



115 VIP Drive, Suite 210
Wexford, PA 15090
Phone: (724) 933-7306
Email: info@pioga.org | Web: www.pioga.org

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

The Pennsylvania Independent Oil & Gas Association (PIOGA) is honored to represent approximately 350 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

The Russian war in Ukraine and related geopolitical developments as well as supply chain issues related to the COVID-19 pandemic recovery continue to affect energy supply and demand. We continue to be constrained from using our abundance of natural gas resources to help to address these challenges due to short-sighted opposition to pipeline expansion, which has now expanded to include the electric transmission lines needed for the delivery of "green" energy. We continue to educate politicians, regulators and the public that natural gas and crude oil – along with the infrastructure that gets our products to market – are essential to life as we know it and a reliable clean, lower carbon energy future for Pennsylvania and the nation. At the same time, our industry continues to be continually bombarded with burdensome regulatory proposals and ill-conceived legislation that would have particularly harsh impacts on our smaller operators.

Most of our independent producers are family-owned businesses that feel adverse impacts much more deeply. ***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's government relations team includes President and Executive Director Dan Weaver, Vice President of Government Affairs and General Counsel Kevin Moody and contract lobbyists from one of the foremost government affairs groups in Harrisburg. With direction and assistance of PIOGA's Legislative and Market Development committees, we focus our efforts on legislation in the Pennsylvania General Assembly that directly impacts our producers and those companies serving our industry.

We are tracking dozens of bills aimed at harming the industry in one way or another. Many would have a devastating impact by banning hydraulic fracturing, further limiting waste-disposal options, hamstringing infrastructure development or mandating a phaseout of fossil fuels entirely. Although these bills are unlikely to advance in today's Republican-controlled Senate, we still must remain vigilant. There also are some beneficial pieces of legislation, like a package of reforms to improve business recovery from the COVID-19 crisis. **Here are a few of our top state legislative issues:**

- **Increased setbacks.** House Bill 170 under the guise of increasing setbacks for natural gas extraction from various land features, would instead put an end to virtually all oil and natural gas production in the state. PIOGA urged a vote against this legislation and in favor of the continued investment of private capital and the safe development of energy in the Commonwealth. Through our efforts we have been able to successfully table HB 170 for now.

- **Plugging and well bonding.** Under bipartisan federal infrastructure legislation signed into law in late 2021, Pennsylvania has received millions of dollars to help plug orphan oil and gas wells. State legislation enacted in mid-2022 designates how those federal funds are to be allocated by DEP and at the same time provides a measure of consistency and predictability for conventional oil and gas producers by barring state regulators from changing the amounts of well bonds for the next 10 years.
- **Severance Tax.** House Resolution 131 directed the Legislative Budget and Finance Committee to conduct a study to compare impact fees and severance taxes in the largest natural gas producing states and examine the competitive business climate for the industry in those states. PIOGA has remained steadfast in its opposition to a severance tax for nearly a decade...Can other associations say that?

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 from our member companies who are willing to lend their time and expertise in dealing with issues before state and federal regulatory agencies. This is just a sampling of the many regulatory matters we are currently working on:

- **State & Federal Emissions regulations.** Under former Governor Wolf's Methane Reduction Strategy, DEP has worked aggressively to impose new regulations on the oil and gas industry. As reported under "legal matters" below, PIOGA and the two other trade associations representing conventional operators are challenging the Conventional VOC Regulation that would impose outsized burdens on conventional producers to control emissions of volatile to organic compounds (VOCs) from existing oil and gas operations. At the federal level, PIOGA continues to work with a group of associations led by IPAA to try to moderate upcoming emissions regulations on low production (marginal) wells from an administration openly hostile to our industry.
- **Regional Greenhouse Gas Initiative (RGGI).** Along with lawmakers, business groups and power plant owners, PIOGA continues to oppose the executive branch's unilateral push for Pennsylvania to join the 11-state cap-and-trade program that claims to drastically reduce CO₂ emissions from electricity generation. The shift to natural-gas-fired generation is one of the reasons Pennsylvania's greenhouse gas emissions have been declining significantly, without the adverse effects joining RGGI would have on the state's economy and electricity generators, including natural gas-fired. Implementation of the RGGI rulemaking has been stayed pending the resolution of litigation asserting that the RGGI rulemaking is a

Are you a producer on the combined Peoples system – PNG/EGC/TWP?

