They were granted power to promulgate needful

regulations that protect our environment using science and nonbiased professionalism. Instead, they have again betrayed their office to produce another set of proposed regulations with no basis in fact or in law to decimate an industry they deem unwanted. I would suppose they are still proud of their work, even though they should be ashamed.

In closing, I ask that you, our state's Environmental Quality Board assure that the full economic impact of the proposed rule is properly analyzed and that the final regulations fully comply with the Bifurcation legislation of 2014 and the Regulatory Review Act. Don't put your good name and reputation on the line for those that are too lazy to do their job properly.

Respectfully,

A handwritten signature in black ink, appearing to read "David Clark", with a long horizontal line extending to the right.

David Clark, Member

Clark Oil Co. LLC.

233 Baer Beach Road 11
Erie, PA 16505

April 29, 2015

DEP Policy Office
400 Market St.
P.O. Box 2063
Harrisburg, PA 17105-2063

Re: My testimony as read: Warren, PA Courthouse,
April 30, 2005 about the Advanced Notice of Final
Rulemaking, DEP Chapters 78 and 78a.

Dear Reviewer:

My name is James Sam Miller, residing at the above address, and speaking as an individual Pennsylvania resident. I am eighty-one years old, a retired Certified Clinical Engineer with a Masters Degree in Electrical Engineering, and with over 40 years of experience in hospital management dealing with everything from general safety regulations to waste management of both medical and nuclear waste.

The specific remarks in this statement address only the proposed changes to the new Chapter 78a of Title 25 of the Pennsylvania Code, from the standpoint of radiation safety, public health safety, and worker safety.

Remarks:

1. The only reference to "radioactive" appears in Section 78a.111. Abandonment. In this section whenever a radioactive source used for logging cannot be removed before capping the well, paragraph d.) states the requirements for various information on a warning plaque. I would request that in addition to the listed information, the marker include the name of the radioisotope element, and the number of curies in the source as of the closure date.
2. From the standpoint of reducing the overall health risks to workers, nearby residents, and nearby communities, it is recommended the standards be revised to require that existing and new open pits be equipped with a flexible non-permeable cover to prevent outgassing of Radon or evaporation of other toxic elements into the atmosphere. The covers will

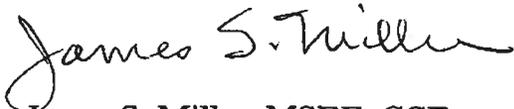
also help to protect wildlife from contact with the fluids in the pit. The requirements for visual inspections of these pits, liners and covers should be changed from "monthly" to "daily" until the pits can be removed as part of permanently closing the well site.

3. From the standpoint of worker protection from health risks, it is recommended that the standards be revised to include a measured assessment of worker exposure to radioactive and other toxic elements during all phases of the operation, but particularly in the handling and transport of the wastewater, sludge, filter cake and other potentially harmful wastes from the well, and from the various storage tanks as they are emptied. Storage tank sludge can be highly radioactive.

4. The radioactivity of the wastewater cannot be ignored. The Homeland Security News Wire published 5 February 2013 stated: "Wastewater from fracking is often highly radioactive." No other details appeared, but this "red flag" should be investigated with quantitative measurements, and then appropriate protective equipment be supplied for workers who may be exposed during routine operations, transport or accidental spills.

In conclusion, there are many newly encountered environmental aspects associated with fracking operations here in Pennsylvania that need to be addressed if this industry is allowed to continue. Extensive new regulations are needed to address the newly found risks to the general public health in the local communities, as well as risks for workers in this industry. However, in my professional opinion, it is not advisable to invest more time, effort and money into more fracking, more natural gas infrastructure, and many new safety and environmental regulations, at a time when the fossil fuel industry is being phased out as new green energy sources come on line in order to reduce world climate change, and literally, to save our Planet Earth.

Respectfully yours,



James S. Miller, MSE, CCE
716-713-8621

Testimony at EQB hearing
April 30, 2015
Warren County Courthouse
204 4th Avenue, Warren PA

Good evening:

My name is Brynn Howard, I am the daughter of Ted Howard, President of Howard Drilling, Inc. I'm 15 years old, am currently in the 9th grade at Smethport Area High School and enjoy working in the office at Howard Drilling a few hours a week. I currently file, make PDFs of old records, and do any task that's asked of me. I plan to attend college to better my education with a business degree and have hopes to someday contribute to the business with my hidden talents.

