

The PIOGA Press

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 Pennsylvania Independent Oil & Gas Association
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EPA finalizes revisions to oil and natural gas New Source Performance Standards

On August 13, the U.S. Environmental Protection Agency issued two prepublication final rules related to the New Source Performance Standards for the Crude Oil and Natural Gas Industry at 40 C.F.R. Part 60, Subparts OOOO and OOOOa (NSPS). The two rules—the “policy amendments” and “technical amendments”—arise from EPA’s review of the NSPS pursuant to President Trump’s 2017 Executive Order 13782, “Promoting Energy Independence and Economic Growth,” which directs the agency to review existing regulations that potentially “burden the development or use of domestically produced energy resources” and to revise or rescind regulatory requirements if appropriate. The rules become effective 60 days after publication in the *Federal Register*.

Policy amendments

The agency’s policy amendments revise NSPS Subpart OOOO (promulgated in 2012), regulating volatile organic compound (VOC) emissions from certain new, recon-

structed, and modified sources in the oil and natural gas industry, and NSPS Subpart OOOOa (promulgated in 2016), regulating VOC and methane emissions from specified new, reconstructed, and modified sources in the oil and gas industry.¹ This rule provides that:

(1) The transmission and storage segments are no longer included in any source category regulated by the NSPS. These excluded emissions sources include transmission compressor stations, pneumatic controllers and underground storage vessels. To regulate a source category under the NSPS, the agency must first make a finding that the emissions of air pollutants from that source cause or contribute significantly to air pollution. These segments were not included in the original NSPS, and no such finding was made when these segments were added to the NSPS in the 2012 and 2016 final rules, making the regulation of the segments improper under the Clean Air Act (CAA). Accordingly, EPA amended the NSPS to remove these sources from the source category and rescinded the NSPS (including both the VOC and methane requirements) applicable to them.

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¹ “Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews; Final Rule,” 77 *Fed. Reg.* 49490 (August 16, 2012); “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources; Final Rule,” 81 *Fed. Reg.* 35824 (June 3, 2016).

PIOGA statement on EPA methane reduction reforms	2
Join us for our Fall Conference at Seven Springs!	3
Coming in October: Ted Cranmer Memorial Golf Outing	4
Reasons to be a PIOGA member	6
Marcellus to Manufacturing 2020	1
Candidates for PIOGA Board of Directors elections	12
Update on lease abandonment case	19
LNG by rail: A win for producers and railroads	20
Thanks to our PIOGA Partners	21
Employee records and confidentiality	22
PIOGA water and waste management training	23
A look back at the 23rd Annual Divot Diggers	23
Oil & Gas Dashboard	24
August Spud Report	26
New PIOGA members	27
Calendar of Events	27

(2) Methane emission limits for the production and processing segments are rescinded. Sources in the production and processing segments include well completions, pneumatic pumps, pneumatic controllers, gathering and boosting compressors, natural gas processing plants, fugitive emissions and storage tanks. EPA found that because the controls to reduce VOC emissions for these segments also reduce methane, separate methane limitations for these segments of the industry are redundant. EPA determined that the rescission of these limits will not affect methane emissions from the production and processing segments.

(3) Methane emission limits from existing affected sources in the oil and natural gas production and processing segments will not be required by Section 111(d) of the CAA. With rescission of the methane limits for the production and processing segments, the Agency is no longer required to issue existing source emission standards in those segments of the oil and natural gas source category pursuant to Section 111(d) of the CAA. In addition, EPA has interpreted CAA Section 111(d) to exclude VOCs from the requirement to

address emissions from existing sources under this section because the section only applies to air pollutants for which air quality criteria have not been issued under CAA Section 108. VOCs, as precursor to particulate matter and ozone, are indirectly regulated as a criteria pollutant under CAA Section 108.

(4) EPA finalized its legal position that Section 111 of the CAA requires it to determine that a specific pollutant causes or contributes significantly to dangerous air pollution before the pollutant is regulated in an NSPS, unless the agency addressed the pollutant when it initially regulated the source category. As an alternative ground for rescinding the methane regulations, EPA found that its significant contribution finding for methane in the 2016 rule did not meet the statutory standard.

While the policy amendments rescind federal standards, the final rule did not withdraw the 2016 Control Techniques Guidelines for the Oil and Natural Gas Industry (CTG), which provide reasonably available con-

Continues on page 24

PIOGA issues statement on EPA methane reduction reforms

PIOGA President & Executive Director Dan Weaver on August 14 issued the following statement regarding actions by the U.S. Environmental Protection Agency to align the regulation of methane emissions from oil and gas operations with the requirements of the federal Clean Air Act:

PIOGA supports today's announcement by EPA as a practical mechanism to make the control of methane emissions from oil and gas facilities consistent within federal regulations. Reducing methane emissions from every aspect of producing and transporting natural gas is the goal of our industry, as evidenced by the significant decreases made to prevent and reduce fugitive methane releases over the past decade, even while production has increased exponentially. It is in the best interest of Pennsylvania producers to keep methane - the product they sell - from being released into the air.

EPA's revised rule will bring particular relief to small oil and gas producers who are a vital part of the economy in many western Pennsylvania counties and who must work hard to compete against larger companies. The previous administration's rule imposed a one-size-fits-all approach to methane control that required the same controls on low-production wells without adequate justification for imposing the rule on their operations, from the perspective of both costs and environmental benefits. This new rule will be a positive development for our conventional oil and gas industry.

"A comprehensive regulatory program to control volatile organic compounds from oil and natural gas emissions remains in place. These same controls reduce methane emissions with approximately the same degree of efficiency and will continue to reduce methane emissions from new and modified sources of emissions. EPA's regulatory changes are consistent with the Clean Air Act and remove the threat of unwarranted and illegal control of existing oil and natural gas sources in the Commonwealth and elsewhere.

Regardless of EPA's action, the Commonwealth is continuing to pursue a much more aggressive approach to reducing emissions of methane and volatile organic compounds from both new and existing oil and gas operations through Governor Wolf's Methane Reduction Strategy. PIOGA supports regulation that actually improves our air quality while remaining mindful of the competitive realities facing small oil and natural gas producers that are the economic backbone of many of the Commonwealth's rural communities.

The strides made to improve Pennsylvania's air quality through the increased use of natural gas for electricity production are nothing short of amazing

For more information about the EPA action, visit www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/epa-issues-final-policy-and-technical. ■

2020 - Wait, What Just Happened?



Strategies for the Oil and Gas Industry in Unpredictable Times



Fall Conference and Sports Outing
September 22-24
Seven Springs Mountain Resort, Champion, PA

Join us under the tent at Seven Springs!

Our Fall Conference and Sports Outing is coming up this month, and we will be holding the conference portion **outdoors** under tent. Yes, you read that right! Rest assured that we will be following all Pennsylvania and CDC guidelines concerning COVID-19 that are in place at the time of the event. Our goal is to deliver an excellent, safe, in-person event.

The full event is spread over three days—Tuesday, September 22, through Thursday the 24th—at beautiful Seven Springs Mountain Resort. You can choose to take part in one, two or all three days. Here's what you can expect:

- **Tuesday, September 22.** Clay shoot from 12:30 to 3:30 p.m. on the amazing Seven Springs course. Lunch is included in your registration fee and will run from 11 a.m. to noon.

- **Wednesday, September 23.** The conference will run from 9 a.m. to 4:30 p.m., followed by a VIP PIOGA Political Action Committee Reception from 4:30 to 5:30 (minimum \$100 donation to participate), conference reception from 5:30 to 6:15 and dinner at 6:15. We are excited about our lineup of conference speakers and very timely topics (*see accompanying agenda*).

- **Thursday, September 24.** A golf outing will take place from 9 a.m. to 1 p.m. on the scenic Seven Springs Course. Lunch is included.

For details on lodging, registration, and exhibitor and sponsorship opportunities, visit pioga.org > PIOGA Events. See you on the mountain for an excellent program, good food and drink, networking, and fresh air! ■



Conference agenda

- 8:00-9:00 a.m. Registration & exhibit area open
- 9:00-9:10 a.m. Conference Open & Welcome — Gary Slagel, PIOGA Board Chairman
- 9:10-9:45 a.m. Industry Update and Outlook — Speaker TBA
- 9:45-10:30 a.m. Regulatory and Enforcement Issues — J. Scott Roberts, Former DEP Deputy Secretary for Mineral Resources Management & PIOGA Environmental Consultant
- 10:30-10:50 a.m. Break & exhibitor visits
- 10:50-11:50 a.m. Knowing Your Rights and Protecting Our Industry Panel
Paul Espenan, Diversified Gas & Oil
Brian Pulito, Steptoe & Johnson
Michael Hillebrand, Huntley & Huntley
Moderator: J. Scott Roberts
- 11:50-1:30 p.m. Lunch and Keynote Address
Curing Energy Blindness with Video (Yes, you read that right) — Mark Mathis, Clear Energy Alliance
- 1:30-2:15 p.m. Election Speculation — Charlie Gerow, CEO of Quantum and Political Analyst
- 2:15-2:45 p.m. Pennsylvania State Politics and the Oil & Gas Industry — Rep. Donna Oberlander, 63rd District and Majority Whip
- 2:45-3:15 p.m. 2020 Presidential Election: What You Can Do to Make an Impact — Senior Manager for the Trump Campaign
- 3:15-3:30 p.m. Break & exhibitor visits
- 3:30-4:00 p.m. Natural Gas As a Clean Transportation Fuel on the I-80 Corridor — Barry Carr, Executive Director, Clean Communities of CNY/Clean Cities Coalition
- 4:00-4:20 p.m. Get Involved — Literally & Politically — Teresa Irvin McCurdy, TD Connections & PIOGA Board Member, PIOGA-PAC Chair
- 4:20-4:30 p.m. Meeting Wrap-Up — Gary Slagel, PIOGA Board Chairman



REGISTER TODAY!