The October 2019 Peoples/Equitable Gas base rate settlement created the Peoples-Producers Cooperation Committee (PPCC) to replace the Project Review Committee (PRC) created by the PES agreements with Peoples and Equitable Gas. Peoples' merger with Peoples Gas (f/k/a TW Phillips) completed the unification of the pipeline systems of the three formerly separate utilities and extended the PPCC to producers on the Peoples Gas system. The PPCC will address: (i) operational issues, such as gas quality, pipeline replacements and pipeline abandonments, and seasonal regulator adjustments, and (ii) ways to bring more locally produced natural gas to the Peoples system, as well as issues concerning the Master Interconnect and Measurement Agreement (MIMA) finalized in July 2020. **The PPCC meetings are held quarterly (next meeting scheduled for October 2023)**

Goodwin Gathering System pipeline replacement & retainage reduction. The pipeline replacement required by the Aqua America (now, Essential Utilities)/Peoples acquisition settlement tied reductions of the annual Goodwin retainage rate to the rate of pipeline replacement. The 1st reduction (85% to 78%) was effective 10/1/21; the 2nd (72.2%) was effective 10/1/22; and the 3rd (68%) will be effective 10/1/23. The rate will be systematically reduced to the system-wide producer retainage rate, currently 2%, during the expected 7-year replacement that will transform the unregulated gathering system into a regulated distribution system.

FERC Equitrans gathering systems abandonment proceeding. On 7/15/22 Peoples began operating the former Equitrans' M-73 certificated gathering pipeline in Greene and Fayette Counties as a high pressure distribution pipeline.

In December 2022 FERC approved PIOGA member Big Dog Midstream's purchase of Equitrans' gathering facilities located in Greene County, Pennsylvania and 11 counties in West Virginia, but on 6/1/23 Equitrans notified FERC that it was abandoning by sale all non-certificated gathering facilities in PA to Big Dog and in WV to Peoples' affiliate Hope Gas.

Peoples committed to file a base rate case no later than December 31, 2023 as part of a settlement of a prior proceeding. This filing will encompass the three formerly separate utilities and **may include a proposed gathering fee on the former TWP system.**

legislatively unauthorized carbon tax masquerading as a fee. On May 24, 2023 the PA Supreme Court heard argument on continuing the stay.

- **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. Along with other trade groups and the Penn Grade Crude Oil Development Advisory Council (CDAC), we have been providing input to DEP on how to resolve points of contention and are still awaiting DEP’s formally proposing the regulations.
- **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 continue to shut down and development of new disposal wells continues to be stymied by regulatory hurdles and unlawful local opposition. PIOGA has been working with CDAC to identify affordable treatment technologies and to provide DEP with recommendations to provide a clear framework for development of UIC wells. We are also working to reinstate the practice of spreading wastewater from conventional wells on dirt roads for dust suppression and stabilization by, among other things, pointing out obvious problems with the DEP/Penn State “study” opposing this activity.
- **Orphan and abandoned wells.** As many producers know, DEP is insistent when it comes to produce-or-plug mandates, but the trouble is, plugging rules and DEP’s application of them are contradictory, unclear and unnecessarily restrictive. PIOGA continues to work with CDAC and DEP to remove uncertainties and inconsistencies so that more unproductive, orphan and abandoned wells can be plugged economically. Resolving these matters has taken on a particular urgency with federal funds about to flow into Pennsylvania for plugging wells, and DEP’s apparent lack of preparation to take advantage of the opportunity.
- **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 a prioritized review process under the recently revised ESCGP-3 permit; threatened and endangered species matters; inconsistent enforcement by DEP field personnel; providing support to PIOGA’s representatives on DEP’s Oil & Gas Technical Advisory Board and CDAC; and addressing proposed DEP technical guidance documents that appear to be rulemaking 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 in which we have played or are playing a part, often in cooperation with other associations and companies:

