

# The PIOGA Press

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Pennsylvania Independent Oil & Gas Association  
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## PIOGA Membership Committee

### New Co-Chairs' Vision for the Growth and Sustainability of PIOGA

PIOGA's Membership Committee elected a new Co-Chair last month. Don Zuch, founding member of Fusilier Resources, LLC. Zuch will join Committee Co-Chair, Jessica Houser, Executive Treasurer at WGM Gas Company, Inc. The newly formed Membership Committee duo have a clear goal to help shape the PIOGA mission by implementing actions to support the oil and gas industry and the PIOGA membership.

Moving forward as the new Co-Chairs, Houser and Zuch, plan to provide leadership, organization, marketing, and communication to the Membership Committee.

"I'd like to be more boots-on-the-ground by having face-to-face meetings with existing and potential members," Houser said. "All PIOGA members can be the most effective promoters and marketers the association has. Members can spread the word about the association and its benefits to their network of contacts, businesses, and professional organizations."

Zuch shared a similar sentiment, "I think the biggest source of promoters of the association is the membership itself. The oil and gas industry is an industry of 'doers', so I'd like to think that the membership would be on board with promoting PIOGA every day because PIOGA is promoting our industry every day," Zuch said. "I am looking forward to working with Jessica (Houser) and providing immediate support so we can move forward with working on existing goals, setting new goals and engaging with as many members and potential member companies as possible."

Together Houser and Zuch have clear goals and

similar ambitions – this duo is ready to hit the ground running – serving current members and promoting PIOGA.

Recently, Houser and Zuch, took some time for an interview to discuss their background, industry interests and vision for the Membership Committee. Continue reading to learn more about the PIOGA Membership Committee Co-Chairs and gain insight into their goals and ambitions for the committee and our association.

#### **Jessica Houser Bio** (Membership Committee Co-Chair)



Jessica Houser has over a decade of experience in the natural gas industry. For the past 13 years, she has worked diligently for her family's business, WGM Gas

Company, gaining a vast array of knowledge and skills.

In 2020, Houser took over the family's excavation company, WGM Excavation Services, displaying her entrepreneurial spirit and drive for success. Houser is the majority owner and President of WGM Excavation Services.

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Additionally, as a licensed realtor, Houser prides herself on working closely with clients to help them achieve their dreams of homeownership.

In 2019, she was elected to the PIOGA board and used her vast experience and diverse skill set to become co-chair of the Membership Committee.

In her spare time, she loves to be in nature and spend time with her daughter Viviana.

### **Don Zuch Bio** (Membership Committee Co-Chair)



Don Zuch is the founding member of Fusilier Resources, LLC, and currently serves as the managing member. Zuch has practiced geology and environmental consulting for over 35 years at a wide variety of facilities located in eleven states and Canada, having worked as both an industry representative and a consultant. In these positions, Zuch was responsible for implementing safety programs, environmental compliance, emergency response, and remediation programs.

As a consultant, Zuch founded and successfully operated The GeoEnvironmental Consortium, Inc.® (GEC), an environmental consulting firm that was recognized by peers and clients for providing high-quality geologic investigation and remediation services to the petroleum industry, law firms, and other industrial clients. Zuch sold GEC to a Midwest engineering consulting firm, where he remained to serve in several roles including shareholder, Vice President of the Shale Gas Market, Principal, and Director, overseeing business management and development of the company's expansion into the unconventional and conventional oil and gas marketplace.

Since 2008, Zuch has worked closely with many oil and gas clients in the Appalachian Basin, helping to establish technical consulting teams used to develop upstream and midstream assets. Zuch has been active in various professional and industry organizations such as the Pennsylvania Council of Professional Geologists (past board member, elected position); the Marcellus Shale Coalition (past co-chair, Natural Gas End Use Committee and Membership Committee); and has been an active member of PIOGA since 2010.

Zuch is an alumnus of the University of Toledo,

holding both a B.S. and M.S. in Geology. Zuch holds a Professional Geologist (P.G.) license in both Pennsylvania and Kentucky.

Zuch continues to advocate for the oil and gas industry and currently participates as an investor in active drilling programs in both the Appalachian and Illinois Basins.

### **Q&A Session with the Co-Chairs of PIOGA's Membership Committee**

#### **Q: Why did you decide to become involved with PIOGA?**

A: (Houser) - My family has been in the natural gas business since 1989 and the coal business prior to that. I saw how hard they worked and how undervalued their commitment to energy went, particularly on the political plane. After attending a few PIOGA events, including a legislative event at the state capital, I was inspired by the support and passion the staff and members had for the industry.

A: (Zuch) - I have been involved in supporting PIOGA since joining in 2010. Although my personal and business goals have shifted over the years, I recognize that this organization has always provided opportunities to grow my professional network, while providing a great platform for oil and gas advocacy and education.

#### **Q: Why did you decide to become involved with the Membership Committee?**

A: (Houser) - After being elected to the PIOGA board, I saw an opportunity with the Membership Committee to utilize my skill set and create movement toward branding and communication to the world via social media.

A: (Zuch) - I was looking for opportunities to get more involved and give back to PIOGA. When I saw PIOGA advertise for the open Co-Chair position, I was confident that I could bring value to this position – so I went for it.

#### **Q: In your own words – what is the Membership Committee and why is it important to the association?**

A: (Houser) - We're cultivating a culture of engagement and participation among members to create a thriving association community. We need a united front to undertake the arduous fight we have on our hands for an industry that desperately needs proponents. The Membership Committee is to me a group

of passionate individuals who truly understand the value PIOGA brings to the energy industry. We want to drive PIOGA toward a bright and sustainable future. The Membership Committee strives to keep the association's message clear while consistently and concisely communicating with the public, other industry professionals and, most importantly, our members. Without this committee's consistent oversight and drive, our messaging risks getting lost and undervalued.

A: (Zuch) - Membership is the lifeblood of any association. Obviously, the dues support PIOGA operations, but the combined knowledge and efforts of the members provide information, expertise and work product that can help shape PIOGA. I feel the membership committee is a key committee because it operates on two fronts. First, the committee works "looking outward", seeking new members, retaining existing members, and collecting information from the members on what is working, opportunities for adjustment, and implementing initiatives that the PIOGA Board of Directors deems necessary. Second, the committee works "looking inward", to provide the PIOGA Staff and Board with member feedback, so the association can measure its effectiveness at serving the membership.

**Q: What are your goals for the Membership Committee?**

A: (Houser) - We have identified new strategies and are taking a bold approach to meeting our goals. Along with attracting and recruiting new members for the association, we are focusing on retaining current members and encouraging their participation in association activities, including this committee. Additionally, we are seeking opportunities for collaboration and partnerships with other organizations that align with the association's mission to increase our effectiveness in shaping the industry while continually evaluating and assessing the effectiveness of current membership strategies.

A: (Zuch) - Jessica (Houser) has done a great job already and my first goal is to come up-to-speed quickly on current committee goals and initiatives, find out how things are working and, to seamlessly work with her and the existing members to keep things moving forward. Generally, my goals would include ensuring the committee and its members have a current mission statement, goals and strategies that include measurable metrics that we can

use to monitor success and report back to the PIOGA Board on how we are doing. Everything we do should be focused on providing value for the members, engaging with existing members, looking to add new members, and bringing some former members back into the fold.

**Q: With these goals in mind, how will you work to retain and gain membership?**

A: (Houser) - To execute our goals, we need to effectively communicate to membership and the public, maintain and broaden our social media presence, have in-person meetings with other industry professionals and groups, and continuously work to engage our current membership in committees, events, and tech classes. We're asking all member companies to consider a person or person(s) within their organization who can join the Membership Committee and work alongside this motivated group. Everyone is welcome and can participate in many ways. Although the time commitment may be minimal, it can make a big difference.

A: (Zuch) - PIOGA has a diverse membership that includes producers, mid-stream, service providers, various consultants, and law firms. The diverse membership likely means that the reasons to remain as a member or to choose to join are probably going to be diverse. Let's face it – there are challenges before us. One of my first tasks will be to understand why members have left the association. Then I think it is important to have a lot of wind-shield time to meet with members to discuss retention as well as meet with prospective members to educate them on the benefits of membership. My approach is likely to be engage, engage, engage!

**Q: Where do you think PIOGA as an association and PIOGA members could focus to market membership/share the importance of the association?**

A: (Houser) - We've really had a big social media push in the last 3 years and are continuing to mold and shape our strategy in the digital hemisphere. A great way for other members to help market the association is by discussing PIOGA with their network and getting involved! Using membership to its fullest will help any member understand the value of how they can communicate to their network. Also, it can be as simple as liking and sharing the PIOGA social media posts and pages.

