



# The PIOGA press

The monthly newsletter of the Pennsylvania Independent Oil & Gas Association

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## Senate passes severance tax

The Pennsylvania Senate on July 27 approved a revenue package for the FY 2017-18 state budget that includes a severance tax on unconventional natural gas production. The tax initially would be 2 cents per Mcf, but could increase to as much as 3.5 cents depending on the price of natural gas. The severance tax would contribute an estimated \$100 million of the \$2.2-billion revenue package passed by the Senate.

As this issue of *The PIOGA Press* was being finalized, the House of Representatives had not yet taken up the Senate’s plan, and PIOGA has been urging members to reach out to their representatives and ask them to oppose the tax on shale-gas production. Many House members are skeptical of or outright oppose the Senate’s mix of borrowing and tax increases— including the severance tax—to fund the spending portion of the budget approved on June 30.

The severance tax included in House Bill 542 would be based on the average annual NYMEX price for natural gas at the following rates:

- 1.5 cents if the price is no more than \$2.25/Mcf.
- 2 cents if the price is greater than \$2.25 and less than \$3.00.
- 2.5 cents if the price is greater than \$2.99 and less than \$5.00.
- 3 cents if the price is greater than \$4.99 and less than \$6.00.
- 3.5 cents if the price is greater than \$5.99.

For the current fiscal year, the imposition period would run from July 1, 2017, to April 30, 2018. After that, the period would be May 1 to April 30. The basis of the tax would be the prior year’s average annual NYMEX price.

The local impact fee on unconventional wells would remain in place.

Consumers of natural gas also would be stung by new taxes. The Senate-passed legislation would reinstate the gross receipts tax (GRT) on the sale of natural gas at a rate of 5.7 percent. The GRT would rise from 5.9 percent to 6.5 percent for electricity and from 5 percent to 6 percent for telecommunications bills.

The GRT increases would cost consumers an estimated \$600

million annually. The Pennsylvania Chamber of Business and Industry points out the higher GRT taxes on energy would be particularly devastating to industrial users, with one western Pennsylvania company alone estimating its costs would jump by more than \$3 million annually.

### Permitting changes

For the natural gas industry, the Senate attempted to soften the blow of the severance tax by including several provisions aimed at improving permitting. In response to delays in permitting reviews, the legislation would require DEP to review certain permits within designated time periods or they would be considered approved.

The department would be granted 45 calendar days (60 days if the review period has been extended for cause) to review well permits, 30 calendar days to review general air quality permits and 53 business days to review earth disturbance permits. Expedited applications for earth disturbance permits would have to be reviewed in 24 days.

The bill also would allow DEP to contract with licensed professionals, such as architects or geologists, to review permits. Under the program, DEP would approve individuals already licensed by the state to review permits, and permit applicants could select any of those approved to review their application.

Additionally, the Senate amended HB 542 to create an Air Quality Permit Advisory Committee made up of lawmakers appointed by the governor and legislative caucus leaders. The committee would have the authority to approve or veto a new permit or permit revision proposed by the DEP and to send the department back to the drawing boards until an agreement is reached on a final product.

A high-ranking Senate staff member said this provision was in response to DEP’s proposed GP-5 and GP-5A permits. He called some of the permits’ new requirements “very onerous” and “problematic” for the industry and asserts they should have been done through regulation or law.

### Reactions

“This package that we’ve put together I think is a fair package,” said Senate Majority Leader Jake Corman. “It’s a package that for the first time will implement a severance tax on the natural gas industry, but at the same time, I think, makes significant regulatory reforms