**2020 Ted Cranmer Memorial
Golf Outing & Steak Fry**

**Wanango Country Club
Reno, PA**

Thursday, October 8, 2020



We will follow all Pennsylvania and CDC guidelines and protocols concerning COVID-19 that are in place on the date of our outing.



Ted Cranmer

This annual golf outing and steak fry is in honor of our long-time PIOGA and POGAM board member who passed away in 2016. The success of the Wanango outing was one of Ted's passions for 10 years, and the event raised thousands of dollars to benefit the association's mission. We are pleased to continue to honor Ted's legacy with this event and hope you come and enjoy a day of golf and camaraderie with the great folks in the PA oil and gas industry.

**Sponsorship Opportunities
Available!**

Get Your Company Noticed!

Go to www.pioga.org > Events > Ted Cranmer Memorial Golf Outing to learn more about the sponsorship opportunities and the benefits!



Fees:

Golf & Steak Fry Dinner

- Members - \$150 per person
- Non-Members - \$175 per person

Steak Fry Dinner Only

- Members - \$60 per person
- Non-Members - \$75 per person

Golf/Dinner Registration deadline is October 2.



The golf outing and steak fry dinner returns to one of the finest golf courses in Northwestern Pennsylvania, the Wanango Country Club on the outskirts of Oil City.

Golf Tournament - 10:00 a.m.

The golf tournament is in a scramble format, with registration at 9 a.m. and a shotgun start at 10. We plan a variety of contests on the course. Lunch will be provided to all golfers, and beverages will be available on the course.

The golf package includes cart and green fees, skill prizes, lunch and beverages during play, then a delicious steak fry picnic when you return to the clubhouse. Mulligans will be available for purchase at registration.

Steak Fry Dinner Only

If you want to come for the dinner only, join us at 3 p.m. for drinks. After golf, the Wanango Country Club will serve us a sumptuous New York Strip Steak Fry with baked potato and a variety of side dishes to satisfy every palate. Dinner is at 4 p.m.

REGISTER TODAY at www.pioga.org > Events > Ted Cranmer Memorial Outing



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Dear PIOGA Member:

Thank you for your continued support of the Pennsylvania Independent Oil & Gas Association. PIOGA is honored to represent approximately 400 member companies from all facets of our industry. **Your support of PIOGA is critical during these unprecedented times.** Allow me to take a few minutes to explain why.

For more than a century, PIOGA and our predecessor associations have prided ourselves on our role of bringing together a widely diverse range of companies, individuals and interests to collaborate for the benefit of the entire industry. As stated on our website's homepage, **Working together, we help members accomplish that which they cannot achieve alone.** What you can be assured is that PIOGA is working harder than ever to advocate for Pennsylvania's oil and gas industry. Understanding the interconnectedness of all facets of the industry is crucial to the success of our industry. Coming together to work on today's challenges is imperative and effectively communicating to our stakeholders is paramount.

The work we do on behalf of our Producer members impacts all members

PIOGA understands the struggles our oil and natural gas producers are dealing with today. On top of the COVID-19 pandemic, our industry is challenged by historically low commodity pricing, geopolitical pressures impacting U.S. markets, and restrictive and costly legislative and regulatory obstacles adversely affecting the demand and use of our products. Most of our independent producers are family-owned businesses that feel the impacts much more deeply in troubling times. **However, individual companies cannot tackle all of the issues alone. It takes all members, sharing our expertise and our resources, to fight these battles on behalf of our industry.**

PIOGA's primary role is government relations. As President and Executive Director, I lead a lobbying team that includes Kevin Moody, our Vice President of Government Affairs and General Counsel, as well as contract lobbyists from one of the foremost government affairs groups in Harrisburg. With the direction and assistance of PIOGA's Legislative Committee, we focus our efforts on legislation in the General Assembly that directly impacts our producers and those companies servicing and supplying our industry. We are tracking more than 50 bills aimed at our industry in one way or another, but **here are a few of our top legislative issues:**

- **Natural gas severance tax.** Year after year, Governor Tom Wolf crusades for a severance tax, and every legislative session PIOGA and its allies have been able to convince legislators that producers already pay their fair share in terms of the impact fee and other business taxes. A severance tax would be an industry killer now more than ever, and PIOGA continues to do everything in our power to stop it.
- **Conventional Oil and Gas Act.** The current Oil and Gas Act (Act 13 of 2012) was written in response to the then-developing unconventional industry. Many of its provisions are overkill for our conventional producers. This year, we are closer than ever to getting the badly needed Conventional Oil and Gas Act across the finish line, and we hope to have help from legislative leadership to overcome opposition from the Wolf administration.
- **Petrochemical tax credit.** It's hard to overstate the economic impact of Shell's massive Beaver County cracker facility, and legislation passed both chambers of the legislature this year aimed at replicating that success in the northeast part of the state by providing a tax credit for large petrochemical projects that consume Pennsylvania-produced natural gas. PIOGA joined labor and manufacturing organizations in supporting the legislation, but unfortunately Governor Wolf bowed to pressure from environmental groups and vetoed the bill. The good news is that a compromise version quickly passed the legislature in mid-July and was signed into law by the governor on July 23 as Act 66 of 2020. We have seen reports that one and possibly two developers intend to launch projects that would take advantage of the credit. This is great news for our industry and for Pennsylvania jobs!

Equally important in PIOGA's government relations work are our regulatory initiatives, and here the efforts of the Environmental Committee are worth far more than the cost of your PIOGA dues. The committee is made up of a wide range of professionals who are willing to lend their time and expertise in dealing with issues before state and federal regulatory agencies. We know for a fact that other organizations are envious of this group's effectiveness. This is just a sampling of the many regulatory matters we are currently working on:

- **Emissions regulations.** Under Governor Wolf's 2016 Methane Reduction Strategy, DEP is working aggressively to impose new regulations on the oil and gas industry. Currently, the department has formally begun the rulemaking process for controlling emissions of volatile organic compounds (VOC) from existing oil and gas operations. Otherwise known as the CTG RACT rule, the proposal as presented would place an outsized burden on conventional producers. Responding to this rulemaking to ensure a commonsense, economically viable result is a top priority for the committee. PIOGA also has been working with a group of associations led by the Independent Petroleum Association of America to support recently finalized revisions to EPA's Subpart OOOOa methane emissions regulations.
- **Regional Greenhouse Gas Initiative (RGGI).** The governor has unilaterally set Pennsylvania on the path to join a 10-state cap-and-trade program to drastically reduce carbon dioxide emissions from electricity generation. The shift to natural-gas-fired generation is one of the reasons Pennsylvania's greenhouse gas emissions already are declining significantly. PIOGA has joined with lawmakers, business groups and others who are concerned about the governor's rush into this plan and its impact on the state's economy – particularly during the coronavirus crisis.
- **Water disposal.** While unconventional operators have options for reusing and recycling their produced water, producers on the conventional side are drowning in wastewater as treatment facilities shut down and development of new disposal wells is stymied by regulatory hurdles. PIOGA has been working with the Penn Grade Crude Oil Development Advisory Council (CDAC) to identify affordable treatment technologies and to provide DEP with recommendations that would provide a clear framework for those interested in developing UIC wells.
- **Orphan and abandoned wells.** Any many producers know, DEP is insistent when it comes to produce-or-plug mandates. Trouble is, plugging rules and DEP's application of them are contradictory and unclear. PIOGA has been working with CDAC and DEP to remove uncertainties and inconsistencies so that more wells unproductive, orphan and abandoned wells can be plugged economically. PIOGA and CDAC also are working on a number of other issues facing legacy wells.
- **And so much more.** The above items only scratch the surface of what the Environmental Committee is working on. The committee and its subcommittees also are focusing on matters related to erosion and sedimentation including implementation of the ESCGP-3 permit and changes to Chapter 105 rules; threatened and endangered species matters; DEP well signage inconsistencies; providing support to PIOGA's representatives on DEP's Oil & Gas

Are you a producer on the Peoples system?

Beginning in 2002 PIOGA negotiated agreements with Peoples Natural Gas to increase throughput of conventional production on the Peoples system while cutting producers' cost of meeting contract minimum water vapor content. This Production Enhancement Services (PES) program, along with PIOGA's Rate AGS negotiated agreements with Equitable Gas, ended on October 29, 2019, with the PUC's approval of the combined Peoples/Equitable divisions base rate settlement, which provides for a 26¢/Mcf gathering rate and maintains the PES water vapor standards for the Peoples Division pipelines and those prevailing as of June 1, 2019 for the Equitable Division pipelines. The new Peoples Rate AGS tariff also requires a Master Interconnect and Measurement Agreement (MIMA). PIOGA has been negotiating the MIMA since then and anticipates final agreement in July 2020.

The most significant changes to the MIMA negotiated by PIOGA are: (i) grandfathering of requirements applicable to existing facilities so these facilities are not subject to the more costly requirements applicable to new facilities; (ii) conforming the written interconnection process and requirements to the actual process and requirements; (iii) reciprocal indemnity provisions; (iv) less costly gas quality and measurement requirements for receipt points with daily volumes less than 1,000 Mcf/day.

In addition, the PES program Project Review Committee (PRC) controlled by Peoples is being replaced by the Peoples-Producers Cooperation Committee (PPCC) controlled by PIOGA. The PPCC process will be quarterly meetings between Peoples and PIOGA producer representatives to review various operational issues, including gas quality, pipeline replacements and pipeline abandonments, and seasonal regulator adjustments. The PPCC process is intended to enable and facilitate Peoples' commitment to finding ways to bring more locally produced natural gas to its system.

Not only does this process help our Producer members, but some of the proceeds from Peoples' collection of PIOGA's penny initiated by the PES program come back to PIOGA to help us continue our essential work on behalf of Pennsylvania producers.

Technical Advisory Board; and addressing proposed DEP technical guidance documents that appear to be rulemakings that bypass the formal rulemaking process.