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What happens when a large percentage of the population tells us that there is a wonderful program that should be universally supported? As we do our best to learn more about this program, we read and hear more about its elements. There are many aspects of the program that sound like it moves us in a very good direction. It also sounds like many impressive individuals are behind and in support of the new program, but there are others who perhaps are finding potential fault with it, including the costs associated. Let's use the topic described above so we can be even more precise and analytical about the evaluation.

Environmental Justice – what a great title! Let's start there. How do we know what is the goal of the title? So many factors influence our decision-making on a topic like this. Perspective, status, direct impact, influence on our businesses, influence on our personal goals, real benefits, real costs, costs to local businesses, costs to state businesses, costs to US businesses, costs to global businesses, shifts to manufacturing resources, shifts to transportation resources, shifts to distribution resources, temporary shifts, permanent shifts, employee attitudes, consumer attitudes, etc.

### ***What is Environmental Justice success?***

***According to the USEPA:*** *Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. This goal will be achieved when everyone enjoys the same degree of protection from environmental and health hazards, and equal access to the decision-making process to have a healthy environment in which to live, learn, and work.*

These USEPA words and concepts are truly serious and may be difficult to disagree with. In order to understand the USEPA EJ plan, we need to connect through the links that are listed on the USEPA website and somehow read these programs as a consistent message. I have been doing or trying to do this for my entire career. I am a degreed environmental engineer with a Bachelor of Science from Penn State and then a later

degreed environmental attorney with a Juris Doctor from Pitt. I am told that I am pretty good at this by judges, clients and co-counsel.

Fundamentally, what USEPA explained as EJ is confusingly simple and directly complicated. You can tell that a great deal of effort was employed in developing this rhetoric. Where does USEPA obtain this authority and importantly what checks and balances are there? And how does USEPA have the right to implement this authority?

Let's go back to the basics. The United States of America is a federal republic that includes 50 states and many territories. Its physical environment ranges from the Arctic to the subtropical, from the moist rain forest to the arid desert, from the rugged mountain peak to the flat prairie. Although the total population of the United States is large by world standards, its overall population density is relatively low. The country embraces some of the world's largest urban concentrations as well as some of the most extensive areas that are almost devoid of habitation. Probably no other country has a wider range of racial, ethnic, and cultural types than does the United States. In addition to the presence of surviving Native Americans and the Africans taken as enslaved persons, the national character has been enriched, tested, and constantly redefined by the tens of millions of immigrants who have come to the US hoping for greater social, political, and economic opportunities than they had in the places they left. For those families whose lives were upset, the vast majority remained in the US nonetheless to seek fortune, fame and/or family values and many have found all three.

This history of the US is fascinating. Being less than 250 years old, it achieved its current size in the mid-20th century. The US was the first of the European colonies to separate successfully. In its first 150 years, the country was preoccupied with its own territorial expansion and economic growth and with social debates that ultimately led to civil war (and a healing period that is still not complete). In the 20th century the US emerged as a greater world power and since World War II it has

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## **Interview** *Continued from page 3*

A: (Zuch) -The PIOGA Staff and committees work hard to support the members, advocate, and educate on behalf of the oil and gas industry in Pennsylvania. Jessica (Houser) and I have talked about the successes resulting from PIOGA's noticeable increased presence on social media. I think this is an area where even more successes can be achieved. In addition to social media initiatives, I believe that communicating about the educational opportunities sponsored by PIOGA is important and I would say that, if it makes sense, more of these educational opportunities could be added. Perhaps we can look at ways to partner with other organizations to boost attendance and share costs.

### **Q: What are your goals/plans with social media presence?**

A: (Houser) - I would like to continue with our current strategy but broaden our reach with added content to increase our reach and engagement. There are so many options out there, such as utilizing the "Live" features and more video content.

Over the past few years, our utilization of social media has been a huge success and has increased our reach so substantially that we've caught the attention of new members, legislators, and the general public. A great example to showcase these achievements is our LinkedIn following. We began with around 200 followers on LinkedIn and we're now at around 3,100!

A: (Zuch) - As I mentioned, PIOGA has had positive results already from current social media efforts. I would want to look at these successes and ensure that we have metrics in place to measure against desired goals and look for ways to expand this presence, perhaps through short videos or even podcasts. I would like to make sure that we hit an approved targeted audience with such efforts. ■

**P**IOGA's **Membership Committee** focuses on growing and retaining PIOGA members. The Committee's mission statement is to ensure the sustainability and growth of PIOGA via connection with current members, potential members, and the public about the value the association holds in the oil and gas industry.

Any members interested in joining the committee should Contact Jessica Houser (jhouser@wgmexcavation.com) or Don Zuch (dzuch@fusillierresources.com)

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# Pennsylvania Supreme Court Vacates the Commonwealth Court 2018 Decision that Had Invalidated “Public Resource” Portions of Chapter 78a Regulations

Published by Babst Calland - Authored by Jean M. Mosites, Esq. and Kevin J. Garber, Esq.

The Marcellus Shale Coalition v. Department of Environmental Protection and Environmental Quality Board, 573 M.D. 2016.

In April 2023, the Pennsylvania Supreme Court vacated the Commonwealth Court’s decision that had invalidated several “public resource” provisions in 25 Pa. Code Chapter 78a. The Supreme Court’s decision is an abrupt departure from its 2018 decision affirming the preliminary injunction on Count I that had been imposed by the Commonwealth Court in 2016. The Supreme Court’s latest ruling puts these regulations into effect in the well permit process for the first time.

There is no statutory right to judicial review of new regulations in Pennsylvania. Such challenges must proceed in the form of declaratory judgment action in the Commonwealth Court or “as applied” in an appeal before the Environmental Hearing Board on a case-by-case basis. The latter course is duplicative, lengthy and costly, offering only piecemeal relief. MSC challenged portions of the new Chapter 78a regulatory package through a declaratory judgment action in October 2016, seeking relief for its members from regulations beyond the scope of Environmental Quality Board’s (EQB) authority, regulations with high cost and little discernible benefit.

Count I of MSC’s Petition for Review challenged Sections 78a.15(f) and (g), and the related definitions contained in Section 78a.1 of the Chapter 78a regulations. The provisions created a new pre-permitting process for well permit applicants, requiring new notice and comment opportunities in addition to those expressly authorized by Act 13, as adopted in 2012. The relevant defined terms include:

**Common areas of a school’s property**—An area on a school’s property accessible to the general public for recreational purposes. For the purposes of this definition, a school is a facility providing elementary, secondary or post-secondary educational services.

**Other critical communities**—

(i) Species of special concern identified on a PNDI receipt, including plant or animal species:

(A) In a proposed status categorized as proposed endangered, proposed threatened, proposed rare or candidate.

(B) That are classified as rare or tentatively undetermined.

(ii) The term does not include threatened and endangered species.

**Playground**—

(i) An outdoor area provided to the general public for recreational purposes.

(ii) The term includes community-operated recreational facilities.

**Public resource agency**—An entity responsible for managing a public resource identified in § 78a.15(d) or (f)(1) (relating to application requirements) including the Department of Conservation and Natural Resources, the Fish and Boat Commission, the Game Commission, the United States Fish and Wildlife Service, the United States National Park Service, the United States Army Corps of Engineers, the United States Forest Service, counties, municipalities and playground owners.

Following MSC’s Petition for Relief, the Commonwealth Court preliminarily enjoined application of portions of the regulations on November 8, 2016<sup>1</sup>. MSC filed an application for partial summary relief on Count I on August 31, 2017. Pending review of that application, the Pennsylvania Supreme Court affirmed the preliminary injunction as to Count I on June 1, 2018. 185 A.3d 985 (Pa. 2018).<sup>2</sup>

On August 23, 2018, the Commonwealth Court issued a unanimous opinion invalidating portions of the new pre-permit process created in 25 Pa. Code §§ 78a.1 and 78a.15(f), and (g), pertaining to new “public resources.” In its decision on the merits, the Commonwealth Court concluded that the new public resources and new public resource agencies that had been created by the EQB were beyond its legal authority.<sup>3</sup>

<sup>1</sup> The Court partially enjoined regulations challenged in Counts I (public resources), II (area of review), IV (impoundments) and V (site restoration). MSC v. DEP, Memorandum Opinion and Order, Nov. 8, 2016, as amended Feb. 14, 2017, J. Brobson. Counts for which injunctive relief was not granted include challenges to: Count III, 25 Pa. Code §§ 78a.58(f) (onsite processing), Count VI, 78a.66 (remediation of spills), and Count VII, 78a.121(b) (waste reporting).