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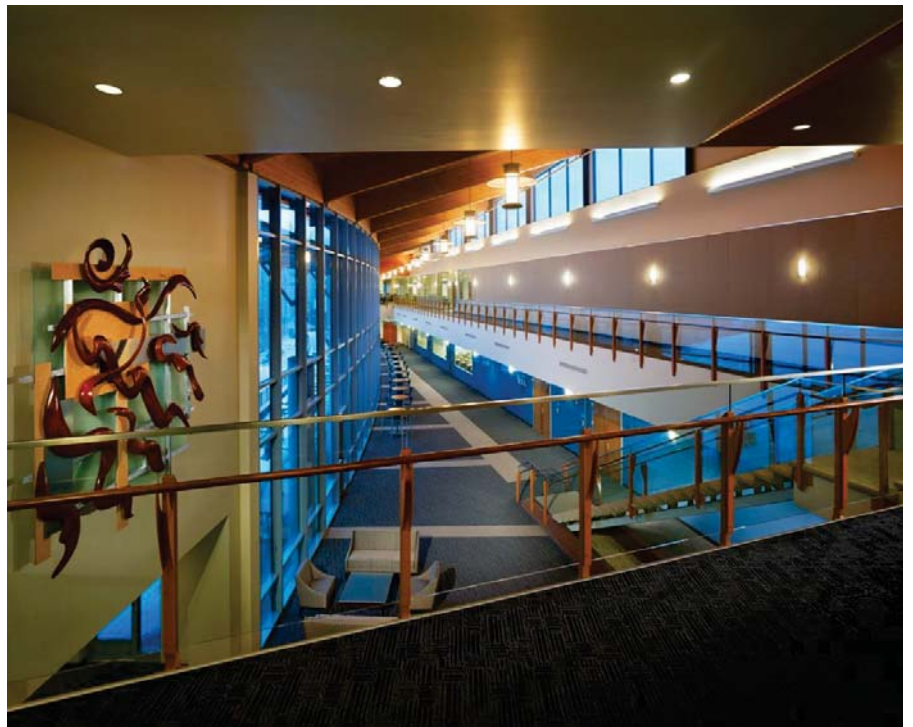
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**Severance tax:** *Continued from page 1*

which will help the employers in that area.”

PIOGA President & Executive Director Dan Weaver saw the severance tax side of the legislation this way: “Very little has changed in the world of Pennsylvania’s natural gas producers, but a lot of what has changed has been negative. Natural gas from our state is still sold at a substantial discount from interstate hub prices due to a lack of pipeline capacity, while obtaining permits and other authorizations necessary to develop shale gas reserves has taken increasingly and unreasonably long times.

“It’s time to stop this unwarranted and misguided effort to balance the budget by focusing on one industry that has the real potential to provide additional significant benefits to Pennsylvania, if enabled to do so through a responsible and common sense business development approach. The idea that Pennsylvania has left ‘billions’ off the table by not enacting a severance tax erroneously assumes that the level of shale gas investment and development would have remained the same,” he continued.

Meanwhile, many are skeptical that the bill’s permitting provisions would actually achieve the desired effect. For instance, the requirement to approve or deny the permit within a set time frame could simply result in more rejections, or get struck down in court, Kevin Sunday of the Pennsylvania Chamber of Business and Industry told the Associated Press.

PIOGA’s Weaver noted that DEP will suffer another cut in this year’s budget. “So tell me how they’re supposed to get their permits through on an expedited basis if they have less money and less staff?” he asked. “And here they go and cut their budget further. Doesn’t that exacerbate the problem?”

Environmental groups predictably have decried the permitting provisions as putting the foxes in charge of the henhouse, and of course the Senate’s severance tax is seen as too low by many.

**What’s next**

Almost two weeks after the Senate approved its plan to balance the state budget, leaders of the House of Representatives had no set timetable for acting on the legislation. A spokesman for the House majority leader said representatives were discussing alternatives to the Senate’s proposal.

Nevertheless, many members of the Republican-controlled House have expressed skepticism about the Senate’s tax-and-borrow solution.

“From the beginning, when we passed a full and balanced budget on April 4, our goal was to protect the wallets of taxpayers. Make no mistake; that is still where our caucus stands,” House Speaker Mike Turzai and other leaders wrote in a July 27 letter to their chamber’s GOP colleagues.

**Take action!**

PIOGA strongly urges you to personally reach out to your representative to let them know how a severance tax will hurt your business, whether you are a producer or a company that serves the oil and gas industry. If you don’t know who your representative is, you can find all you need to know by going to [pioga.mmp2.org/my-government](http://pioga.mmp2.org/my-government) and clicking on Find My Officials.