No shortage of legal matters. The third leg of our government relations stool is the judicial system. Increasingly, lawsuits are used as an advocacy tool, and PIOGA must stand ready to become involved in legal initiatives in defense of our industry's rights. These are among the cases where we are playing a part, often in cooperation with other associations and companies:

- **Producer's rights to earned acreage.** Most recently PIOGA submitted an *amicus* brief in support of a conventional producer's Pennsylvania Supreme Court appeal of lower court decisions in *Mitch-Well Energy v. SLT Holdings* that nullified the producer's rights to earned acreage (farmouts) surrounding two wells drilled pursuant to two leases on the basis that the leases were abandoned.
- **Participation in rule of capture, PennEast and unfair trade practices cases.** PIOGA participated in the "rule of capture/trespass" appeal in which the Pennsylvania Supreme Court rejected landowners' claims of subsurface trespass by hydraulic fractures (*Briggs v Southwestern Energy*). Along with the Marcellus Shale Coalition, we are also participating in the PennEast Pipeline's efforts to obtain U.S. Supreme Court review of whether a FERC pipeline certificate holder has the authority to use eminent domain, if necessary, to acquire State lands along the route approved by FERC, and the challenge by Anadarko and Chesapeake in the Pennsylvania Supreme Court to the Pennsylvania Attorney General's use of the Unfair Trade Practices and Consumer Protection Law to adjudicate (i) landowner claims that producers used deceptive, misleading and unfair tactics in securing natural gas leases and (ii) allegations of state antitrust violations.
- **DEP's attempt to impose personal liability on a company owner.** PIOGA participated in Commonwealth Court proceedings that limited DEP's use of the "participation theory" to impose personal liability on a producer company's sole member and employee for the company's not plugging 47 wells and will participate in DEP's Commonwealth Court appeal of the Environmental Hearing Board's ruling limiting the personal liability to just four wells.
- **PA One Call.** In Commonwealth Court, PIOGA is challenging PA One Call's manner of charging producers for the costs of participating in its state-mandated underground facilities locating program, which treats producers who must pay the charges the same as public utilities whose ratepayers pay the charges.
- **Seneca Nation's request to set its own water-quality standards.** Along with the Pennsylvania Grade Crude Oil Coalition and the Pennsylvania Independent Petroleum Producers, PIOGA is opposing the Seneca Nation of Indians' request to the EPA for "Treatment As a State" authority to administer water quality standards and certification programs under the Clean Water Act for surface waters within three Seneca Nation Territories, which has the potential to impact oil and gas industry operations on the upper Allegheny River and its tributaries.
- **Equitrans request to abandon gathering systems.** Along with the Independent Oil & Gas Association of West Virginia, PIOGA is participating in Equitrans' request for FERC approval to abandon in place gathering pipelines if they cannot be sold. Producer members of both organizations use some of these gathering pipeline systems, which serve natural gas consumers in Pennsylvania and West Virginia.

The work we do on behalf of downstream markets impacts all members

We know the interconnectedness of the downstream and upstream markets. That's why PIOGA is all about finding new and expanded markets for our abundant natural gas resources. **PIOGA's Market Development Committee** actively works to accelerate increased use of Pennsylvania-produced natural gas in electric generation, natural gas vehicles, commercial and industrial applications, utility distribution demand, and natural gas conversions from other fuels in and throughout Pennsylvania and surrounding states. These are among the committee's top priorities:

- **Marcellus to Manufacturing** is an annual conference organized by the committee that highlights emerging downstream markets for natural gas and brings together a wide range of experts in an interactive setting. The third-annual M2M will take place in November at Pittsburgh's Carnegie Science Center.
- **Presentations – both in-person and virtual.** The committee's monthly meetings often feature information-packed presentations on key topics like infrastructure projects, virtual pipelines and market trends. In the spring and early summer of 2020, as COVID-19 limited how members could gather and interact with one another, PIOGA organized a well-attended, free series of virtual presentations called "Creating Sustainable Energy Pathways."
- **Sharing intelligence.** The committee's New Projects Subcommittee meets monthly via conference call to share intelligence on pipelines – both physical and virtual – as well as projects involving large natural gas end users. These calls, along with connections made at the Market Development Committee's regular meetings, have led to business opportunities for both Producer members and Allies and Providers members.

Joining together to benefit all members

As I have emphasized here, what makes PIOGA a strong and effective organization is our ability to come together to collaborate with one another toward common goals benefitting our industry – even though we might be competitors in other situations and regardless of what type of member we are. I've mentioned our Legislative, Environmental and Market Development committees already, but we also have active Safety and Tax committees that welcome – no, make that *need* – the involvement of other members in order to accomplish their valuable work. **The Safety Committee**, for instance, serves as a forum for sharing best practices and other information to keep our employees working safely. Along with the Environmental Committee, the Safety Committee also organizes regular training opportunities as part of our PIOGATech series. The **Tax Committee**, which traditionally organizes PIOGA's Annual Oil & Gas Tax and Accounting Seminar, has recently become more active in exploring tax-related issues and informing the membership on these matters.

Giving our members opportunities to **stay informed and engaged** is another of PIOGA's key missions. Our large conferences, intimate networking events and information-packed PIOGATech sessions all provide you and your employees with valuable opportunities to keep abreast of key industry topics and make new connections. We also aim to keep you update to date via our **PIOGA eWeekly** e-newsletter sent out every Monday as well as **The PIOGA Press** monthly newsletter.

Getting more from your dues

There are a number of ways that you can make your membership a better value for your company. First and foremost is having you or your staff contribute their time and expertise to our committees. Head over to the Members Only area of our website (look for the link at the top of our homepage, www.pioga.org) to find out more about what each committee does and how to join.

If you attend our events or advertise in the eWeekly or *PIOGA Press*, you'll enjoy a significant member discount. We've heard from some members that these savings have nearly repaid the cost of their dues! Please remember that we have the incentive program for bringing in new members, which can earn you dollar credits you can "spend" toward attending events, advertising or sponsorships. Please help us to help you and recruit a new member!

I want to thank you in advance for renewing your PIOGA membership for 2020. We understand in these tough economic times you still must carefully weigh every dollar spent. I hope you understand the importance of your support is to PIOGA and the oil and gas industry as we all work together to accomplish the goals we cannot solely do alone.

Feel free to let me know your thoughts at dan@pioga.org or 724-933-7306 ext. 30.

Best regards,



Dan Weaver
President & Executive Director

PIOGA's new 'brag sheet'

With guidance from the Membership Development Committee, PIOGA staff have developed the accompanying "brag sheet" listing recent association legal, legislative and regulatory accomplishments as well as other reasons to be a part of the Pennsylvania Independent Oil & Gas Association. The sheet will be updated periodically and used both as a recruitment and member retention tool.

"The sheet quotes a statement on our homepage: 'Working together, we help members accomplish that which they cannot achieve alone,'" said PIOGA President & Executive Director Dan Weaver. "That's what our organization is all about, and this document gives concrete examples of those results. Seeing it all together this way really drives home just how effective we are as an organization, thanks to our members working together."

We encourage members not only to take the time to read through our "brag sheet" but also to share it with other potential members. You can download a copy on the Membership and Benefits page of our website. Just go to pioga.org and click the "Join Now" link at the top of the page.



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Thursday, November 12



Carnegie Science Center, Pittsburgh

M2M 2020

M2M 2020: Delving into the downstream

Pennsylvania's energy resources and the ingenuity of Pennsylvanians played a key role in the industrial revolution that began in the 19th century and continues in the Commonwealth today. The Keystone State is certainly a key to our nation's energy future, security and independence. As manufacturers and consumers, it is critical that we get the downstream right. What is the best course of action?

The program committee of PIOGA's Marcellus to Manufacturing Conference meets the challenge each year as it stays focused on the ever-changing marketplace for energy project development. Reduced energy costs, for a decade now, have been lifting U.S. GDP in ways that would not otherwise be possible. Yet more recently, businesses have been distracted by an overwhelming array of COVID-19 pandemic compliance variables and the urgency to protect the workforce while mitigating supply chain disruptions. A welcome constant has been reliable and affordable energy.

At this year's Marcellus to Manufacturing, tentatively scheduled for Thursday, November 12,* the agenda focuses on job creation, environmental enhancements and an improved quality of life. We will provide insight on safeguarding the future of manufacturing by sharing legal opinions and strategies around workplace safety and human resource issues. We are excited to talk about scalable projects creating specialty chemical products from natural gas and hydrogen. An integral discussion focused on the feedstock for these projects will explain the geologic storage capability of natural gas liquids (NGLs) in combination with the U.S. Department of Energy's Petrochemical Renaissance Report.

Brownfield development has been an integral component of this conference's earlier years, so we will continue to delve into the following questions:

- How will some of these larger projects affect the small- to medium-sized manufacturer?
- When does the addition of solar and wind power to a project make the most sense?
- Why is fuel diversity important?
- Given resistance to move natural gas by pipeline,

can we move liquified natural gas (LNG) safely via rail?

- What defines a small-scale LNG project? Benefiting small and medium-sized manufacturing will be a first look into "how to" consider product line expansions and logistics for plastic processors who may be thinking about new markets in healthcare and automotive.

The conference is complete with the inclusion of a roundtable discussion on providing large-scale corporate lead workforce development training for the advanced manufacturing and energy sectors. This year's content will be complimentary to those who need information now for financial investment decision certainty. Participants will glean an understanding of the co-benefits of natural gas and liquids, new research and development technology solving for current and future environmental concerns and how a comprehensive development plan incorporates multiple approaches in fuel diversity.

Pennsylvania's abundant natural resources and competitive energy markets are an advantage in today's global economy. M2M 2020 will include a distinguished team of subject matter experts assembled from TRANE, United States Steel, Allied Universal, Steptoe & Johnson LLP, U.S. Department of Energy, Billman Geologic, Chart Industries, Extiel-GPG, The Klaber Group, Henderson Consulting, National Energy Technology Lab, PGH Works, TEAM Consortium and others!