<sup>2</sup> The Supreme Court also affirmed the preliminary injunctions related to Counts II and IV as it applied to centralized impoundments, but vacated the injunction related to freshwater impoundments and Count V.

<sup>3</sup> The Order issued on August 23, 2018 stated: 1. The definitions of “other critical communities,” “common areas of a school’s property,” and “playground” contained in Section 78a.1 of Title 25, Chapter 78a of the Pennsylvania Administrative Code (Chapter 78a Regulations), 25 Pa. Code §78a.1, are hereby declared void and unenforceable; 2. The definition of “public resource agency” in Section 78a.1 of the Chapter 78a Regulations, 25 Pa. Code §78a.1, to the extent that it includes “playground owners,” is hereby declared void and unenforceable; and 3. Section 78a.15(g)’s requirement that the



In the April 2023 decision, however, Justice Donohue writing for the Supreme Court concluded that the General Assembly intended to give the agencies “leeway to promulgate the challenged regulations and that those regulations are reasonable.” The analysis provided in Section VI of the Court’s opinion, which is 37 pages long addressing issues from statutory construction to the Environmental Rights Amendment to agency deference, is joined only by Chief Justice Todd.

Justice Wecht joined the opinion but would have affirmed the Commonwealth Court’s invalidation of the definition of “other critical communities.” Justice Dougherty joined the opinion regarding other critical communities but would have affirmed the Commonwealth Court opinion invalidating the definitions of common areas of schools’ property, playgrounds, and including private entities as public resource agencies. Justice Mundy dissented, finding that the Commonwealth Court correctly determined that the agencies exceeded their statutory authority in promulgating each the challenged regulations.<sup>4</sup>

Despite the narrow outcome of a 3 to 2 Supreme Court decision, under Section 78a.15(f), well permit applicants must now notify the “public resource agency” for resources: 1) in a location that could impact other critical communities and 2) within 200 feet of common areas on a school’s property or a playground. The public resource agencies for the non-listed special concern species are the jurisdictional agencies – PA Fish and Boat Commission, PA Game Commission, Department of Conservation and Natural Resources, and the US Fish and Wildlife Service. The “public resource agencies” for the schools and playgrounds are yet to be identified on a case by case basis.

Notice is to include a plat provided at least 30 days prior to submission of a well permit application. The public resource agency then has 30 days to provide written comments to the Department regarding measures, if any, the public resource agency recommends the Department consider as a

condition on the well permit. The applicant may provide a response to the public resource agency comments.

Going forward, well permit applications are to include the identification of public resources, descriptions of functions and uses of the public resource, and measures proposed to avoid, minimize or otherwise mitigate impacts, if any. Under section 78a.15(g), the Department is to consider the proposed measures, other measures necessary to protect against probable harmful impacts, comments by public resource agencies, and the optimal development of the gas resources and the property rights of the gas owners.

The Department’s denial of a well permit application or its imposition of conditions in a permit based on these newly applicable provisions is likely an appealable final action. In any such well permit appeal before the Pennsylvania Environmental Hearing Board, the Department has the burden of proving the well conditions imposed to protect any public resources listed in Section 3215(c) of Act 13 are necessary.<sup>5</sup> ■

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<sup>5</sup> Act 13 of 2012, Section 3215(e)(2)

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Department will consider comments and recommendations submitted by municipalities is declared unconstitutional and unenforceable based on the Supreme Court’s decision in *Robinson Township v. Commonwealth*, 83 A.3d 901, 984, 1000 (Pa. 2013) (Robinson II), in which it declared Section 3215(d) of Act 13 of 2012, 58 Pa. C.S. §3215(d) – the statutory authorization for this regulatory provision – unconstitutional and enjoined its application and enforcement.

<sup>4</sup> Justice Brobson recused himself from the Supreme Court’s consideration of the agencies’ appeal, having participated in the proceedings in the Commonwealth Court below. Former Chief Justice Baer participated in the oral argument but did not participate in the opinion of the Court.



# Supreme Court Limits the Use of Federal Administrative Law Judges; Related FERC Cases Pending

Published by Steptoe & Johnson PLLC - Authored by Kurt L. Krieger and Kevin W. Hivivk Jr.

On April 14, 2023, the U.S. Supreme Court issued an opinion that is expected to result in historic changes to the Federal Energy Regulatory Commission's (FERC) use of in-house administrative law judges (ALJs). In *Axon Enterprise, Inc. v. Federal Trade Commission, et al.*, (Axon), the Court unanimously held that federal district courts may hear constitutional challenges to regulatory enforcement actions taken by federal agencies before final agency adjudication. While the Court's holding in Axon applies to the Securities and Exchange Commission (SEC) and the Federal Trade Commission (FTC), it is expected to be applied in two active cases concerning FERC. Currently, these two cases challenging the constitutionality of FERC's use of ALJs are working their way through the Fifth Circuit. Importantly, both TotalEnergies Gas and Rover Pipeline, LLC (collectively, the FERC Cases) are stayed pending the resolution of Axon.

Writing for the Court in Axon, Justice Kagan reasoned "[constitutional] claims cannot receive meaningful judicial review through the FTC Act or [SEC] Exchange Act. They are collateral to any decisions the Commissions could make in individual enforcement proceedings. And they fall outside the Commissions' sphere of expertise." Accordingly, the Court found that constitutional claims are not "of the type" SEC and FTC statutory review schemes reach. In turn, "[a] district court can therefore review them." As a practical matter, FTC and SEC enforcement actions will take place in federal district courts, except where only administrative relief is possible.

In the pending FERC Cases, two district courts in Texas are weighing constitutional challenges to FERC's structure. The similarities between the regulatory framework in Axon and that at issue in the FERC Cases is acknowledged by all parties to those matters. For example, in Rover Pipeline, LLC, FERC attorneys motioned for stay, arguing the decision in Axon will apply to the "substantially similar statutory scheme under

the Natural Gas Act." In both cases, the courts agreed with this line of reasoning.

The expected limits on FERC's in-house adjudication process is likely to primarily impact the FERC enforcement process in natural gas cases. While the Federal Power Act (FPA) already gives targets of FERC enforcement the choice of de novo review in federal district court, enforcement actions arising under the Natural Gas Act can only be adjudicated by FERC ALJs. Agency enforcement proceedings are lengthy and time-consuming. Indeed, in instances where the enforcement target is given the option to pursue de novo district court review — such as under the FPA — the overwhelming majority of litigants choose that route.

The future of FERC ALJs, and in-house administrative adjudication generally, is rapidly evolving. With broader challenges to these federal regulatory practices on the horizon, it will be important to monitor the situation closely. ■



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# IRS Introduces Safe Harbor Method for Accounting Expenses in Natural Gas Infrastructure

Published by Schneider Downs Energy & Resources Services - Authored by Jeremy Matelan

The Internal Revenue Service recently issued Revenue Procedure 2023-15, which introduces a new safe harbor method of accounting for taxpayers looking to determine whether they need to capitalize or deduct expenses associated with repairs, replacements or improvements to natural gas transmission and distribution property.

However, gathering systems, such as pipelines from going from individual wells to a compressor station, are specifically excluded from this revenue procedure. The release of this guidance stems from the challenges taxpayers faced in discerning what defined a unit of property in their vast, interconnected transmission and distribution network.

In response to these challenges, the IRS introduced the “natural gas transmission and distribution property safe harbor method of accounting” or “NGSH Method,” effective for tax years ending after May 1, 2023. Taxpayers who elect to use this safe harbor accounting method must first distinguish between linear and nonlinear property. Linear property includes pipes, valves, casings, and fittings. While nonlinear property consists of compressor station, gas storage and gas regulating property. Taxpayers who choose to use the new accounting method on linear property may also use it for nonlinear property but are not required to do so. However, if taxpayers elect to use the NGSH Method for nonlinear property, they are then required to also do so with linear property.

Next, the revenue procedure provides the specific accounting methods for each class of property, and details how the NGSH method should be calculated and adopted. The IRS is allowing taxpayers to choose between using a 481(a) adjustment or a specified cut-off method to implement the new accounting method. Lastly, the IRS publication details the procedures for taxpayers to obtain automatic consent from the IRS to change to the new safe harbor accounting methods.