Howard Drilling is a small family owned company that has been in the oil and gas business way before I was born. Howard's have taken a lot of pride in providing a steady job, good health insurance, and a pension plan to its employees. If we are forced to comply with the proposed regulations, I fear something will have to go. Three months ago there a big lay off of employees, and it was sad to see these employees go, what will happen to them if they can't find another job because of these new regulations.

I can't help but notice all the fuss going on with the proposed laws that could have negative impact on this industry. Our small community is already feeling the stress from all the recent layoffs. How can a business that's already limping along under the current economic conditions be slapped with more regulations. What will it be like for me when I'm ready to enter the work force. There is already no youth retention in North Western Pennsylvania, I hope I don't have to leave my home.

Thank You,

A handwritten signature in black ink that reads "Brynn Howard". The signature is written in a cursive, flowing style.

Brynn Howard
P O BOX N
Mt. Jewett, PA 16740

Testimony at EQB hearing
April 30, 2015
Warren County Courthouse
204 4th Avenue, Warren PA

Good evening:

My name is Judy Saf, I have been employed by Howard Drilling, Inc since 2002. Howard Drilling has been in the oil and gas business for more than 50 years. My daughter, nieces and nephews are 4th generation to work for Howard Drilling. I fear that there will be nothing left for the 5th generation. Between the poor economic conditions and the proposed regulations, I fear that the our 5th generation will be donating our equipment to the local oil museum instead of operating it.

When I started in 2002, my day was entirely consumed with completing a job that gave me a sense of being productive. In the course of the past few years, my job has totally been dictated by the newly enacted DEP laws. I cannot tell you how the new rules and regulations will affect those who actually do the drilling, fracing and well tending, but what I can tell you is how they will effect the bottom line of the profit and loss statements. The DEP reports that I currently deal with are all time consuming, detailed, and in my opinion, only a few are necessary, but mostly to justify jobs for the DEP. In 2014, we drilled 30 wells and fraced 22, and had 136 DEP inspections. So far this year, we have drilled 4 wells and fraced 8 and have had 44 inspections. The ratio of wells drilled and fraced to inspections has increased thus far, not a good indicator the rest of the year.

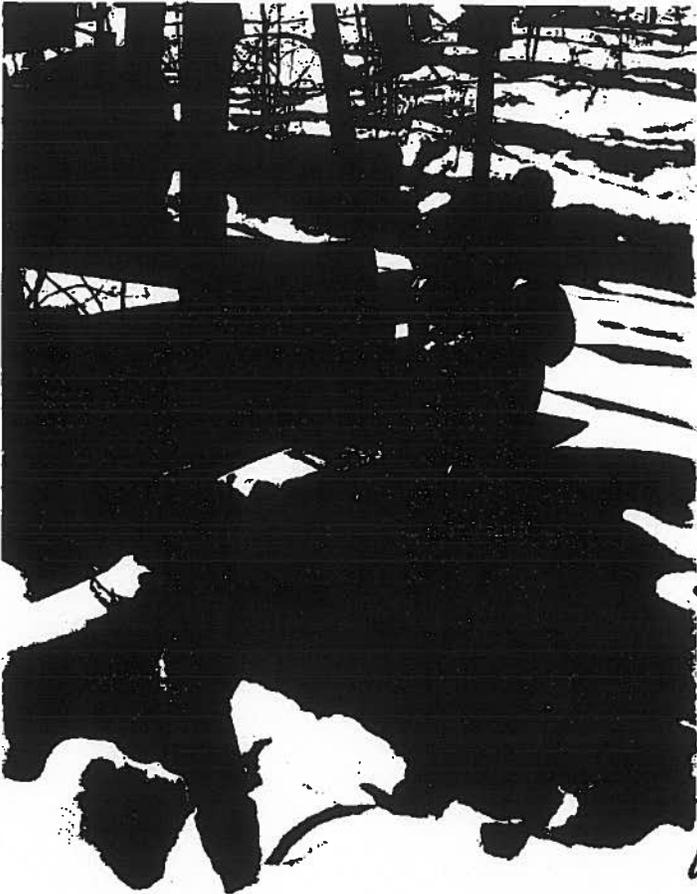
With the advanced notice of the Chapter 78 Conventional Oil and Gas wells, referring to the 283 page document, I don't see where there is going to be any less reporting, paperwork, or less time spent on mandates. I strongly urge The Pennsylvania General Assembly to work with (PGCC), (PIPP), and any other conventional well producers and/or groups to work together to pass regulations that are fair and not detrimental. PGCC and PIPP members are hard working, conscientious, and dedicated to getting a job done and they want to keep the conventional oil and gas well industry thriving. Without the oil and gas industry, what would North Western Pennsylvania do for jobs? According to the Pennsylvania Department of Labor & Industry's, latest historical data posted on their web site, the top 50 employers by county, both McKean and Warren's biggest employers are Heath Care Facilities and Government agencies, meaning Federal, State, Local, and Schools. Ranked the number 5 employer for McKean County is the America Refining Group and number 5 in Warren County is the United Refining Company. These two refineries have been operating for more than 100 years providing good jobs and benefits to local residents. The proposed regulations will not only be a hardship on the producer but ultimately have a negative impact on the refineries, consumers, and our communities.