Watch your email for more information, or check the PIOGA Event section at pioga.org. ■

**Alternative date may be required should in-person COVID guidelines still be in effect.*

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2020 PIOGA Board of Directors candidates

Ballots are being distributed for the six positions that will be filled in the election for the 2020 PIOGA Board of Directors. Below are profiles of the 13 members who are candidates for this year's election. (Note that (R) accompanying a candidate's name indicates an incumbent running for reelection.) The elected board members will serve a three-year term, 2020-2023, commencing with the 2020 Annual Membership Meeting on October 14.

Per the bylaws change approved last year, ballots are being sent electronically. The primary representative of each PIOGA member company receives one electronic ballot. To be counted, ballots must be received by the PIOGA office by 5 p.m. on October 9. Candidates are elected by a simple majority of the returned ballots. The six candidates receiving the most votes will be elected.

If you have questions or did not receive your electronic ballot or need to request a hardcopy ballot to be mailed to you, please contact Danielle Boston, PIOGA Director of Administration, at danielle@pioga.org.

Allied Universal – about Ryan Lacek

Ryan Lacek is a Business Development Manager at Allied Universal (AU), North America's largest security services firm. At AU, she leads the sales efforts for both Western Pennsylvania and West Virginia, and excels at cultivating and maintaining long-term relationships with high-level executives.

Mrs. Lacek is well-respected in her profession by both colleagues and clients. Throughout her 7 years of security services business development, she has consistently set the bar for new revenue and client retention. In 2016 at her



previous company, Champion Security, she led the national sales team in revenue, earning her the Business Development Manager of the Year Award. After many successful years, she takes the most pride in knowing her clients value and trust her unequivocally.

She has current certificates in Chemical-Terrorism Vulnerability Information (CVI) and Transportation Workers Identification Credential (TWIC), allowing her access to regulated facilities. Mrs. Lacek is a team player who works with local operators to build integrated, custom-security programs for her clients, many in oil and gas.

Originally born in Oklahoma to military parents, with that connection, Mrs. Lacek is passionate about creating jobs for veterans. She is a Drexel University graduate, and spent 10 years in finance prior to pivoting to security services, her last position being Vice President of Business Management at JP Morgan's Investment Bank.

In her spare time, Mrs. Lacek enjoys restoring antiques, building furniture, and exercising. She lives in Pittsburgh and is married to her amazing husband, Cory, and is a loving dog-mom to her rescue, Bella.

Blackwood Farm – about Bryan McConnell, P.G.

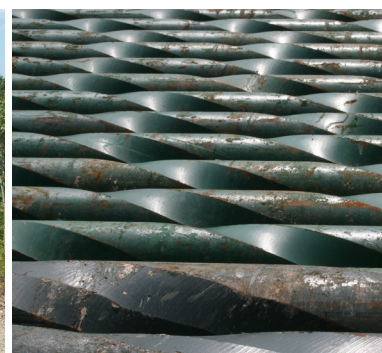
Bryan J. McConnell is a Registered Professional Geologist with over 30-years of experience in professional environmental/regulatory management. His specialties include operations management, project management, regulatory-driven environmental compliance audits, inspections, multi-media permitting and regulatory policy management.

After earning a Bachelor of Science degree in Geology from West Virginia University, Bryan spent the following 16 years at the Pennsylvania Department of Environmental Protection in progressively responsible positions until leaving the agency in 2003. He managed multi-media environmental programs as a government contractor for the United States Army and Department of Defense.

Mr. McConnell then went on to work for Tenaska, Inc. where he was responsible for overseeing the environmental, regulatory affairs for the company supporting exploration and production of oil & natural gas in the Appalachian Basin, midstream activities, natural gas fueled power generation and other energy development. In 2015 Mr. McConnell was appointed to serve on the Pennsylvania Department of Environmental Protection Oil and Gas Technical

Advisory Board until his term expiration in 2019. During his tenure with Tenaska, Bryan served on the PIOGA Board of Directors from 2016 thru January, 2019 and is the Subcommittee Co-chairman of the Well Construction Subcommittee of the PIOGA Environmental Committee. Bryan has been an outspoken advocate for the Oil and Gas Industry and now works as a private consultant.

Mr. McConnell is the Founder and Chairman of The Trailside Foundation, Inc. a nonprofit organization established in 2017 to educate and promote sustainable agricultural practices in an urban setting, provide for community gardening and to preserve the history of his family's Blackwood Farm in Cecil Township, Washington County Pennsylvania.



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Chemstream Oilfield Services – about Robert Garland

Robert Garland is the currently Sales Manager for Chemstream Oilfield Services out of Homer City, PA. He has been involved in the Oil and Gas Industry since 1981 starting with a position as an open hole logging engineer out in North West Texas for Gearhart Industries. Since that point he has held several positions as operations manager and sales, predominantly in the Northeast U.S... While serving in many roles his experience has covered well logging, cementing, hydraulic fracturing, and now well equipment, logistics, and services.

He received his Bachelor of Science Degree in Civil Engineering from Michigan State University and his Master's in Business Administration from Robert Morris University. Bob is also a Veteran of the US Navy.

He has been a member of the Society of Petroleum Engineers (SPE) throughout his career and have served in many roles within the local Pittsburgh Chapter and had the distinct pleasure of serving for three years as the Eastern North American Regional Manager on the International Board of Directors for SPEI. He has had the pleasure to be on several speaker's bureaus and discuss the O&G Industry with a wide variety of organizations.

EnerVest Operating – about Chris Veazy (R)

Chris is the father of two teenage daughters and the husband to my wonderful wife of twenty-two years.

He is a Certified Safety Professional with over twenty years of experience in the energy and construction industries.

Chris has managed Health, Safety and Environmental departments for service, midstream and E&P companies and currently manages the regulatory function for Enervest Operating, LLC including thousands of facilities in several states.

At EnerVest his initial role was to blend multiple companies' compliance programs while permitting and constructing Utica Shale pad sites.

Since then, he has managed acquisition, divesture and regulatory compliance of pipelines, compressor stations, production and injection wells and process safety facilities.

Chris has also led the establishment of corporate policy and implementation of the environmental management system companywide.

He has represented his company with landowners,



stakeholders and government officials in informational, permitting and site planning meetings concerning horizontal exploration techniques including butane fracturing.

He has coordinated and presented at industry safety and environmental association's seminars and conferences and represented conventional operators in IPAA meetings with U.S. EPA on air quality regulations.





For the last two years Chris has represented PIOGA at PADEP industry meetings and participated with PIOGA's environmental committee and Board of Directors. Chris is seeking re-election for the next term.


ERGON – about Nick Andreychek


Nick currently serves as the regional manager of crude and condensate supply for Ergon's Appalachian operations as well as the sale of Ergon's NGL


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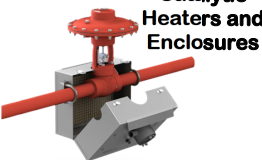
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A graduate of the University of Pittsburgh, Nick has spent over a decade in the energy sector. Beginning his energy career in engineered solutions for road construction with SemGroup in 2007, he moved to Westinghouse Electric Company in 2009 as a Senior Marketing Engineer in the Safety Analysis and Licensing division for Nuclear Power Plant Services.

Nick joined Ergon in 2011 to work in the Asphalt and Emulsions group and in 2014 moved into his current role in Ergon. Ergon is one of the largest purchasers of crude oil and condensate in the Appalachian region, supplying their Newell, WV refinery. In addition, Ergon has 5 crude oil terminals and a fleet of over 100 crude oil and condensate hauling trucks in the region and continues to

explore ways to grow their presence and long-term commitment to the region. In support of the oil and gas industry in Pennsylvania, Ergon continues to be an active member and key sponsor of PIOGA and hopes to have an opportunity to help provide leadership to the industry in the coming years.

Frantz & Associates – about Joseph H. Frantz, Jr.

Joe retired last year from Range Resources in Southpointe as VP of Engineering Technology and then started Frantz & Associates to perform executive level consulting for the oil and gas industry. At Range he was responsible for evaluating and applying technology at a corporate level to enhance economics through a combination of improving production and/or reducing costs.

Prior to this position, Joe was VP of Engineering for the Marcellus and Utica where he was responsible for the Completions and Water Groups, the Production Operations and Facilities Construction Groups, and the Completions, Production, Facilities, and Reservoir Engineering Departments.

Before Range, Joe was President and CEO of Unbridled Energy, an oil and gas exploration company. He started his career with Getty Oil/Texaco where he worked in the Drilling, Completion, Production, and Reservoir departments in CA and TX. In between working for operators, Joe was a consultant with S.A. Holditch & Associates and then Schlumberger DCS where he led their shale recon team.

He has worked in Appalachia since 1990 and previously participated in IOGA PA. Joe participated as a Range liaison in the Marcellus Shale Coalition since its inception and was Chair of the Drilling, Completion, Facility, and Production Committee and then the Research Collaborative Committee. Joe is on the GEMS Board at Penn State and recently completed his Board Roles for the Society of Petroleum Engineers International as a Regional Director and with the United Way of Washington County.

Joe graduated in 1981 with a B.S. in Petroleum and Natural Gas Engineering from Penn State and is a Registered Professional Engineer. He has authored and co-authored numerous industry papers.

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Hill Drilling – about David Hill

David Hill grew up in a family oil and gas and drilling business, where he is fourth generation of his family in the industry. After graduating Penn State in 1977, he taught Petroleum Production at Bradford High School and University of PITT Bradford, for three years. Then David worked with his father for 21 years as a drilling contractor. Then, he owned and operated Hill Drilling for 10 years.

Currently, David owns and operates his own oil and gas production company (started in 2001), and provides oil and gas engineering consulting. He is a member of PIPP. He serves on the executive board, also is the Executive Director and Secretary/Treasurer, and serves on the PA Grade Crude Development Advisory Council (CDAC).

J-W Power – about Mark Kairush

Mark is an Account Manager that sells and leases natural gas compressors for J-W Power Company. His territory includes Western Pennsylvania, Ohio, and West Virginia and has worked at J-W since May of 2019.

Mark lives in Canonsburg, PA with his wife, son, and daughter. He grew up in the Canonsburg area and attended Canon McMillan High School and attended Potomac State College.