With the complexity of this guidance and the rules being effective for 2023 tax returns, please reach out to your tax advisor soon to determine if this Revenue Procedure affects you and how you can plan to implement the new rules. ■

## PIOGA 2023-2026 Board of Directors Nominations

The Pennsylvania Independent Oil and Gas Association (PIOGA) is calling for the next leaders in the industry to step forward. The PIOGA Board is instrumental in providing leadership and direction for the association and for the oil and gas industry in Pennsylvania. The Executive Committee of PIOGA is soliciting nominees to fill the open Board seats. Nominees will serve a three-year term 2023-2026. According to the by-laws any **Full PIOGA Member** (this excludes Associate, Royalty Owners, Student and Emeritus) are eligible for nomination and election.

If you would like to nominate a candidate(s) or self-nominate, please email Danielle Boston - [danielle@pioga.org](mailto:danielle@pioga.org) - the name, contact information and, if possible, bio/resume of the candidate. **The nominations deadline is June 30, 2023 at 5 p.m.** It is recommended that each nominator review the General Board Expectations prior to making a nomination.



been one of the success stories. It has not accepted this mantle easily. The principles and ideals of its founders have been tested by the pressures and exigencies of its dominant status. The US still offers its residents opportunities for unparalleled personal advancement and wealth. However, the depletion of its resources, the contamination of its environment, and the continuing social and economic inequality that perpetuates areas of poverty and blight - all threaten the fabric of the country.

Whether by choice or chance, this country now finds itself in a continuing period of its “success” which is looking more clearly like failure. The principles that led the US to form and grow are now leading the country to shrinkage and this is being supported by other countries who clearly have a reason to see the US become less dominant and turn over its power to them.

This is a point in the conversation where some can doubt the conclusions. Those groups have two outcomes they can pursue. Approach number 2 is to perform your own research. Approach number 3 is to disagree completely. Group number 2, we will see most of you later. Group number 3, there are several options for you to pursue. Best of luck!

Group number 1 - EJ is an important concept. But how much effort should be put into it and at what expense? Throughout this country's history, laws have been added to regulate. Let's take the EJ issue to an extreme point. Let's say that anyone whose life or property has been affected or threatened by an environmental issue should have the opportunity to obtain information and a fair resolution of their concern. Let's say that a dozen families have been affected and deserve to have their concerns addressed. Or what if a thousand households are concerned with health and property damage from an environmental incident. Does the environmental incident have to occur or could it just be threatened? What does it mean for an environmental incident to occur? What does it mean for an environmental incident to be threatened? When is the threat over? How much should be spent to prevent the occurrence or threat of an incident? Who decides all of these issues?

I can assure you that these are the types of questions and concerns that are always raised. Now,

let's complicate it further. What is the scope of the EJ consideration? How much impact is needed? Can every resident seek to have the EJ concern resolved? Is there time for this? Is it limited to the neighborhood? Is it limited to the city? Is it limited to the county/parish? Is it limited to the state lines? Is it limited to the United States? Is it limited to North America? How do we enforce it beyond our borders, whatever borders we choose?

I can tell you simply that since WWII, the US has invested millions/billions/trillions of dollars in foreign countries. Much of this was easily done while the US was growing its economy and its workforce. But we out-executed ourselves potentially with our involvement in North Korea, Vietnam and many other countries. The costs of these endeavors were massive. So many thousands of lives were lost or severely damaged. The psychological effect of what soldiers experienced was also massive and is frankly incalculable. As a country, we still have not fully embraced the effects of Post Traumatic Stress Disorder (PTSD) or whatever label is applied to describe the dramatic psychological impact of these experiences. History still doesn't know how to process the costs/benefits of the American Sniper and whether what he did was of value to our country. What about a soldier who shot at and injured another soldier during conflict? What about everyone in between those two examples? What about every EJ issue that is identified by the public?

Okay, so back to EJ, let's say that every odor that is unpleasant should be addressed to the resolution of the nearby residents. What number is to be applied? How is the threshold odor number determined and who will measure it? How often will it be measured? How do we make it worthwhile to operate with vague standards that can be re-evaluated at any time?

Here is one of the challenges – what level of EJ issue must be dealt with and how? You cannot answer this or these types of questions in any meaningful way. Well, you can, but the consequences will be a continuation of the downhill slide this country has been on since 1945. If you prefer, select a different year but you cannot convince us that there is no downhill slide or how much worse it has become. Most importantly, you

*Continued on next page*



cannot convince the majority of US citizens that the situation is not getting worse but is accelerating rapidly.

What is the solution? Nancy Reagan was famous and was given credit for an expression that she never created - "Just Say No." But let's skip over that tidbit and appreciate that the expression was used effectively by the Reagans while they were in the White House to reduce or control illicit drug use. When anyone says, "Let's use EJ to improve our area," let's respond, "Just Say No." Why? Because we will never be satisfied with how to use EJ to improve our area. Except that we can all point to the millions/billions/trillions of dollars going to other countries directly and indirectly from US citizens so that we can have what we already do have but actually think we need more of it. It happens every time a new refinery or manufacturing plant or shoe factory or small toy factory opens in another country. Worse yet, these products do not meet our "standards" and so we buy new ones to replace the old ones.

It is time to take back over our country. It is time to elect officials who will listen to our business leaders. It is time to rapidly develop approaches to re-build new infrastructure and to take advantage of what we knew of or discovered. It is time to implement this process in 2023 and every year thereafter. We must employ this now for Environmental Justice - and for many other topics. ■



## The Present and Future of Electric Efficiency and Reliability

The days are numbered for the iconic Homer City Generating Station in Indiana County, a development caused by a number of factors, including stringent environmental regulations, coal pricing and the increased use of natural gas to produce electricity. The plant's closure will cost Indiana County about 125 jobs that supported families for decades, and remove a two gigawatt-rated electricity source from the PJM Interconnect grid – with the potential to serve about 1.5 million households at its rated capacity.

As we enter the summer season and periods of peak demand for electricity to run air conditioners without the might of the Homer City plant, PIOGA thought it made sense to calculate how other power sources – evaluated individually – might fill this void in our electricity supply, including an estimate of the amount of land required to produce an equal amount of power.

To do so, PIOGA did its best to make an equal, apples-to-apples, comparison of multiple sources, including natural gas combined cycle facilities, "peaker" natural gas plants, nuclear generating stations, and wind and solar farms. Each of those sources' efficiency ratings were also factored into the comparisons.

### The Facts

Replacing the baseload power provided by the Homer City Generating Station for the long-term will not be simple. In addition to the closure of coal plants, new natural gas electric facilities - equipped with the most advanced air emissions control systems - are facing opposition in many areas. In April, Bechtel Corporation abandoned a proposed 1,240 MW plant (to be built on just 68 acres) in Renovo, Elk County, after years of permitting challenges from the Philadelphia-based Clean Air Council and other groups, and despite significant local support. New renewable sources, which will also require transmission infrastructure to reach consumers, are not being added quickly enough at this time and will likely not be sufficient to equal the production of what is being lost. What happens in the next several years to our electric reliability is anyone's guess at this time.

***To read more from this month's Just the Facts – and to share it with friends and colleagues – visit the Latest News and Blog section at [pioga.org](http://pioga.org).***

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### PA Dems Continue False Narrative on Bonding Rates for O&G Wells

Last summer Pennsylvania House Bill (HB) 2644 was passed into law, becoming Act 96 of 2022. Part of the new law keeps the power to raise bonding amounts for conventional wells with the legislature rather than allowing PA's unelected Democrat bureaucrats in the bowels of the DEP's Environmental Quality Board (EQB) from arbitrarily raising rates to punish drillers. The radical Democrats who control the PA House (with a razor-thin, one-seat majority) introduced a bill a few weeks ago attempting to undo Act 96. Using complicit media outlets, the radical Dems continue to spread their false narrative (propaganda) in an attempt to undo the common sense law.

Anti-fossil fuel zealot Greg Vitali, chairman of the PA House Environmental Resources & Energy Committee, recently introduced House Bill (HB) 962 to overturn Act 96 and return the power to raise bonding rates back to the DEP and EQB. When Vitali's bill landed, garnering no support, Vitali quickly modified it, attempting to water it down enough to get traction. It's doubtful Vitali's bill, which is now heading for a vote by the full House, will pass. Even if it does, it's DOA in the Republican-controlled Senate.

