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***Working together, PIOGA helps our members accomplish that which they cannot achieve alone***

Pennsylvania Independent Oil & Gas Association (PIOGA) is honored to represent approximately 400 member companies from all facets of our industry. 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.

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 continuing COVID-19 pandemic, our industry is challenged by persistently 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. With a new federal administration that as already proven to be openly hostile to our industry, bringing us a whole new set of challenges. 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.** PIOGA President and Executive Director, Dan Weaver, and our 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 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 this legislative session is no different. PIOGA and its allies have been able to convince lawmakers 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 gas industry. Many of the provisions of the 2012 law are overkill for our conventional producers. In 2020, we finally got Senate Bill 790 through the legislature – only to have it vetoed by a governor who obviously did not read the bill and only echoed misrepresentations put out by radical environmental groups. Unfortunately, PIOGA sees no path forward for this legislation in the final two years of Governor Wolf's term of office.
- **Petrochemical tax credit.** It's hard to overstate the economic impact of Shell's massive Beaver County cracker facility. Legislation passed both chambers of the legislature in 2020 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 Governor Wolf bowed to pressure from environmental groups and vetoed the bill. The good news is that a compromise version quickly passed the legislature and was signed into law by the governor as Act 66 of 2020. We already have seen that developers are launching projects that take advantage of the credit. This is great news for our industry and for Pennsylvania jobs!

**Pennsylvania: The Keystone to America's Energy Future®**

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 our committee'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. A rulemaking under way now would control emissions of volatile organic compounds (VOCs) 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. Meanwhile, 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.
- **Conventional oil and gas regulations.** Late in 2020, DEP unveiled the first draft of a pair of Chapter 78 regulations – one dealing with environmental protection performance standards and the other with waste management and related issues. We are just beginning to analyze the proposals to determine where we may be in agreement and where points of contention exist. DEP expects the rulemaking process could take as long as two years.
- **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.** As 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 several 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

### 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 had been negotiating the MIMA since August 2019 and finalized the MIMA at the end of 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.

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 the Oil & Gas Technical Advisory Board and CDAC; 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 two *amicus* briefs in support of a conventional producer's Pennsylvania Supreme Court appeal of lower court decisions in *Mitch-Well Energy v. SLT Holdings* that nullified, on the basis that the leases were abandoned, the producer's rights to earned acreage (farmouts) surrounding two wells drilled pursuant to two leases. The appeal was argued in October 2020 and PIOGA anticipates a favorable decision.
- **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 GO-WV (formerly IOGA of PA), 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:

- **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.
- **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**

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. In addition to our Legislative, Environmental and Market Development committees, we also have active Safety, Diversity 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 **Diversity Committee** is a newly established committee that provides a forum where members work collaboratively to advocate and support diversity within PIOGA, as well as within Pennsylvania's oil and natural gas industry. 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 keep you up 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*

How can you make your membership an even better value for your company? First and foremost, ensure that you or your staff contribute provide 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](http://www.pioga.org)) to find out more about what each committee does and how to join.

If you/your employees 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!

**We understand in these tough economic times you still must carefully weigh every dollar spent. We 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 contact PIOGA's Membership Director, Debbie Oyler, at [debbie@pioga.org](mailto:debbie@pioga.org) at 724-933-7306 ext. 22 if you have any questions about membership or go to [www.pioga.org](http://www.pioga.org) > **Join Now** to learn more about membership benefits or to apply online.

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