In 1995, he found the natural gas industry when he was hired as a mechanic with Global Compression in their make-ready shop. He worked there until 2002 when he left and started with J-W Power as a Service Representative until 2007. He worked in the field until 2010 when he became an Outside Sales Representative for Fairmont Supply in the Oil and Gas Division. In 2014, he started with Samco Enterprises and helped grow the company in the northeast until he returned to J-W for the second time.

Mark is looking forward to serving on the Board of Directors for PIOGA and is going to work to bring in new members and assist wherever he is needed.

Moody and Associates, Inc. - Jeffrey P. Walentosky, P.G. (R)

Mr. Walentosky is the President and CEO at Moody and Associates, Inc., a Pennsylvania environmental and groundwater consulting company that was established

in Crawford County in 1891. Jeff oversees and directs everyday operations of three offices (Meadville, PA, Washington, PA and Athens, PA) that entail a staff of approximately 70 geologists, environmental scientists, biologists and GIS/drafting technicians. Over the past 30 years, he has been fortunate enough to work with numerous conventional and unconventional oil/gas industry representatives and regulatory agencies to responsibly address potential environmental impact and liability issues on surface, near surface and subsurface resources.

Mr. Walentosky has been serving on PIOGA board of directors since 2016. In addition, Jeff is serving under the board's program committee to assist in giving direction to conferences and seminar content. Under PIOGA's environmental

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committee, he has acted as the chairperson or co-chairperson of the Well Construction subcommittee, Mechanical Integrity Assessment (MIA) workgroup, Chapter 78 workgroup, Spill Cleanup workgroup and CDAC workgroup. In 2019, Jeff was also appointed by Governor Wolf to serve as the Citizen's Advisory Council representative of the Oil and Gas Technical Advisory Board (TAB), which assists and advises the PA DEP in the development of conventional and unconventional oil and gas regulations.

Mr. Walentosky earned a Bachelor of Science Degree in Geology and Geography from the Clarion University of Pennsylvania. He is also a licensed professional geologist in the Commonwealth of Pennsylvania and State of New York. Jeff grew up in oil rich region of northwestern Pennsylvania (Oil City area)

and currently resides in the greater Pittsburgh area with his wife Cheryl.

Patriot Exploration Corporation – about Jake Stilley (R)

Jake Stilley is Vice President of Patriot Exploration Corporation and oversees all operational, financial, and business development aspects of the company. Patriot currently operates over 160 conventional oil and gas wells in Pennsylvania, spanning from Clearfield County into southwestern Greene County.

Jake personally supervised the drilling and completion of the majority of the company's shallow wells. Patriot is also jointly developing the unconventional resources under its leasehold and owns working interests in over 85 unconventional wells in Pennsylvania.

As a result, Patriot has an interest in both opposing new burdensome regulations on operating conventional wells, and working to streamline the currently arduous and lengthy permitting process for new wells. Jake has a particular focus on making plugging regulations more consistent, cost efficient, and predictable across the state.

Jake holds a BS in Civil Engineering from Bucknell University and a Masters in Business Administration from Penn State University. He is currently a member of the PIOGA Board and is also an active member of PIOGA's Legislative and Program Committees.

Penneco Oil Company, Inc. – about Ben Wallace (R)

As an experienced executive and Pennsylvania native, Ben has a wealth of management experience in all facets of closely held corporations within the environmental resources sector.

Since 2009, Ben has had primary responsibility for managing the corporate operations of Penneco Oil Company Inc. and affiliates. Penneco is a well-established, privately held, oil and gas exploration and production company headquartered in Delmont, PA. Penneco operates over 900 wells in Pennsylvania and Wyoming. Additionally, Ben has extensive experience negotiating oil and gas transactions and a solid understanding of the regulatory and legislative climate in Pennsylvania. Beyond strict oil and gas production, Penneco is also a service provider through



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its waste water disposal entity, Penneco Environmental Solutions, LLC. Penneco Environmental is a licensed Class II UIC waste disposal operator in both Pennsylvania and West Virginia accepting all types of produced fluids from Marcellus, Utica, and conventional operators.

Ben's professional experience encompasses many aspects of the energy, mining, and extractive industries. Prior to Penneco, Ben served as a Vice President at Amerikohl Mining, Inc. managing their natural gas exploration and production operations (Patriot Exploration Corp). While at Patriot, Ben personally managed the drilling of over 175 wells. Prior to managing oil and gas operations for Amerikohl, Ben developed and managed their stone quarrying operations. Prior to Amerikohl, Ben worked as a territory manager for Cleveland Brother's Equipment Company selling aggregates processing machinery throughout Western Pennsylvania and Northern West Virginia.

Active in public service, Ben is a long-standing member of the Board of Directors of the Independent Oil and Gas Association of Pennsylvania and currently is the Chairman of PIOGA's Legislative Affairs Committee. Additionally, Ben is a Trustee of Cornerstone Ministries, Inc., a large and thriving contemporary Christian church located in Murrysville. Ben developed his leadership skills as a field artillery officer in the United States Marine Corps attaining the rank of Captain.

Ben holds a Bachelors of Science degree in Mechanical Engineering from the Pennsylvania State University, 1992, and a Masters degree in Business Administration from the University of Pittsburgh, 2005, with studies in Prague, Czech Republic and Sao Paulo, Brazil.

Ben, age 51, resides just east of Pittsburgh in Irwin, Pennsylvania with his wife, Elizabeth. They have four children; adults sons Jacob (23) and Levi (21) serve on active duty in the Marine Corps and Navy and their two younger children Jazzelle (11) and Jackson (9) are enrolled in the Norwin School District.

T&F Exploration – about Frank Ross (R)

Frank J. Ross is President and general partner in T&F Exploration, L.P. Ross graduated in 1985 with a BS degree in Petroleum and Natural Gas Engineering from Pennsylvania State University. Upon graduation he went to work for

Energy Production Company as a staff engineer. Following his three years at Energy Production, Ross either managed or was principle in several natural gas marketing companies specializing in developing marketing programs for industrial and commercial end users. During his 12-year tenure with the marketing entities, he managed all facets of Appalachian supply acquisition, pool operations and sales to customers behind the major LDC's in the Northeast marketplace.

T&F Exploration was founded in 1998, with an office in Pittsburgh, PA, focusing on drilling natural gas wells, aggregation producer supply and marketing, brokering and consulting for industrial and commercial natural gas consumers in the Tri-State Area.



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Ross started F&P Holdings in 2012 as a licensed marketer and currently serves power and demand response in Ohio, Pennsylvania and West Virginia for commercial and industrial end-users. Ross has also formed T&F Oil Holdings in 2014 and has non-operated interest in 75 oil wells in Pennsylvania. Ross has been a board member of IOGA/PIOGA for 15 years. Ross is also a member of IOGA-WV, IPAA, has chaired or co-chaired the Transportation and Marketing Committee for 6 years, has served as the 2nd Vice President for the past 9 years and is also a member of SPE.

WOOD – about Pat Pontonero, P.G.

Pat Pontonero, PG, has over 39 years of experience in the fields of environ-

mental and petroleum geology. He received his MS in Geology from the University of Pittsburgh and is an active member of PIOGA, participating in both the Market Development and Environmental Committees. He is also a member of the American Association of Petroleum Geologists, Pittsburgh Association of Petroleum Geologists, and Pennsylvania Council of Professional Geologists.

Pat currently is currently a Vice President for Wood, who is a global leader in project delivery, engineering, and technical services to multiple sectors, including the petroleum, pipeline, and petrochemical industries. Mr. Pontonero started his career as a production geologist for Gulf Oil in New Orleans before joining an independent in Oil City, where he was responsible for drilling and fracking shallow oil wells. Pat then transitioned to the environmental industry

where he has developed expertise in investigation and remediation of contaminated sites. He has had a key role in the repurposing of dozens of contaminated properties using PA Act 2 and brownfields regulations in other states, and has had success in using innovative funding and redevelopment approaches to facilitate remediation and reuse of sites that have been blighted for many years.

Pat lives in Gibsonia with his wife Diane and has three children and two grandchildren. Although his score does not reflect it, he is an avid golfer. ■



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PIOGA argues against implying a covenant to develop in producer's appeal

Express lease provisions should be enforced

Our July newsletter reported on PIOGA's participation in a conventional producer's Pennsylvania Supreme Court appeal of the Superior Court's decision that the producer had abandoned two oil and natural gas leases ("PIOGA tries to help conventional producer retain farm out acreage"). The Warren County Court of Common Pleas based its abandonment finding on, among other considerations, that Mitch-Well Energy, Inc. had breached the implied covenant of development and production "that is read into oil and gas leases."

On June 12, PIOGA submitted an *amicus* brief explaining that long-standing Pennsylvania law requires that express lease provisions must be applied, rather than some general notion of abandonment not grounded in the lease provisions. On August 14, the lessors filed their brief, arguing for the first time that the parties to the leases had quantified the producer's expected performance by requiring minimum payments "regardless of production" during the primary and secondary lease terms, obviating the need for the court to address Mitch-Well's "in paying quantities" argument based on the Pennsylvania Supreme Court's decision in *T. W. Phillips Gas and Oil Co. v. Jedlicka*, 42 A.3d 261 (Pa. 2012).

This new argument and description of the minimum payment provision showed why lease termination according to the express terms of the leases, and not abandonment, is the finding required by the lease provisions and Pennsylvania law, *assuming* the producer breached or defaulted on the leases. Because *amicus* reply briefs may not be filed as of right, on August 28 PIOGA submitted a request for Supreme Court permission to file an *amicus* reply brief explaining why the lessors' new approach effectively precludes implying a covenant to develop and produce in the two leases. Under the lessors' legal theory, if there is no implied covenant to develop, there can be no finding of abandonment.

PIOGA's *amicus* reply brief also makes clear that PIOGA (i) takes no position on the propriety of the producer's actions or whether those actions support a finding that producer breached or defaulted on any lease obligations and (ii) is participating in the appeal to try to ensure that both parties to an oil and gas lease, which is to be operated for the mutual benefit of both parties, must be required to adhere to the provisions of the leases to which the parties expressly agreed.