The Pennsylvania Independent Oil & Gas Association (PIOGA) responded to Vitali's bill with a letter exposing HB 962 as another anti-gas shenanigan. The PIOGA letter points out that: (a) wells drilled prior to 1984 were not required to post a bond, (b) most of the so-called abandoned and orphaned wells on the list today were drilled before 1984, and (c) the number of newer (post-1984) wells that are on the abandoned list is tiny. In other words, HB 962 is trying to fix a problem that doesn't exist.

The current Act 92 law (passed last year) requires a \$2,500 bond for every new well drilled—and keeps the price set at the \$2,500 rate for ten years. Vitali wants the DEP and EQB to have the power to just willy-nilly change the bond rate any old time it pleased. That went nowhere. Vitali's watered-down version gives the DEP/EQB the power to change the price every two years, begin-

ning two years from now.

With a vote coming up, Vitali put the word out for the media to help in pressuring House members, and (if it passes in the House), pressuring Senators. He got a couple of takers.

#### *From the Pennsylvania Capital-Star:*

A majority-Democrat state House panel voted last week to advance legislation that would resurrect regulators' ability to address the commonwealth's orphaned and abandoned oil and gas well crisis after that power was stripped last year.

Altogether, there are estimated to be between 300,000 and 500,000 orphaned and abandoned oil and gas wells in Pennsylvania — they pose risks of explosion to surrounding communities, and they leak methane, a planet-warming greenhouse gas, into the atmosphere and toxins into nearby homes and waterways.

The House Environmental Resources and Energy (ERE) committee voted 12-9 on party lines to pass HB 962 on May 23; it will now go to the floor of the House of Representatives for a full vote.

Introduced by Rep. Greg Vitali, D-Delaware, on April 19, the bill restores the authority to raise bonding amounts for conventional oil and gas wells to the Environmental Quality Board (EQB), the independent board that votes on and passes regulations for the Department of Environmental Protection (DEP).

Currently, the state requires operators of any conventional and unconventional wells drilled after 1985 to put forth a bond of \$2,500 and between \$4,000 to \$10,000, respectively, when they drill or acquire it. Such a bond is meant to cover the cost of plugging in the event that the operator abandons the well — and lower per-well rates are available for operators that put forth what's called a blanket bond for a grouping of wells in one go. Unfortunately, these bond amounts represent a mere fraction of the true cost of plugging, which can run more than \$100,000.

The EQB's authority over well bonding for conventional (typically older, shallower vertical wells) was stripped last year with the passage of HB 2644 — which is now codified as Act 96 — after environmentalists formally asked the DEP to raise how much money it collects from oil and gas companies to prevent the proliferation of abandoned wells. Had HB 2644 not passed, the agency could have done so, and worked to prevent the abandonment of wells by disincentivizing the routine practice of walking away.

*Continued on page 16*



### Hydrogen hubs threaten taxpayer waste without thoughtful design

**B**illions of federal dollars exist to build hydrogen hubs, but some experts warn the unproven technology could just support business as usual, instead of fundamental change.

Pennsylvania has two proposed hydrogen hubs vying for federal attention: one for a Decarbonization Network of Appalachia in the western part of the state and connected to Ohio and West Virginia, and a Mid-Atlantic Clean Hydrogen Hub in southeast Pennsylvania, New Jersey, and Delaware.

Dozens of proposals are competing for \$7 billion in federal subsidies for hubs that claim to reduce emissions and drive economic revitalization. The plan would be for the industry to use natural gas to produce hydrogen and energy while capturing and storing carbon.

As testifiers told the House Environmental Resources and Energy Committee on Monday, however, producing the promised benefits is not a guarantee, even with federal money.

“Our conclusions are robust,” said Robert Warren Howarth, a professor of ecology and environmental biology at Cornell University. “The greenhouse gas footprint of blue hydrogen is never better than simply burning natural gas.”

Hydrogen can be produced in three ways – referred to as gray, blue, or green. Gray hydrogen is produced with natural gas and steam; blue is produced the same way, but its carbon gets captured and stored underground; and green is produced with renewable energy, such as wind or nuclear.

Green hydrogen is produced by separating hydrogen and oxygen atoms in water with electrolysis, but very little hydrogen is produced in this manner so far. The Department of Energy calls electrolysis “a promising option,” but high costs and technical challenges mean that very little hydrogen is produced in this way.

Howarth noted that emissions are much higher with gray and blue hydrogen, but expects the cost of green hydrogen to fall in the future to become

more competitive.

Federal subsidies, though, don’t discriminate among green, gray, and blue – which concerns environmental advocates.

“We are also deeply concerned that without rigorous guardrails, hydrogen risks delaying a transition to the clean economy and increasing the transition’s costs,” Pete Budden of the Natural Resources Defense Council said.

Budden argued that lawmakers need to remove natural gas use subsidies, get specific on a definition of the carbon intensity of hydrogen, add government incentives for “the cleanest hydrogen,” and restrict incentives to “high-value end uses.”

Poor execution of the subsidies could sideline environmentalists’ goals to reduce the use of fossil fuels, but it could also burn up taxpayer dollars.

“Unfortunately, there’s been little transparency on the part of both (the Department of Energy) and the hub applicants in sharing key information about these hub proposals,” Budden said.

Subsidizing hubs that use natural gas to produce hydrogen “is an extremely unproductive use of Pennsylvania’s taxpayer funds,” he said.

Likewise, Joanne Kilgour of the Ohio River Valley Institute, warned that taxpayers would have to bear the price tag of these hubs.

“The entire cost of this infrastructure buildout could be inflicted on taxpayers and ratepayers,” Kilgour said.

Kilgour and others have previously testified about the risk that hydrogen hubs could require more taxpayer support, rather than working as beacons of economic growth, as The Center Square previously reported. Betting on carbon capture technology to lower emissions, too, has so far failed to produce results, despite hundreds of millions of dollars in subsidies. ■

## PIOGA's Oil Patch Classic Golf Outing & Steak Fry

On June 6th, PIOGA held its annual Oil Patch Classic Golf Outing & Steak Fry at the Wanango Country Club in Reno, Pa. The event was a huge success and enjoyed by all!

PIOGA would like to thank the sponsors of the event and all participants!

Check out some of the event photos below and make sure to visit the Photo Galleries section at [pioga.org](https://pioga.org/about/photo-galleries) to view all photos from the event! (<https://pioga.org/about/photo-galleries>)



## PIOGA's 2023 Events

A photo glimpse at some of the great PIOGA events this year!

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## MDN Article *Continued from page 13*

The bill's passage was the result of a deal a Republican legislator with family ties to the conventional oil and gas lobby made with then-Gov. Tom Wolf's office in exchange for education funding in the final hours of budget deal-making, Capital & Main reported exclusively at the time.

"Unfortunately, in Harrisburg, broad deals covering many topics are made," Vitali, the chairperson of the House Environmental Resources and Energy (ERE) committee said. "Bad environmental policy is usually a bargaining chip that the Republicans want in exchange for something else."

"Essentially, what we're trying to do is to take the law back to where it was," Vitali continued of HB 962. A previous version of the bill also attempted to raise bonding amounts for conventional wells to that of unconventional; this clause was removed from the version that passed committee in an attempt to make it "amenable to the conventional drilling industry," Vitali said in Tuesday's voting meeting.

HB 2644 was introduced in June 2022 by Rep. Martin Causer, of McKean County, the committee's ranking Republican. His district also includes Cameron and Potter counties. All three are home to a clustering of conventional oil and gas wells. (Causer also accepted \$7,500 from the Pennsylvania Grade Crude Oil Coalition, a conventional industry trade group, in 2022, campaign finance records show). In Tuesday's voting meeting, Causer called HB 962 a "bad bill" that was not "worth voting for."

In contrast to unconventional wells — a term that encompasses what are broadly thought of as fracking wells, which are typically newer, penetrate more deeply into the ground, and usually involve horizontal drilling — conventional wells are shallower, low-producing, typically vertical and are much more common across the commonwealth.

These low-producing wells are more likely to be owned and operated in small numbers by mom-and-pop operators than are fracking wells, but even so, the "vast majority" are in the hands of "large, well-capitalized companies," according to the Environmental Defense Fund (EDF).

These small, leaky wells often end up getting hot potatoed, one by one, between increasingly insolvent companies until they eventually land in the hands of an operator without the funds to pay for them. That's how Pennsylvania's vast swath of abandoned wells (for which an operator is known, but it has walked away) has proliferated alongside many orphaned wells (for which an operator is not known or has ceased operation).

Many of the commonwealth's legacy orphaned wells are left over from countless booms and busts since the first oil well was drilled in Titusville, Pennsylvania, in 1859, and the country's first oil fields grew thereafter. Rusty infrastructure with no traceable owner dots the state, abandoned long before regulations were developed. The state has no log of the vast

majority of these wells.