Please encourage your representative to seek other ways of solving Pennsylvania’s budget problems other than on the back our industry and the state’s energy consumers. ■

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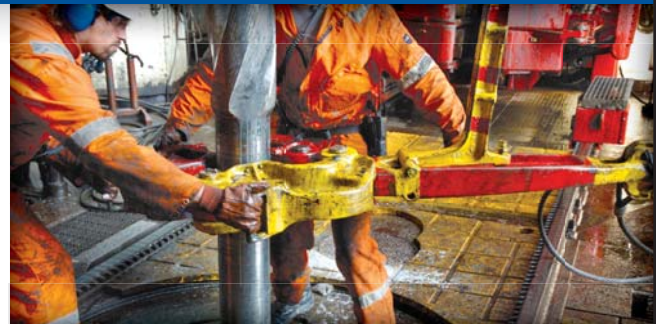
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# Paying our ‘fair share’

By **Brittany Ramos**  
**Cabot Oil & Gas Corporation**

It’s budget season in Pennsylvania, which inevitably means two things will happen: 1) There will be some sort of budget shortfall our elected officials need to work through—right now estimated to be around \$3 billion.

2) Newspapers will suddenly be filled with letters to the editor and columns and op-eds proclaiming “the natural gas industry doesn’t pay their fair share,” which tends to be followed by “Pennsylvania is the only state without a severance tax.”

I’m seeing some *Groundhog Day* familiarity already across the newspaper headlines in this Commonwealth.

I’m going to ask the readership for some help here: What exactly does the phrase “fair share” even mean? Who determines what is “fair” and how that “fair share” will even be spent?

A couple of weeks ago someone told me the only cases they’ve ever heard that phrased used is when the group calling for a “fair share” would stand to benefit by getting more money. Interesting thought.

The way Pennsylvania’s impact fee works is not by having all of the money go to Harrisburg to be used for budgetary purposes.

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## Guest Commentary

**Impact Fee Calculation**  
 Natural Gas Price Average

Year (Well)	\$0-2.25	\$2.26-2.99	\$3.00-4.99	\$5-5.99	\$6 or higher
1	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000
2	\$30,000	\$35,000	\$40,000	\$45,000	\$55,000
3	\$25,000	\$30,000	\$30,000	\$40,000	\$50,000
4	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
5	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
6	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
7	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
8	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
9	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
10	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000
11	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
12	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
13	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
14	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
15	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000

*Source: Marcellus Shale Coalition*

es. Instead, every single county in Pennsylvania, whether or not drilling is occurring, gets a payout each year from the activity in the Marcellus and Utica. And if drilling activity is happening in a municipality, it receives an additional payout of funds (hence the “impact” part).

What are these funds being used for? Everything from replacing roofs on courthouse buildings at no cost to the taxpayers to cleaning up acid mine drainage flowing from old coal mines. While these funds are earmarked to specific types of improvements, the point is the distribution of this money is up to the residents who receive it, rather than going into our black hole of a state budget.

As to the second statement popping up in newspapers, they’re 100 percent correct—Pennsylvania does not have a severance tax, which would be determined on a percentage of the natural gas coming from the ground. Instead, it has an impact fee assessed each time a new well is drilled and for the next 15 years. Above is a nice breakdown of how these fees are assessed. Also note how this fee increases as the average natural gas price increases.

How much does the impact fee collect?

**The 2016 drilling activities were assessed \$173 million, which amounts to a 9.16 percent effective natural gas tax.** To date, \$1.2 billion has been collected from activities in the Marcellus and Utica.

But because the \$1.2 billion is called an “impact fee” instead of a “severance tax,” it’s not enough? It doesn’t count?

Someone had better tell the hundreds of municipalities and counties across Pennsylvania they’re spending fake money. ■

*This article first appeared in the Cabot blog Well Said.*

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Root cause accident investigations (RCAs) provide insight required to understand and prevent the causes of near misses and undesirable incidents. Managing a successful RCA requires a well-organized and systematic approach. Please join our panel of industrial, legal, and regulatory experts as they provide tips, tools, and strategies for completing a comprehensive and successful RCA.

The class will cover the following topics:

OSHA Tips and Resources for Conducting Root Cause Analysis Investigations	OSHA Representative (TBA)
Reducing Risk through Root Cause Analysis- A Practical Approach for Oil and Gas Operations	Kirk Elkin, Sr. Manager EHS Diversified Gas and Oil
Incident Investigation Tips & Techniques aka "The Lumberjack's Guide to RCA Trees"	Alex Duranko, Project Manager, SE Technologies
Emergency Response and Crisis Management: Legal considerations and pitfalls to avoid during crucial investigations	Patrick Dennison, Attorney Jackson Kelly PLLC

### Registration

Go to [www.pioga.org](http://www.pioga.org) > Events to register online or complete the registration form. Payment must be received prior to the training session. Space is limited, register now!