As of the preparation of this update, the court had not yet acted on PIOGA's request, but the court has scheduled the appeal for oral argument in Pittsburgh via videoconferencing on Thursday morning, October 22. The appeal is docketed at 6 WAP 2020.

Copies of all briefs filed in this appeal are available in the Members' Only area of PIOGA's website. ■

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LNG by rail: A win for producers and railroads

By Joyce Turkaly,
 Director of Natural Gas Market Development

The history and safety of transporting cryogenic liquids via rail was the subject of September's New Project Subcommittee call. We have all questioned the rationale behind recent news raising alarm about the safety protocols and unfounded risks to transport liquified natural gas (LNG) via rail, so we reached out to Scott Nason at Chart, Inc. for clarity. For the past 50 years, Chart has been a leader in the DOT-113 design, engineering cryogenic equipment for the hydrocarbon, industrial gas biomedical markets. Scott is an Application Development Manager, Rail & ISO Markets, for Chart and was invited to speak.

On June 19, the U.S. Department of Transportation (DOT) and the Pipeline and Hazardous Materials Safety Administration (PHMSA) in consultation with the Federal Railroad Administration (FRA) issued a final rule authorizing the bulk transportation of LNG via rail. The rule will permit the bulk transportation of LNG in DOT-113C120W specification tank cars with enhanced outer tank requirements and additional operational controls. PHMSA-2018-0025 on the regulations.gov website. The rule was published in the July 24 Federal Register and took effect August 24. Publication of the rule complies with Executive Order 13868 Promoting Energy Infrastructure and Economic Growth issued in April 2019.

In the rulemaking process, PHMSA reviewed incidents with liquid ethylene and other cryogenic liquids (non-flammables) and found no major issues. The tank car that has been approved is the DOT-113C120W9 The "9" designates the enhanced outer tank thickness requirements of 9/16 (previously 7/16) inch as well as addition-

al operational controls that include telemetry to enable tracking and pressure monitoring.

Scott described the design of the LNG tank cars and ISO containers as a thermos design. While the ISO design has been around a long time, the tender design is new. What they have in common is a thermos bottle type of storage tank that is the inner pressure vessel made from stainless steel that stores the liquid suspended within an outer tank with vacuum cold insulating material between the two tanks. The ISO design lends itself better for water transportation.

Scott also has experience with fuel tenders and has worked with companies like Union Pacific on the same "thermos" bottle design since the early 1990s. Transporting cryogenic liquids by rail is "nothing new under the sun," he said. Argon is the most common product to move by rail today followed by liquid ethylene; granted that 98 percent of North America's liquid ethylene moves by pipeline, there are niche market that are served via rail since 2015. Transportation of cryogenic liquids such as nitrogen, oxygen and hydrogen has been happening since the early 1960s. Today, LNG tenders for locomotives are an emerging product. The fuel tender business was resurrected in 2012 with the prototype programs producing good results. Any diesel engine can be converted to dual fuel. Today, substitution rates are as high as 80 percent in place of diesel in a typical duty cycle; the additional benefits are a cleaner burning fuel and cost savings. For the same amount of horsepower, you design with a multiplier of 1.6 gallons of LNG per 1 gallon of diesel.

Looking at one of Scott's timeline slides, transporting LNG via rail was discussed as early as 2012. Transport Canada has been moving LNG via rail since 2014. Our federal government and the American Association of Railroads (AAR) held many meetings that were formally

requested by AAR. With no established regulations, every request to move LNG was done via a special permit. With the rulemaking underway, the process was expedited in April 2019 because of Executive Order 13868 to accomplish it in 13 months. In parallel there was a special permit process related to the New Fortress project in Wyalusing. In October 2019 New Fortress received the special permit allowing essentially the same rail cars, Meanwhile, the federal process for nationwide rule-making carried on to completion.

PIOGA supported the PHMSA proposed rulemaking for moving LNG by rail by writing a letter of support on behalf of our members. LNG is a cryogenic fuel, and federal regulations already allow for the safe ship-

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ment of other cryogenic liquids by rail tank cars. This rulemaking would therefore subject LNG to the same regulations and safety procedures already in place for ethylene and other cryogenic liquids. PIOGA therefore supports PHMSA's determination in the special permit docket that shipment of LNG in DOT-113C120W tank cars is "an acceptable packaging to transport methane, refrigerated liquid (LNG) by rail," and believes that determination applies equally to all DOT-113 rail tank cars.

We believe that this rule would increase access to end use markets and provide our members and the public with important and significant benefits, not to mention a new market for the rail industry. Allowing LNG shipments by rail in DOT-approved tank cars will provide energy producers with increased flexibility by allowing them to select the transportation method that

is the most economic and desirable based on the pertinent circumstances while maintaining rail public health and safety protections, and providing increased health and safety protections compared to truck shipments. The market for rail is anticipated to displace some trucking; one rail car net commodity equals three truckloads. Business opportunities for LNG via rail is cost effective and the market is more substantial given this news as North American rail expands into Mexico and Canada.

The Chart presentation was uploaded to the New Projects Subcommittee file library in the Market Development Committee portal of PIOGA's Members' Only site. An ad-hoc committee originating from the Market Development Committee intends to create a fact sheet on LNG via rail for our members. This information and collaboration will be forthcoming. ■

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Employee records and confidentiality

By Wayne Vanderhoof, RJR Safety, Inc.
PIOGA Safety Committee Cochair

The information below is compiled from the PIOGA Safety Committee meeting held on August 12. The presenters were Marcia DePaula and Zack Bombatch of Steptoe & Johnson. Additional information is added by the author of this article.

There are, essentially, two types of personnel files and numerous regulatory bodies that have their hand in what goes into each type and who can see each type of file.

The first type of file is the personnel file. Basically, if the information does not specifically get maintained in the medical file, it can be maintained as part of the personnel file. The other type of file is the medical file, and if the information will not be stored in the medical file, it can be maintained in the personnel file. One big differentiator is who can access each type of file. There is also a third file type that was briefly discussed, and that is the hiring file containing all of the information collected and used to make the decision to hire.

All three types of files should be secure in separate locked file cabinets or locked office or password protected if electronic files. The only persons with direct access to any of these files is on a need-to-access basis limited to the minimum number of persons. Should an employ-

Safety Committee Corner

ee want to review their own file, they can make a request per the company policy to the person who has access to all of the files with that person providing the files to the person making the request.

Medical records contain records that are confidential, primarily regulated by the federal Health Insurance Portability and Accountability (HIPPA) Act and regulations as well as the Americans with Disabilities Act (ADA) and regulations. Items that are maintained in the medical file include alcohol test results, however illegal drug testing results are not confidential and are not required to be maintained in the medical file. Drug test results showing legal use of prescription drugs is considered confidential and maintained in the medical file. The easiest way to handle drug and alcohol test results is to keep them in the medical file regardless of the results. HIPPA has, essentially, two parts for privacy and security. Other items that are maintained in a medical file include vision tests, genetic testing, blood pressures, cholesterol, x-rays, injury diagnosis documents, medical examination results, medical qualification questionnaire and the test results for respiratory protection use, blood test results, to mention a few common items. The temperature checks and questionnaires now being conducted and completed for COVID-19 are considered medical records.

The information privacy pertains to personal health information specifying what information can be disclosed and to whom it may be disclosed. The information security provides regulations on protecting the confidentiality, integrity, and availability of electronic personal health information through administrative, physical and technical safeguards. Medical records include the paperwork received by the injured worker at the various medical facilities they go to through their course of treatment. Employers should specifically ask for this paperwork from the injured worker after each medical provider visit. Again, the information availability is limited on a need-to-know basis to a very limited number of persons so as to understand the restrictions and limitations of the worker related to their ability to perform their job duties. Supervisors do not have direct access to the medical file; they need to be only informed relating to any restrictions or accommodations needed by the injured worker.

The OSHA 300 Log that is required by OSHA for recordkeeping purposes is considered a medical record as it contains the names and medical condition of an injured employee so they must be maintained per HIPPA regulations. There are instances where an entry on the OSHA 300 Log can be marked as a "privacy" case instead of listing the employee's name if the injury was to an intimate body part or the reproductive system, results from a sexual assault, is a mental illness, HIV, hepatitis or tuberculosis, results from needlesticks, or if the employee requests the entry to be labeled a "priva-



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cy” case. The latter is the also the case for when a case of COVID-19 is identified as work-related and becomes an OSHA Recordable Illness, the employee can ask for the case to be labeled as a “privacy” case.

Best practices for employers include to specifically designate one or two persons, usually in Human Resources or Safety, that have access to the medical files, implement an information confidentiality policy

Doing things virtually: Water and Waste Management PIOGATech training

The Environmental Committee hosted its fourth-annual Water and Waste Management PIOGATech on August 19 and it wasn't business as usual. Due to COVID-19 restrictions on large gatherings, the planning team had to get creative and hold the training virtually so all attendees could still get the valuable training, but from the comfort and safety of a remote location.

Even though the training was different this year, that didn't impact the timely and valuable content that was delivered by this year's speakers. The virtual training brought together more than 70 industry EHS professionals who focus on water and waste management to discuss priority topics and current challenges.

The technical training featured new speakers from the Environmental Protection Agency (EPA), Pennsylvania Department of Environmental Protection (DEP) and the National Energy Technology Lab (NETL) covering issues such as the impacts of reusing produced water, UIC wells, and the latest updates on issues the various departments are working on for conventional and unconventional wells.

and procedures for employee records, audit to ensure the procedures are being followed, and update the policy and procedures as needed based upon the results of the audit.