In the fall of 2021, the Sierra Club and five other environmental groups asked regulators to address this crisis, filing two petitions to raise bond amounts to \$38,000 and \$83,000 for conventional and unconventional wells, respectively. HB 2644 was introduced some nine months later and passed into law as Act 96 one month after that.

And, "Just last Friday...we received the official report from the DEP stating our rulemaking petition for the conventional industry was denied because Act 96 is on the books," said Kelsey Krepps, senior campaign representative at the Sierra Club Pennsylvania chapter at an April 24 hearing of the House ERE committee on Pennsylvania's orphaned and abandoned well crisis.

Should HB 962 pass, it would reinstate the EQB's ability to deliberate over petitions like this one — the legislation would not update bonding amounts to reflect the true cost of plugging, but give regulators the option of doing so, which Laurie Barr, abandoned well hunter and citizen scientist, called a "baby step" in a statement sent out after the hearing. The bill also requires the DEP to conduct a study on other financial mechanisms beyond bonds that it could employ to account for abandoned well plugging costs, and the applicability of these tools to wells drilled before 1985, which are currently not covered by state bonding law.

At stake is not just the fate of a heating planet and the safety of Pennsylvania residents, but \$70 million in federal funding available to states that improve their regulations around orphaned and abandoned wells, noted Adam Peltz, director and senior attorney, energy transition, at the EDF, who also spoke at the hearing.

According to estimates by Peltz and the EDF, it would take each oil and gas operator paying \$1,100 per well per year to properly address the state's abandoned well crisis. "These dollar amounts are sobering, but they speak to the magnitude of the problem in Pennsylvania," Peltz said in his testimony to the ERE committee.

An annual flat fee could take some of the guesswork out of the bonding scheme that Arthur Stewart, president of conventional well operator Cameron Energy and secretary of the Pennsylvania Grade Crude Oil Coalition, testified was unfairly burdensome for small companies and those that properly plug all their wells compared to, say, a penalty for companies that walk away in bad faith. Stewart called Act 96 a "compromise." "The outcry for higher bonding amounts is not supported by ... statistical data," Stewart said. "We are tired of fighting demagogues who preach a false narrative to pursue a global environmental agenda."

Peltz argues that relying solely on fines to disincentivize well abandonment takes up valuable administrative time and resources — as is, many operators have "all the incentive in



the world to walk away,” he said at the hearing.

This is notably true for small, financially insolvent ones that have acquired low-producing wells from large operators, as often happens, without the means to pay for true plugging costs. Per an EDF analysis, Pennsylvania is currently home to 55,000 wells that are at risk of being orphaned based on their production volumes and their owners’ financial wellbeing — around five times the number that the organization identified as being at low risk of being orphaned.

And solvent operators, Peltz says, are just incentivized to pass the buck. These operators “transfer wells down the value chain, until they get to a low solvency entity that might then go bankrupt,” leaving taxpayers on the hook for the cleanup, he said at the hearing.

Instituting a full-cost bond for each oil and gas well would help ensure that no financially unstable companies purchase wells without the means or intention to plug them. This rate could be doled out per well, or the state could adopt a set of higher rates that reflects the average cost of plugging.

“No well should be exempt from bonding,” Peltz said in his testimony. “I don’t understand why they would be; all of these wells have risk of becoming orphaned, and thus they need to have some money set aside to cover their plugging.”

“You just need to get more money in the system to be able to plug the wells,” he told Capital & Main separately.

“The one thing that’s for sure is, someone’s going to have to spend billions and billions of dollars to plug the 100,000 conventional wells that are currently out there,” he said. “The question is who. Ideally, it should be the operators.”<sup>1</sup>

#### ***From the official voice of the Democrat Party, PBS:***

Some environmental advocates are calling for more scrutiny of how federal money is being spent to clean up orphan oil and gas wells.

Money authorized in the federal Infrastructure Investment and Jobs Act is meant to plug orphan wells. Those are wells with no owner, and they’re different from abandoned wells, which have stopped producing but still have a responsible owner on the books.

The Capitol Forum, a news and analysis organization that aims to inform policymakers about how laws impact markets, found recently that some states are putting abandoned wells on lists of sites that could be cleaned up with the federal money. The report found three such wells in Pennsylvania.

“And what that means is that every dollar that gets diverted to clean up an abandoned well is a dollar that is no longer available to clean up the legacy orphan wells,” said Peter Morgan, a senior attorney with the Sierra Club.

Pennsylvania has upwards of 200,000 estimated orphan and abandoned wells, many drilled before modern regulations took effect. The state has documented about 25,000 of these wells.

Pennsylvania got \$25 million in the first round of well-plugging money. So far, 24 wells have been plugged and more than 160 are under contract.

Unplugged wells can leak methane, a greenhouse gas that can pollute groundwater and irritate respiratory issues.

Morgan said Pennsylvania’s Department of Environmental Protection doesn’t have the resources to make sure companies are following laws about plugging wells.

“Any system that relies so heavily on self-reporting by the industry is going to run into problems, especially when industry is aware that, essentially, the cop’s not on the beat,” he said.

A report from DEP released at the end of last year said inspectors found more than 3,000 newly-abandoned wells over the 5-year review period.

Morgan said there’s nothing in the federal law to make sure drillers plug their own wells first, before applying for money to clean up orphan wells. He said that could push the problem even further into the future.

DEP said it thoroughly reviews well records to identify responsible parties. If one is found, DEP said it works to get that company to pay for the well cleanup.

DEP spokesman Neil Shader said the agency has bonding requirements for all oil and gas wells drilled after 1985, meaning that companies must put money up front that will be forfeited to the Commonwealth if the company fails to plug an abandoned well.

“DEP is examining additional enforcement measures to ensure that operators do not burden Pennsylvania taxpayers with additional well-plugging burdens,” Shader said.

But Sierra Club and other groups have argued bonding amounts are inadequate. A law passed last year caps the bond amount for each new conventional well at \$2,500 for the next 10 years.

DEP estimates the cost of plugging one well averages \$33,000. But complications can drive the cost up to \$800,000.

Rep. Greg Vitali (D-Delaware) is sponsoring a bill to give back authority to DEP’s Environmental Quality Board to raise bond amounts. It passed the House Environmental Resources and Energy Committee on May 23. If it passes the full House, it faces an uncertain future in the Republican-controlled Senate.

The Senate had a similar make-up last year and passed the bonding restriction 29-21. <sup>2</sup> ■

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1 Pennsylvania Capital-Star (May 31, 2023) – How Pa. lawmakers are clawing back the state’s power to plug abandoned wells

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2 Harrisburg & Philadelphia (PA) StateImpact Pennsylvania (May 30, 2023) – Pa. advocates say more scrutiny needed over well-plugging money

## Williams - Regional Energy Access Project Update

(May 2023) - After nearly three years of the regulatory process, construction is underway on segments of the Regional Energy Access Expansion project. In March, the Federal Energy Regulatory Commission issued a Notice to Proceed for project construction, allowing Transco to mobilize contractors and begin construction in April. Segments of the project are now under construction, with other segments set to start in the coming weeks. This milestone reflects years of planning and preparation for the project, which is designed to minimize environmental impacts by maximizing the use of existing Transco infrastructure and rights of way.

Natural gas and the infrastructure that carries it is critical to achieving a clean energy future. The Regional Energy Access Expansion project will help ease supply constraints affecting customers in Pennsylvania, New Jersey and Maryland, providing enough natural gas supply to serve approximately 3 million homes.

In addition to providing essential energy infrastructure to the region, the Regional Energy Access Expansion project will provide valuable economic stimulus, generating high-quality employment with substantial direct, indirect, and induced economic activity. The project's economic benefits are already being recognized in northeast Pennsylvania, where pipeline construction activities are underway.

The Regional Energy Access Expansion project's total projected GDP contribution to the region is \$357 million, with more than \$17 million expected to be paid in state tax revenue and over \$6.6 million anticipated in local tax revenue.