**Deadline to register is Friday, September 8, 2017**

### Cancellation Policy

You may cancel without penalty if written cancellation requests are received by **Friday, September 8, 2017**. Due to financial obligations incurred by the host, we will not provide a refund after this date.





Mike McCoy (left) from GZA GeoEnvironmental, Inc. demonstrates a silica monitor to Rudy Schmehl from Entech Engineering, Inc.

## PIOGA training focuses on storage tanks, silica

The Environmental Committee hosted another PIOGATech series held on July 27 and this one focused on the very timely topics of aboveground storage tanks (ASTs), secondary containment for ASTs and silica. More than 50 attendees learned from industry experts on potential liabilities if tanks not inspected, repaired and contained within state-approved secondary containment.

Participants also learned about the potential health hazards from silica during loading and unloading at the terminal, “sand-silo storage” at completion yards and during completion operations. Experts trained on how silicosis can be prevented by monitoring the areas of loading and unloading of silica (frac sand) and using proper PPE based on the monitoring results.

Topics covered included what those operating in the industry need to know about OSHA’s new crystalline silica rule, respirable silica monitoring, Pennsylvania and West Virginia AST regulations, and secondary containment and SPCC plans for ASTs.

Our special thanks go out to the presenters from GZA GeoEnvironmental, Inc. and Laurel Oil & Gas Corporation and to Environmental Tank & Container for its support of this training also. Save the date for the next Environmental Committee’s PIOGATech on air quality compliance on October 12 And for the Safety Committee’s next technical training, please see the opposite page. ■

Christina Galasso from Environmental Tank & Container talks to attendees about their services and products.



Jeff Knepper from GZA GeoEnvironmental, Inc. discusses Pennsylvania and West Virginia regulations and requirements for aboveground storage tanks as well as secondary containment.





## Federal and state permitting of underground injection wells in Pennsylvania

The oil and gas industry in Pennsylvania has made significant strides in recycling water in recent years. Since 2010, wastewater recycling has increased from 4.6 million barrels to more than 7.8 million barrels per year, according to a 2015 Pennsylvania Department of Environmental Protection, Bureau of Waste Management presentation on water recycling and oil and gas waste.

Given fluctuating market conditions, alternatives to recycling and reuse are also necessary. These alternatives include treatment and disposal both within and outside Pennsylvania. The wastewater disposal options in Pennsylvania have been limited in recent years by a variety of state and federal factors.

DEP asked unconventional operators to voluntarily stop sending wastewater to publicly owned treatment works (POTW) in 2010. EPA finalized a new regulation in 2016 banning unconventional oil and gas operators from sending wastewater to POTWs, a practice the federal Environmental Protection Agency noted as “current” industry practice.<sup>1</sup>

Historically, there have been few injection wells constructed and permitted in Pennsylvania, and some operators have sent wastewater to Ohio and other states where injection wells are more common. Under the Safe Drinking Water Act, EPA issues the federal Underground Injection Control (UIC) permits in Pennsylvania, and then DEP issues a well permit under the Oil

and Gas Act to construct a new well or alter an existing well for injection. The Commonwealth has not taken primacy over the federal UIC program. DEP, however, has recently revised its permitting process for the state permit needed to construct and operate UIC wells, revisions made in the midst of legal challenges in both state and federal courts.

EPA identified 15 UIC disposal wells in Pennsylvania, including plugged and abandoned wells and two wells pending permit approval, in its 2016 UIC well inventory. DEP’s 2016 annual oil and gas report listed eight active UIC disposal wells, two inactive wells and two wells under DEP technical review. Bear Lakes Properties in Warren County operates two commercial disposal wells, and it is anticipated that Windfall Oil & Gas in Clearfield County will operate commercial wells upon the approval of its pending permit application. The remaining UIC wells are not currently in commercial operation for use by third parties.

### Authors:



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**Jean M. Mosites, Esq.**

**Babst Calland**  
Attorneys at Law

### The UIC permitting process in Pennsylvania

Receiving approval to drill a new injection well or alter a depleted well for injection is a lengthy process that involves agency technical review at both the federal and state levels.