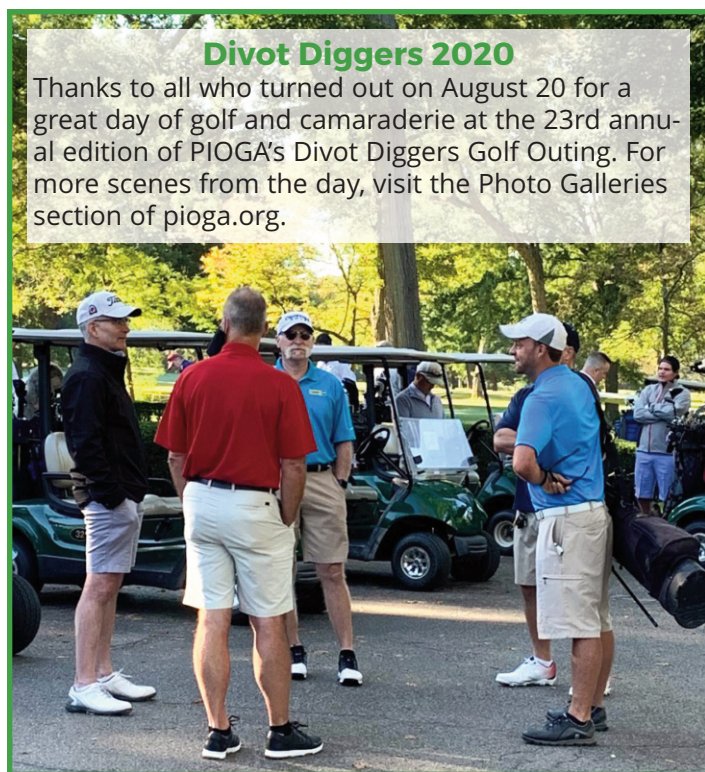
The Safety Committee would like to thank PIOGA members Marcia DePaula and Zack Bombatch of Steptoe & Johnson for presenting the information and answering questions at the meeting. ■

Governor Wolf's Chief of Staff, Mike Brunelle, was the featured speaker and he delivered comments and addressed questions ranging from the state's efforts on health and safety initiatives and economic recovery due to the pandemic to current regulatory/legislative issues impacting the industry.

Additional topics covered at the training included information on the latest technology in erosion and settlement controls, disposal, measuring water/mud, ideas for cost savings, and transportation options. Attendees also received practical tips for responding to Notice of Violations (NOVs) and how to limit legal and civil penalty exposure to investigations that identify potential violations.

The day closed out with a Regulatory Panel on UIC wells in which Dave Rectenwald and Kevin Rowsey from the EPA discussed the national UIC program, existing UIC wells in Pennsylvania and the permitting process. DEP's Brian Babb reviewed the state program and how the DEP and EPA collaborate on the UIC wells.

Our special thanks go out to all the presenters and to our planning partners Diversified Gas & Oil, Moody and Associates, Inc., and TD Connections, Inc. that made this event a success. Thank you also to Civil & Environmental Consultants, Inc. for sponsoring the event. Save the date for the next PIOGATech focused on a safety topic (TBA) on October 22. ■



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EPA methane rules *Continued from page 2*

control technology (RACT) requirements for VOC emissions from existing oil and gas sources. Section 182 of the CAA requires states to revise their State Implementation Plans (SIP) to include RACT for sources of VOC emissions covered by a CTG if classified as moderate, serious, severe, or extreme nonattainment for ozone.² EPA proposed withdrawing the CTG in March 2018 but has not taken final action, meaning that states, including Pennsylvania, must amend their SIPs.

Technical amendments

In a separate rule, the agency promulgated technical amendments revising numerous substantive requirements of NSPS OOOOa. EPA issued the final technical amendments after responding to more than 500,000 comments on the proposed technical amendments published in September 2018. A summary of notable revisions is provided below:

Fugitive emissions monitoring at well sites and compressor stations

- As compared to previous quarterly monitoring requirements, semiannual fugitive emissions monitoring is required for compressor stations.
- Semiannual fugitive emissions monitoring is required for non-low production well sites (i.e., greater than or equal to 15 barrels of oil equivalent per day for the first 30 days of production).
- Fugitive emission monitoring requirements do not apply at low production well sites (i.e., less than 15 barrels of oil equivalent per day for the first 30 days of production).
- Initial monitoring must be conducted within 90, as opposed to 60, days after the startup of production.
- A new definition of “modification” for an existing source separate tank battery surface site clarifies the types of changes that trigger regulatory requirements.

Storage vessels

- Potential VOC emissions across certain controlled and manifolded storage vessels may be averaged to determine applicability.

Onshore natural gas processing plants

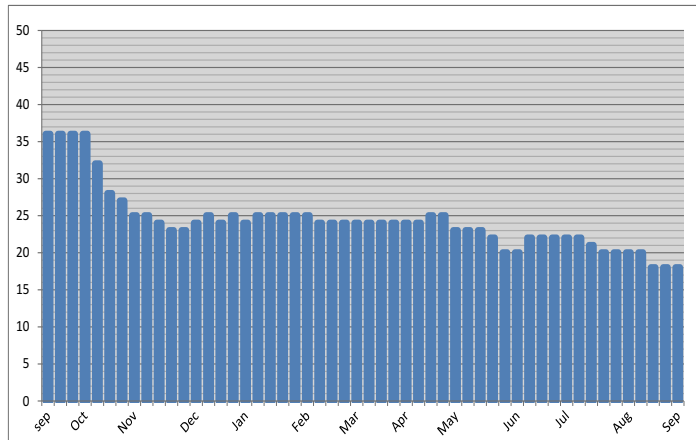
- The definition of “capital expenditure” uses the Consumer Price Index to calculate the percent of the replacement cost for purposes of determining whether there is a modification triggering the equipment leak standards.
- Equipment in VOC service for less than 300 hours per year is exempt from monitoring requirements.

² Section 184(b) of the CAA also obligates states in ozone transport regions to revise their SIPs to implement RACT with respect to all sources of VOC in the state covered by a CTG. The Ozone Transport Region (OTR), established by Section 184(a) of the CAA, is comprised of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and the Consolidated Metropolitan Statistical Area, which includes the District of Columbia.

Continues on page 26

Oil & Gas Dashboard

Pennsylvania Rig Count



Penn Grade Crude Oil Prices



Natural Gas Futures Closing Prices

Month	Price
October	\$2.552
November	2.978
December	3.281
January 2021	3.375
February	3.336
March	3.209
April	2.841
May	2.793
June	2.815
July	2.846
August	2.853
September	2.859

Prices as of September 8

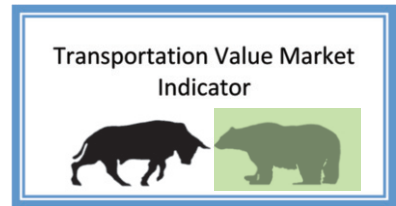
Sources

American Refining Group: www.amref.com/Crude-Prices-New.aspx
 Ergon Oil Purchasing: www.ergon.com/crudeoil
 Gas futures: quotes.ino.com/exchanges/?r=NYMEX_NG
 Baker Hughes rig count: bakerhughesrigcount.gcs-web.com/na-rig-count
 NYMEX strip chart: Nucomer Energy, LLC, emkeyenergy.com

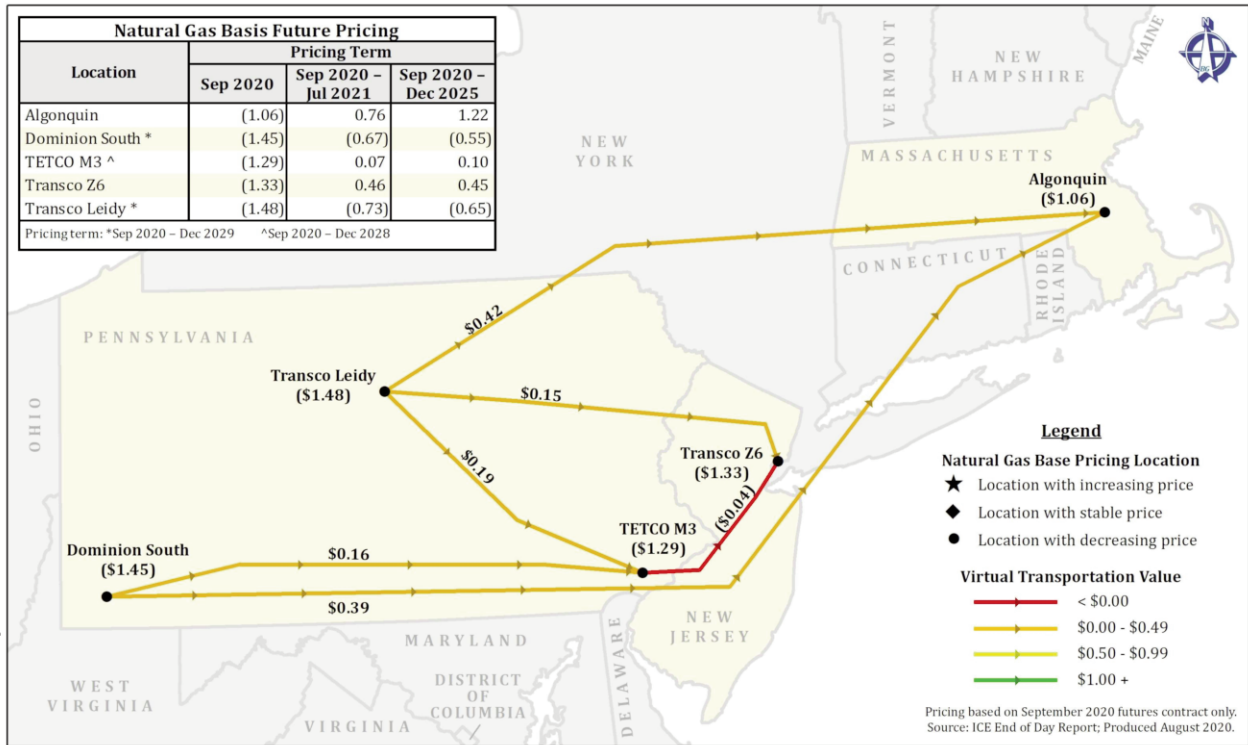
Northeast Pricing Report – September 2020

The good news is that Henry Hub (HH) spot pricing increased approximately \$0.56 per MMBtu over August. The bad news is that all trading points wiped out any gains made by the HH. Regional pricing decreased more than \$1.00 per MMBtu in some places. TETCO M3 and Transco Z6 saw the steepest declines at \$1.20 and \$1.18 per MMBtu respectively. Algonquin decreased the least at \$0.85 Per MMBtu. The one-year trading term was a little better. All trading points decreased but the greatest decrease was only \$0.22 per MMBtu, which was at TETCO M3. Full-term trading decreased across the board as well, although not significantly. TETCO M3 and Transco Leidy both decreased the most at \$0.04 per MMBtu.