To learn more about the Williams Regional Energy Access Project, visit the link below.  
<https://www.williams.com/expansion-project/regional-energy-access/?eid=3956>



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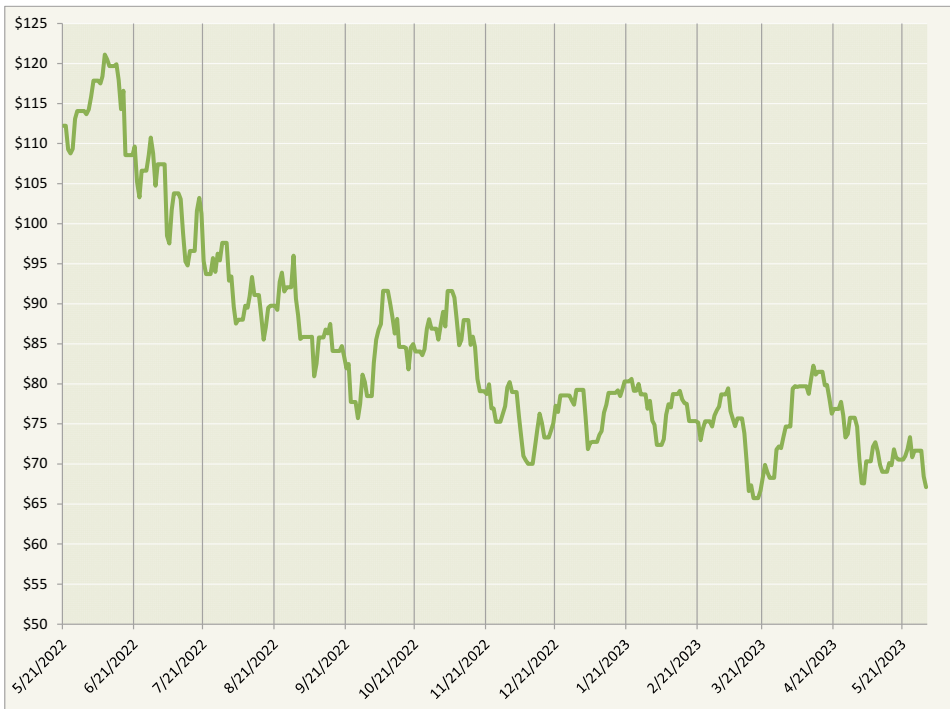


## Oil & Gas Dashboard

### Sources

American Refining Group:  
[www.amref.com/Crude-Prices-New.aspx](http://www.amref.com/Crude-Prices-New.aspx)  
 Ergon Oil Purchasing: [www.ergon.com/crudeoil](http://www.ergon.com/crudeoil)  
 Gas futures: [quotes.ino.com/exchanges/?r=NYMEX\\_NG](http://quotes.ino.com/exchanges/?r=NYMEX_NG)  
 Baker Hughes rig count: [bakerhughesrig-count.gcs-web.com/na-rig-count](http://bakerhughesrig-count.gcs-web.com/na-rig-count)  
 NYMEX strip chart: Mid American Natural Resources  
 Basis futures values: BHE Eastern Energy Field Services

### Penn Grade Crude Oil Prices

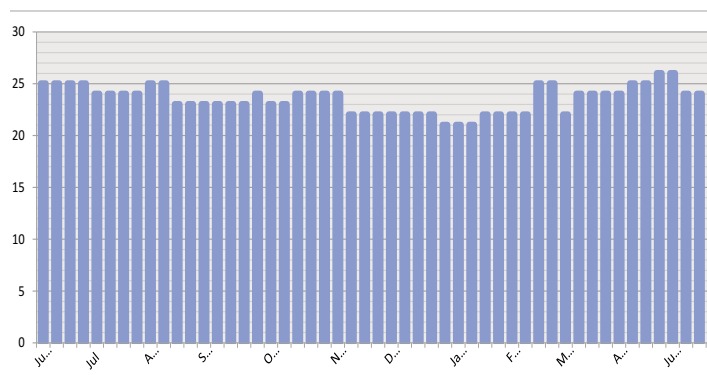


### Natural Gas Futures Closing Prices

July 2023	2.214
August	2.309
September	2.343
October	2.474
November	2.925
December	3.419
January 2024	3.680
February	3.617
March	3.339
April	3.046

Prices as of June 5, 2023

### Pennsylvania Rig Count



# Northeast Pricing Report — May 2023

The basis market continues to drop for yet another month. For the front month trading period every trading point dropped within a tight range between \$0.34 and \$0.38 Per MMBtu. Algonquin, however, was the only one that increased by \$0.39 per MMBtu. However, for the one-year trading term, Algonquin lost the most at \$0.77 per MMBtu and Transco decreased the least by \$0.11 per MMBtu. There was a good amount of variability for the full-term trading period. Algonquin dropped the most again at \$0.26 per MMBtu. Transco Leidy weakened the least by \$0.02 per MMBtu. Over the past three years it has been extremely uncommon to see the entire Northeast market decline so decisively.

While the basis market has hit challenging times, transportation has finally had some increased value. Dominion South and Transco Leidy to Algonquin increased by \$0.77 and \$0.76 per MMBtu. All the other transportation routes improved as well, albeit slightly. Transco Leidy to Transco Z6 increased by \$0.03 per MMBtu. Dominion South to TETCO M3 rose by \$0.03 as well, while Transco Leidy to TETCO M3 increased \$0.02 per MMBtu. Lastly, TETCO M3 to Transco Z6 added \$0.01 per MMBtu.

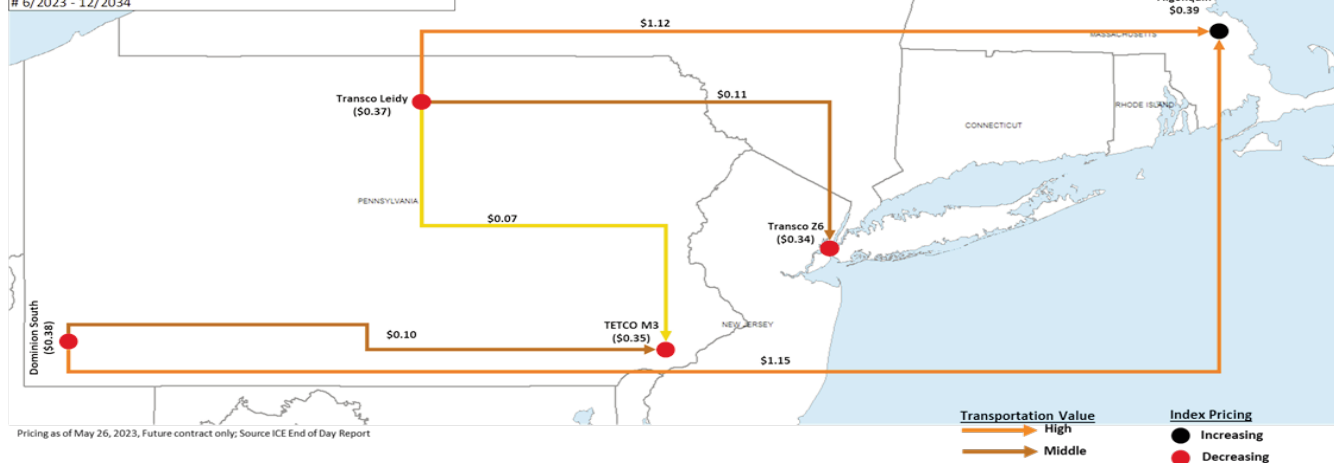
## Transportation Value Market Indicator



