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SENECA RESOURCES

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Independent Regulatory Review Commission

August 13, 2018

Submitted Electronically Via EComment
The Honorable Patrick McDonnell, Chairman
Environmental Quality Board
Rachel Carson State Office Building, 16th Floor
P.O. Box 2063
Harrisburg, PA 17105-2063

Re: Proposed Rulemaking – Unconventional Well Permit Fee Increase
Regulation No. 7-542
IRRC No. 3206

Dear Chairman McDonnell:

Seneca Resources Company, LLC ("Seneca") is a limited liability company organized and existing under the laws of the Commonwealth of Pennsylvania and is the exploration and production subsidiary of National Fuel Gas Company. Seneca explores for, develops and produces natural gas and oil reserves in California, New York and Pennsylvania, including the Marcellus and Utica Shales. Seneca owns/leases approximately 785,000 net acres of oil and natural gas interests in the Commonwealth of Pennsylvania. Since 2012, Seneca has more than doubled its natural gas production in the Commonwealth, primarily as a result of its shale drilling program. As Seneca continues to invest significant capital to develop its acreage in Appalachia, we are concerned about the Department of Environmental Protection ("Department") requesting a 150% increase for unconventional well permit fees.

Seneca joins in and supports the detailed comments submitted by the Marcellus Shale Coalition ("MSC") regarding this matter. Although the MSC addresses the majority of Seneca's concerns in its comments, we supplement those comments with the questions set forth below regarding the proposed fee increase and the supporting documentation provided by the Department in its Regulatory Analysis Form ("RAF").

- Can the Department provide more detail in support of its Comparative Financial Statement, which was attached to the RAF? For example, it would be helpful to see the Department's fiscal year expenditures for each division under the Office of Oil & Gas Management and for each office location.
- Although the Department has experienced a reduction in staff, why is its personnel expenditure steadily increasing every year?
- Although the Department has done a good job controlling and even reducing operating costs, why are operating costs projected to increase by about $1 million?
- Why does the Department deem it "critical" to add staff to increase inspections of storage wells? Storage wells are already subject to significant operating, reporting and record keeping requirements pursuant to US Department of Transportation (PHMSA) and Federal Energy

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Regulatory Commission rules and regulations. In fact, many of these federal regulations were recently updated and made more stringent as a result of the 2015 incident at the Aliso Canyon storage field in California.

- Regarding training and development of procedures/standards, we encourage the Department to partner with industry as a means of improving efficiency and cooperation and also controlling costs.

The Department has not provided sufficient evidence of its need to significantly increase unconventional well permit fees by 150%. Seneca appreciates the Department's diligent efforts to protect the environment, however, we believe the Department can accomplish its mission under its current financial budget.

Best regards,

Christopher M. Trejchel

Christopher M. Trejchel
Assistant General Counsel