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TESTIMONY OF DANIEL J. WEAVER
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On behalf of the approximately three hundred members of the Pennsylvania Independent Oil & Gas Association, I thank the Department for the opportunity to testify today. PIOGA is a member-driven trade association that represents petroleum oil and natural gas interests throughout the Commonwealth and across all aspects of the industries. Our members include operators and producers from all three segments - petroleum oil, conventional natural gas, and unconventional natural gas - pipeline and other midstream and downstream operators, land and royalty owners, and dozens of allies and stakeholders in Pennsylvania's energy landscape. PIOGA is the oldest and largest energy trade association in the Commonwealth, and the only one that can speak on behalf of every aspect of the industry.

Therefore, when PIOGA comes before the Department today and says that the Preliminary State Plan will obliterate Pennsylvania's status as a global leader in energy production, have crippling economic consequences, and endanger public safety, we do so without exaggeration and after speaking with dozens of different stakeholders from various parts of the industry.

Let's start with some facts:

- According to the Energy Information Administration, 60% of energy production, and 44% of energy use, in Pennsylvania is a result of Pennsylvania-produced natural gas;
- Over $6 billion in gross domestic product is directly attributable to refinement of Pennsylvania Grade Crude Oil, without which products such as lubricating oils for electric-driven motors, paraffin waxes that protect food, and the plastics that are used every day in hospitals across the Commonwealth and nation would disappear;

- The largest single factor in the U.S.'s reduction in greenhouse gas emissions over the last fifteen years has been the natural gas industry becoming the primary source of electricity generation and remaining responsible stewards of the environment; and
- On average, a conventional natural gas well in Pennsylvania produces about $4,200 in gross revenue for its operator per year, before any operating or regulatory costs. A conventional oil well is about a thousand dollars more per year. Keep those numbers in mind as we move forward.

As the Department is certainly aware, one of the hallmarks of the Subpart OOOOc model rule and the Preliminary State Plan is the new monitoring and leak detection requirements. Conventional oil and gas operators already utilize industry standard techniques such as audio/visual/olfactory (AVO) detection, methane detectors, and combustion meters to detect methane and VOC leakage from their various facilities and to aid in repair if leaks are found. PIOGA recognizes that methane emission, especially fugitive emission, remains a concern both for DEP and the U.S. EPA, despite the existing efforts of our industry. **But let me be very clear – the Preliminary State Plan's requirement for Optical Gas Imaging cameras to become essentially the only accepted method of methane monitoring will obliterate the Pennsylvania oil and gas industry.**

Recall back to the $4,200 for gas/$5,200 for oil gross revenue number I spoke about earlier. OGI monitoring will cost a conventional operator approximately $1,000, per facility, per quarter; whereas, AVO, methane detectors, and combustion meters cost a fraction of that while providing just as accurate of a result. However, if OGI is mandated, the majority of conventional operators will be upside down on their well sites just on OGI costs alone, before any other operational or regulatory costs are added.

The direct impacts to Pennsylvanians will be catastrophic in many ways:

- Oil and gas companies that are small businesses that are critical to northern and southwestern Pennsylvania will be out of business;
- Thousands of Pennsylvanians will lose jobs;
- Hundreds of thousands of Pennsylvanians in rural and economically disadvantaged areas who only have Pennsylvania

conventional gas as their winter heating source will be left without gas to heat their homes;

- An environmental crisis well beyond regulated methane capture and release will occur as tens of thousands of wells will stand to be abandoned; and

- The unconventional gas industry will likely lose hundreds of thousands of acres of leased property that are currently held by the production of conventional wells, setting it back years and hundreds of millions of dollars.

PIOGA appreciates that DEP has limited maneuvering room as Subpart OOOOc is currently written. However, given the dire and catastrophic economic, energy production, and public safety impacts that the Preliminary State Plan would currently cause, PIOGA urges the Department to take these steps prior to submitting a final State Plan for approval with EPA and, ultimately, implementing and enforcing methane rules in the Commonwealth:

1. Engage in meaningful Remaining Useful Life and Other Factors (RULOF) analyses consistent with the cost-crippling burdens mentioned herein.

2. Given the large economic and policy concerns implicated by Subpart OOOOc, engage in a full and formal rulemaking process for and before the promulgation of a Final State Plan, including submission to the IRRC, EQB, and General Assembly for review and consideration.

3. If implementation deadlines are extended by EPA, take advantage of those extensions so that a more thorough, Pennsylvania-centric analysis of methane emission can be completed.

4. If EPA does provide reconsidered, revised OOOOc regulations and/or model rules, ensure that Pennsylvania will follow the federal government's anticipated guidance for a more balanced environmental and economic approach.

Finally, I note for the record that the Pennsylvania Grade Crude Oil Coalition and the Pennsylvania Independent Petroleum Producers join this testimony as if it were their own. PIOGA thanks the Department for the opportunity to testify here today.