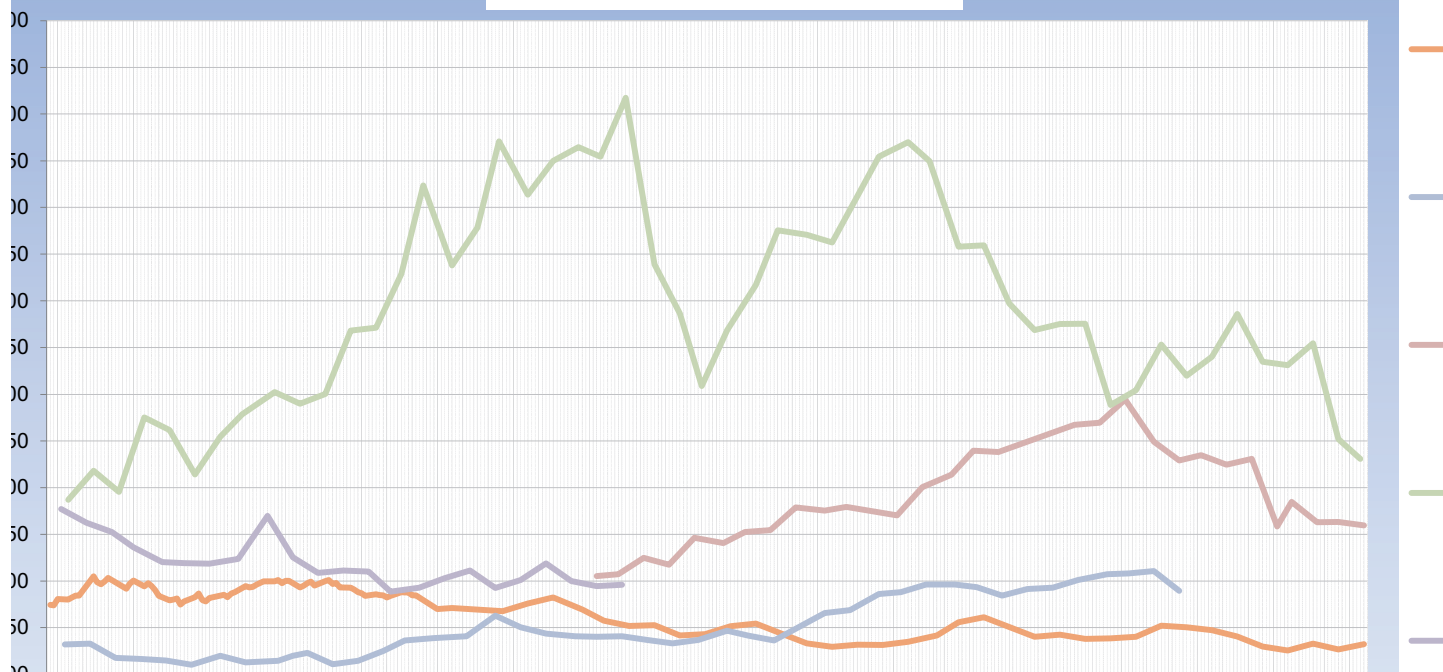
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Location	Natural Gas Basis Future Pricing (\$/MMBtu)		
	Pricing Term		
	6/2023	6/2023-5/2024	6/2023-12/2028
Algonquin	0.18	3.32	2.86
Dominion South #	-0.97	-0.97	-1.06
TETCO M3 #	-0.87	0.43	-0.02
Transco Z6	-0.83	0.79	0.43
Transco Leidy #	-0.94	-0.80	-0.99



## NYMEX ANNUAL STRIP PRICE



## Spud Report: May



The data show below comes from the Department of Environmental Protection. A variety of interactive reports are available by going to the Office of Oil and Gas Management page at [www.dep.pa.gov](http://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	Date	API#	County	Municipality	Operator	Wells	Date	API#	County	Municipality
Cameron Energy Co.*	6	5/1/23	053-31036	Forest	Howe Twp			5/25/23	053-31017	Forest	Kingsley Twp
		5/2/23	053-31037	Forest	Howe Twp			5/26/23	053-31015	Forest	Kingsley Twp
		5/3/23	053-31034	Forest	Howe Twp	Olympus Energy	2	5/27/23	129-29221	Westmoreland	Washington
		5/4/23	053-31035	Forest	Howe Twp			5/28/23	129-29222	Westmoreland	Washington
		5/5/23	083-57551	McKean	Hamilton Twp	Pennhills Resources	3	5/29/23	053-31032	Forest	Howe Twp
Chesapeake App	3	5/6/23	083-57556	McKean	Hamilton Twp			5/30/23	053-31044	Forest	Howe Twp
		5/7/23	113-20459	Sullivan	Cherry Twp			5/31/23	053-31033	Forest	Kingsley Twp
		5/8/23	113-20460	Sullivan	Cherry Twp	Range Resources	7	6/1/23	125-29056	Washington	Cecil Twp
		5/9/23	131-20659	Wyoming	Meshoppen			6/2/23	125-29057	Washington	Cecil Twp
Chesapeake		5/10/23	131-20657	Wyoming	Meshoppen			6/3/23	125-29058	Washington	Cecil Twp
		5/11/23	083-57628	McKean	Bradford City			6/4/23	125-29059	Washington	Cecil Twp
Cline Oil Inc. *	2	5/12/23	083-57629	McKean	Bradford City			6/5/23	125-28917	Washington	Cecil Twp
Curtis Oil Inc. *		5/13/23	053-31048	Forest	Howe Twp			6/6/23	125-29038	Washington	Cecil Twp
		5/14/23	059-28293	Greene	Whiteley Twp	Vanderhoof Energy	2	6/7/23	125-29037	Washington	Cecil Twp
Greylock Prod LLC	6	5/15/23	059-28295	Greene	Whiteley Twp			6/8/23	083-57443	McKean	Eldred Twp
		5/16/23	059-28297	Greene	Whiteley Twp			6/9/23	083-57442	McKean	Eldred Twp
		5/17/23	059-28296	Greene	Whiteley Twp						
		5/18/23	059-28298	Greene	Whiteley Twp						
		5/19/23	059-28294	Greene	Whiteley Twp						
		5/20/23	123-48671	Warren	Watson Twp						
		5/21/23	123-48712	Warren	Watson Twp						
		5/22/23	123-48709	Warren	Watson Twp						
Holden Oil & Gas *		5/23/23	053-31014	Forest	Jenks Twp						
KCS Energy Inc. *	2	5/24/23	053-31018	Forest	Jenks Twp						
Minard Run Oil Co.	4										

	May	April	March	Feb.	Jan.
<b>Total Wells</b>	<b>40</b>	<b>36</b>	<b>55</b>	<b>41</b>	<b>64</b>
Unconventional Gas	19	30	41	33	51
Conventional Gas	0	0	0	0	0
Oil	14	6	14	8	13
Combination Oil/Gas	7	0	0	0	0

## New PIOGA members — welcome!

### APOLLO RESOURCES

Jesse Roy Colangelo  
677 Stiles Rd. Yatesboro, PA 16263  
**Producer Member**

### CAPITAL OIL AND GAS

Bruce Bocker  
6075 Silica Rd. Austintown, OH 44515  
**Producer Member**

### CRITICAL CONTROL ENERGY SERVICES

Craig Provenzano  
954 Manifold Rd. Washington, PA 15301  
**Allies & Providers Member**

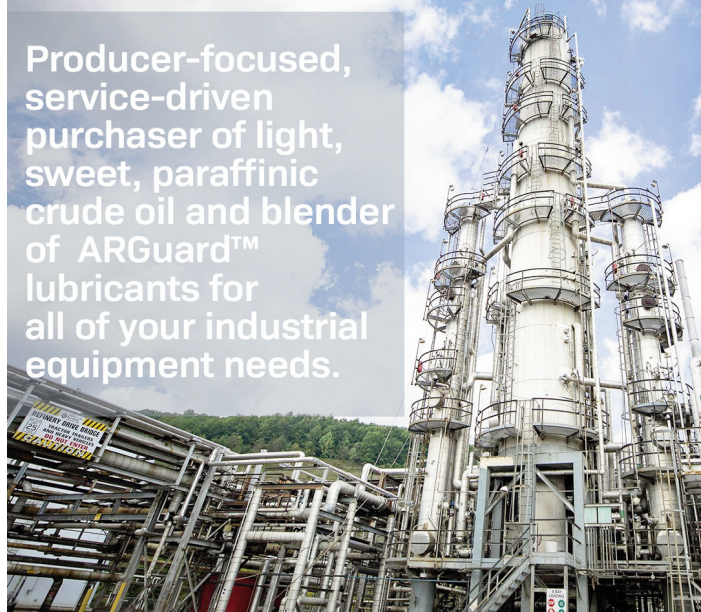
### ROYALTY MEMBER

Frances Vazquez  
PO Box 7834 Sharpsburg, PA 15215



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**David Cook**  
Crude Oil Relationship Manager  
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814-598-1607



## Calendar

### **PIOGA events**

Information: [www.pioga.org](http://www.pioga.org) > PIOGA Events

#### **PIOGATech - Safety/Fall Protection**

June 30. PIOGA Office - Wexford.

#### **26th Annual Divot Diggers Golf Outing & Steak Fry**

August 17. Tam O'Shanter of PA Golf Course

#### **PIOGATech - Environmental**

August 24. Venue: TBD

#### **Birds & BBQ Clay Shoot**

September 14. West Penn Sportsmen's Club

### **Other events**

#### **MSC's Understanding PFAS Training**

June 22 - Hilton Garden Inn,  
Pittsburgh/Southpointe

<https://pioga.org/event/mscs-understanding-pfas-training/>

#### **Gas & Oil Association of WV Summer Meeting.** August 13-15 - White Sulphur Springs, WV.

<https://gowv.com/events/calendar-of-events/#>

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