- **Conventional VOC Regulation.** Along with PGCC and PIPP, PIOGA is asking Commonwealth Court to force DEP/EQB to comply with the mandate in the CDAC statute, Act 52 of 2016, that “Any rulemaking concerning conventional oil and gas wells that the Environmental Quality Board undertakes after the effective date of this act shall be undertaken separately and independently of unconventional wells or other subjects and shall include a regulatory analysis form submitted to the Independent Regulatory Review Commission that is restricted to the subject of conventional oil and gas wells.” PIOGA also continues to try to force DEP to comply with the other provisions of the CDAC statute concerning regulations issued under Title 58 statutes.
- **PHMSA Gas Gathering Rule.** PIOGA participated along with IPAA and other state trade associations in the discussions that resulted in PHMSA’s November 2021 gas pipeline safety rulemaking that defined two new categories of gas gathering lines – Type C and Type R. In a December 2022 order implementing the PHMSA Rule, the PaPUC asserted jurisdiction over all Class 1 gathering lines under PA’s Gas and Hazardous Liquids Pipelines Act (Act 127 of 2011), but removed Type R (reporting only) lines from Act 127 pipeline assessments as a result of PIOGA’s reconsideration request.
- **PA One Call.** PHMSA’s November 2021 Gas Gathering Rule did not alter the scope of conventional gathering lines subject to mandatory participation in PA One Call. PIOGA’s challenge to PA One Call’s manner of charging producers and excavators for the costs of participating in its state-mandated underground line/facilities locating program continues in the Clarion County Court of Common Pleas, with a resolution expected by the end of-2023, prior to the sunset of the PA One Call law on December 31, 2024 that will require its reauthorization.
- **PaPUC jurisdiction over farm taps.** PIOGA is supporting member Mifflin Energy’s request that PHMSA rescind a September 2021 letter of interpretation that the owner or operator of a non-jurisdictional production or

gathering line that delivers gas directly to “customer piping” per a “farm tap” agreement is not responsible for ensuring that the customer’s piping complies with the safety standards in Part 192 of PHMSA’s pipeline safety regulations.

- **AEPS Act & Gas-Fueled Distributed Generation.** PIOGA is supporting the efforts of members trying to develop distributed generation projects using natural gas, 1 of the 13 forms of alternative energy authorized under the Alternative Energy Portfolio Standards Act, by asking Commonwealth Court to require the PaPUC to force the electric utilities (i) to recover the interconnection costs through an automatic adjustment clause, as stated in the Act, rather than charging customer-generators, and (ii) to comply with other aspects of the Act and the PUC’s AEPS regulations.
- **Warrantless searches.** PIOGA continues to monitor the challenge by two Western Pennsylvania hunting clubs to the constitutionality of the Pennsylvania Game Commission’s statutory authority to conduct warrantless searches and surveillance of the Clearfield County clubs’ private property, because DEP statutes contain similar authorizations. The requests for summary relief filed by the hunting clubs and the Game Commission were submitted on briefs for the Commonwealth Court’s consideration in March 2023.
- **Challenging DCNR’s ownership of streambeds throughout Pennsylvania.** PIOGA continues to monitor litigation between landowners and the DCNR challenging the agency’s claims of ownership of nearly all streams in the Commonwealth and to provide assistance to bolster the landowners’ claims of ownership before the DCED’s Board of Property, which may decide the matter in July 2023 on remand from the Commonwealth Court.
- **Use of Oil and Gas Lease Fund revenues & Severance Tax.** PIOGA continues to participate in the seemingly endless litigation by the Pennsylvania Environmental Defense Foundation (PEDF) seeking to eliminate the use of Oil and Gas Lease Fund revenues to help “conserve and maintain” Pennsylvania’s public natural resources, which is required by Pennsylvania’s unique Environmental Rights Amendment. The PA Supreme Court’s latest decision agreed with PIOGA’s position that these revenues can be used for general operating expenses of DEP and DCNR whose employees do the “conserving and maintaining”. These revenues have alleviated the need for a severance tax.
- **Disposal wells.** Although member company Pennsylvania General Energy (PGE) is no longer pursuing its planned disposal well in Grant Township, PIOGA continues to monitor the litigation in federal and state courts against the use of a so-called “right of local self-government” to prohibit lawful oil and natural gas disposal well operations as well as other developments concerning planned disposal wells and DEP’s seeking regulatory primacy.

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 as well as field trips to natural gas-related facilities.
- **Sharing intelligence.** During monthly committee meetings, new projects are discussed, and members share intelligence on pipelines – both physical and virtual – as well as projects involving natural gas end users. The sharing of information on new projects and general industry market development, have led to business opportunities for both Producer members and Allies and Provider members.
- **Supporting pipeline development.** In July 2023 PIOGA joined with EQT, MSC, Go-WV and Range Resources in an amicus brief supporting Mountain Valley Pipeline’s successful emergency request to the US Supreme Court to lift the stay on the completion of construction per federal legislation that resolved the debt ceiling matter.

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 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 our Annual Oil & Gas Tax and Accounting Seminar, has 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) 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 at 724-933-7306, ext. 22 if you have any questions about membership or go to www.pioga.org > **Join Now** to learn more about membership benefits or to apply online.

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