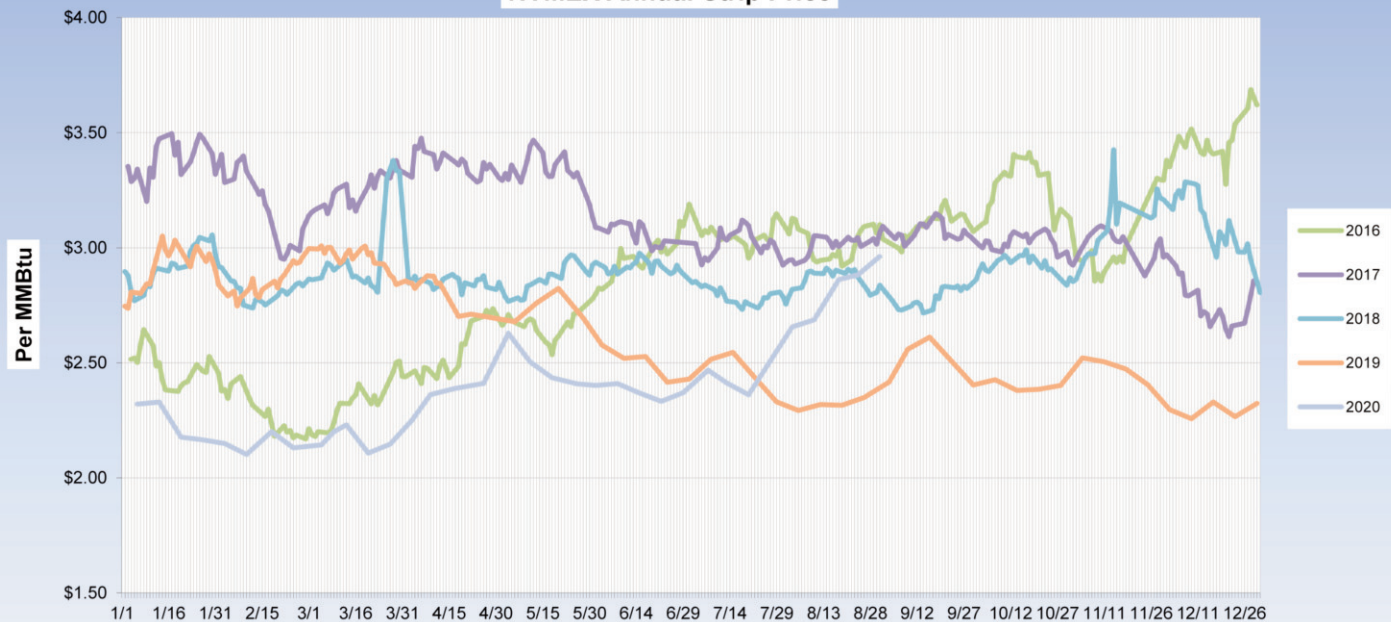
Transportation value was mixed. Dominion South to TETCO M3, Transco Leidy to TETCO M3, and Transco Leidy to Transco Z6 were all down, \$0.34 per MMBtu, \$0.32 per MMBtu, and \$0.030 per MMBtu respectively. The other three transportation routes were higher than the previous month. Transco Leidy to Algonquin had the greatest increase, however it was only \$0.03 per MMBtu. While the increased hurricane activity may keep pricing choppy in September, COVID-19 impacts will continue to linger and dampen the shoulder months.



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NYMEX Annual Strip Price



Spud Report: August 2020



The data show below comes from the Department of Environmental Protection. A variety of interactive reports are

OPERATOR	WELLS	SPUD	API #	COUNTY	MUNICIPALITY
Allegany Resource Dev LLC	1	8/12/2020	083-57122*	McKean	Keating Twp
ARD Opr LLC	1	8/7/2020	081-21858	Lycoming	Cascade Twp
Cabot Oil & Gas Corp	7	8/10/2020	115-22720	Susquehanna	Dimock Twp
		8/10/2020	115-22721	Susquehanna	Dimock Twp
		8/10/2020	115-22722	Susquehanna	Dimock Twp
		8/10/2020	115-22724	Susquehanna	Dimock Twp
		8/10/2020	115-22719	Susquehanna	Dimock Twp
		8/10/2020	115-22723	Susquehanna	Dimock Twp
		8/10/2020	115-22725	Susquehanna	Dimock Twp
Chesapeake Appalachia LLC	9	8/20/2020	015-23618	Bradford	Overton Twp
		8/20/2020	015-23621	Bradford	Overton Twp
		8/20/2020	015-23617	Bradford	Overton Twp
		8/21/2020	015-23619	Bradford	Overton Twp
		8/21/2020	015-23620	Bradford	Overton Twp
		8/6/2020	015-23599	Bradford	Tuscarora Twp

available by going to the Office of Oil and Gas Management page at www.dep.pa.gov and choosing Report from the menu. The table is sorted by operator and lists the total wells reported as drilled last month. **Spud** is the date drilling began at a well site. The **API number** is the drilling permit number issued to the well operator. An asterisk (*) after the API number indicates a conventional well.

OPERATOR	WELLS	SPUD	API #	COUNTY	MUNICIPALITY
		8/6/2020	015-23600	Bradford	Tuscarora Twp
		8/4/2020	131-20620	Wyoming	Windham Twp
		8/4/2020	131-20619	Wyoming	Windham Twp
Curtis Oil Inc	1	8/3/2020	053-30908*	Forest	Howe Twp
SWN Prod Co LLC	2	8/3/2020	117-21954	Tioga	Liberty Twp
		8/4/2020	117-22079	Tioga	Liberty Twp
Wilmoth Interests Inc	2	8/17/2020	123-48400*	Warren	Mead Twp
		8/10/2020	123-48401*	Warren	Sheffield Twp

	August	July	June	May	April	March
Total wells	23	43	35	51	39	50
Unconventional Gas	19	41	34	49	36	45
Conventional Gas	0	0	0	0	0	0
Oil	4	2	1	2	3	3
Combination Oil/Gas	0	0	0	0	0	1

EPA methane rules *Continued from page 24*

- The initial compliance date applies 180 days after initial startup.

Well completions

- Nearby, off-site separators, including production separators, may be used to control emissions during the flowback period, and emissions during certain pre-flowback steps need not be controlled.

Pneumatic pumps

- The technical infeasibility exemption for pneumatic pumps is expanded to apply at all well sites, not merely greenfield sites.

Closed vent systems (CVS)

- Pneumatic pump CVS may be monitored for “no detectable emissions” using monthly audio, visual, and olfactory (AVO) monitoring or using optical gas imagery (OGI) at specified frequencies, in addition to annual Method 21 monitoring option.

- Storage tank CVS may be monitored for “no detectable emissions” using OGI at specified frequencies, in addition to annual Method 21 and monthly AVO monitoring options.

Alternative means of emissions limitation (AMEL)

- An AMEL satisfying certain criteria may be granted after notice, following an opportunity for a public hearing, “based on the Administrator’s judgment.”

- For certain individual well sites and/or compressor stations, EPA has adopted alternative fugitive emissions programs as AMEL that have been established in specific states, including Pennsylvania and Ohio.

These are some of the many revisions included in the 235-page pre-publication version of the technical amendments. The less onerous fugitive emissions monitoring requirements and other changes offering additional compliance options and flexibility included in the technical amendments are good news for many oil and natural gas producers and processors, particularly smaller operators. The changes will ease compliance burdens, and EPA estimates that the technical amendments will save the oil and natural gas industry \$100 million in compliance costs each year.

Conclusion

Lawsuits challenging the rules are likely, with lawsuits challenging the policy amendments almost certain to be

filed. State attorneys general and environmental groups have vowed to challenge one or both rules. The oil and natural gas industry itself is divided on the policy amendments in particular, with some large energy companies voicing opposition to EPA's removal of methane from the NSPS. Other oil and gas producers have provided their full support for these changes, including those related to methane. Litigation and the November election may affect the future of these rules. ■

For questions about the Rules or air emissions regulations for the oil and natural gas industry generally, please contact Julie R. Domike at 202-853-3453 or jdomike@babstcalland.com; Michael H. Winek at 412-394-6538 or mwinek@babstcalland.com; Gina N. Falaschi at 202-853-3483 or gfasalchi@babstcalland.com; or Gary E. Steinbauer at 412-394-6590 or gsteinbauer@babstcalland.com.

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Calendar of Events

PIOGA events

Information: pioga.org > PIOGA Events

Due to uncertainty surrounding the COVID-19 crisis, please check the event page for any changes to events and event dates.

Fall Conference and Sports Outing

September 22-23, Seven Springs Mountain Resort, Champion

Ted Cranmer Memorial Golf Outing & Steak Fry

October 8, Wanango Country Club, Reno

Annual Meeting & Reception

October 14, virtual meeting

PIOGATech: Safety Topic

October 22, TBA

Marcellus to Manufacturing Conference

November 12, Carnegie Science Center, Pittsburgh

Annual Oil & Gas Tax and Accounting Seminar

November 18, Holiday Inn Express, Canonsburg/Southpointe

PIOGATech: Environmental Topic

December 15, The Chadwick, Wexford

Holiday Member Mixer

December 15, The Chadwick, Wexford

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