This year I am the President of Penn York Oil and Gas Affiliates, Association of Desk and Derrick Clubs. Our most important purpose is to promote the education to the general public about the energy industries. As President this year, my goal is to get a foot hold on the thresholds of our schools, which is very hard to do, due to the State Curriculum. With the help of the Essay Committee and other members, the committee is currently working on field trips for 2 local schools to the Penn Brad Oil Museum in Bradford, PA. The museum has preserved our history and will provide an educational experience for all those who attend. I strongly believe that the survival of this industry depends on educating not only the youth but the public as well. Our youth needs to understand that a pump jack or tank battery in the woods is a good thing not a threat to the environment. Educating, not mandating is the answer.

Thank you,



Judy Saf
Howard Drilling, Inc.
P O BOX N
Mt. Jewett, PA 16740



To whom it concerns:

My Name is

Roger Davidson
128 Davidson Ln
Clarendon, PA 16313

I have been in the oil business since 1979. (which was my first job) I purchased my first oil property in 1985 & have since been involved in the oil industry. I not only have several leases, some by myself & some with partners 2 of which are my father-in-law & Brother-in-law my Brother-in-law has his own truck about 100000 worth of equipment all over the US. My wife & myself have a small operating business which my son has worked since 2008.

I have 3 daughters who have started out with their first jobs painting tanks, weld cutting, etc. I have since had my

15th Davidson. Shuffer which is shown in the picture pumping with me. With these new Rules & Regulations for the small independent oil Producer. It is very concerning to me that what I have built up with long hours & a lot of sweat & hard work for my family will not be able to last thru these new Regulations ^{that} keep us from keeping running in the years to come. Not only does this business benefit my family livelihood it helps heat our ~~houses~~ ^{business} & homes. we put alot of money back in to our community purchasing equipment & materials I would encourage the Government of PA to look more closely into these new regulations & the shallow well producer. Not comparing them to the Marcellous Producer. The Regulations that are in effect before I believe were suggest & covered everything to keep the environment & public safe

Respectfully Roger Davidson

April 30, 2015

Ladies and Gentleman:

I'm writing to let you know the impact the new regulations will have on me, my family and my business. I have to think about what is different in the last 30 years I have been working in the oil and gas industry. Two words sum it up "harsher regulations". At one time this lease was operated by two or three employees and now I can barely employ one person part time due to the financial burden of the regulations imposed on me. I also wondered what would happen if I had to shut my lease down due to the rising cost of complying and where would I obtain the money to plug my wells and take care of my family. The way my company has been able to comply thus far and still operate is to do most of the work on my lease myself. I can't afford to hire contractors to survey my lease or map wells, etc. In my opinion, it is necessary to educate the lawmakers to understand the difference between a conventional well and a nonconventional well in terms of production, profit and issues pertaining to our environment.

When I think of how I operate my lease, I am as conscientious today as I was when I first started working in this industry. As an operator, I know my lease inside and out. I check my lease on a daily basis. As a sole proprietor, I worry about the effect of having to focus more on paperwork, phone calls and conforming to all the current regulations. As I ponder about what is best for everyone, it is my hope that the penalties imposed are truly justifiable and that the individuals inspecting well locations do understand how each one of our wells operate and the extent that we, as producers, go out of our way to comply. What this all boils down to is how much a small producer can withstand mentally, physically and financially to stay in this business going forward if we have so many more costly and time consuming regulations to comply with in the future. It will be depressing to see the outcome of shutting down the small producer especially knowing how long my own lease has been in operation. I currently produce a well that was drilled in 1889!

Sincerely,



Mark F. Batista, Owner/Operator

Contact:

Batista Oil Service

Mark F. Batista, DBA

403 Oak Street

Kane, PA 16735

814-837-7019

Email: jodybatista@yahoo.com