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Regarding the federal permit, EPA Region III reviews UIC permit applications for various engineering and geological points, including injection pressure and volume, the competency of the targeted injection zone, and the risk of seismicity. If the application passes technical review, EPA publishes public notice of and invites comments on the proposed permit. EPA often holds public hearings on a proposed UIC permit. Once EPA approves the final UIC permit, the operator may apply to DEP for the state well permit. The final federal UIC permit must be included in the state permit application. DEP reviews other technical aspects of the proposed well, including the construction of the well site and surface activities needed to convert existing wells. The state application process also has recently included a public comment component.

It can take several years to obtain both the federal and state permits for an injection well. This delay results, in part, from DEP regulations that require the applicant to include the final federal UIC permit in the state well permit application package. In a recent example, Penneco Oil Company applied for a federal UIC permit for a well in Plum Borough, Allegheny County, on March 9, 2016. EPA held the first public hearing over a year later, on July 26, 2017. If approved, the well can accept up to 54,000 barrels of wastewater per month, which would be the highest volume of any permitted UIC disposal well in Pennsylvania. Permitting by DEP will follow.

In another example, the Sammy-Mar LLC's state permit application was filed with DEP on May 10, 2016. DEP held a public hearing on June 28, 2016 and approved the permit 11 months later in May 2017. This state permit approval followed two other recent well permit approvals for UIC disposal wells on

March 27, 2017, when DEP approved well permits for Seneca Resources Corporation in Highland Township, Elk County, and Pennsylvania General Energy Company in Grant Township, Indiana County. Seneca applied for the DEP permit in November 2014; PGE applied to DEP in March 2015.

There is no indication that either federal or state permitting procedures will be streamlined any time soon.

### The controversy

UIC wells can be utilized to inject thousands of gallons of oil and gas wastewater into underground strata below underground sources of drinking water. The wells are cased to ensure that the wastewater reaches only the targeted formation. Targeted formations are contained by low permeability formations that prevent migration from the formation. The UIC permitting program has been developed to protect sources of drinking water.

Some recent concern with UIC disposal wells has been related to induced seismicity. Induced seismicity is seismic activity that originates from anthropogenic activity rather than from the natural movement of the Earth's plates. DEP confirmed in early 2017 that it recorded the first earthquakes in the Commonwealth related to completion of Utica wells in Lawrence County.<sup>2</sup> The five earthquakes were tremors of 1.8 and 2.3 on the Richter scale. Earthquakes of that magnitude cause no physical surface damage and cannot be felt aboveground.

Oklahoma has experienced seismic activity related to its 3,200-plus injection well industry. In 2011, residents were injured and 200 buildings were damaged by a 5.7 magnitude earthquake experts say could be linked to wastewater disposal wells.<sup>3</sup> Studies found the strongest correlation between induced seismic-



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ity and UIC disposal wells where high volumes of fluid—around 300,000 barrels a month—are injected quickly. No UIC wells permitted or pending in Pennsylvania are permitted to inject more than 54,000 barrels a month.

DEP has taken two recent steps related to seismicity concerns. First, it expanded its seismic monitoring network to thirty real-time seismic stations throughout the Commonwealth, as well as five rapid response temporary stations to be deployed to events of significant interest.<sup>4</sup> Second, the department included seismic monitoring conditions on the three most recently issued state well permits for UIC wells in Elk, Clearfield and Indiana counties. These permit conditions include the installation of a seismometer and continuous recorder at the disposal well, incorporation of the data into the Incorporated Research Institutions for Seismology network, and a seismic contingency plan with monitoring, reporting and mitigation provisions. The contingency plan includes a mandatory termination of injection if a seismic event of a magnitude 2.0 or greater occurs within three miles of the UIC well.<sup>5</sup>

Whether DEP's recent UIC permit conditions are necessary or appropriate—questions to be decided by the Environmental Hearing Board—oil and gas wastewater disposal options will continue to be a topic for creative exploration and innovation by operators, treatment facilities agencies and the public. ■

<sup>1</sup> The Pennsylvania Grade Crude Oil Coalition challenged the federal effluent limitation guideline regulation in November 2016. *PGCC v. EPA*, No. 16-4064 (3rd Cir. 2016). PGCC claims the EPA erred by prohibiting conventional operators from continuing to send brine to POTWs for treatment. The briefing schedule for the case has been stayed until September so the parties can discuss settlement options.

<sup>2</sup> PA DEP, *Review of Seismic Events in Lawrence County, Pennsylvania* (Jan. 2017), available at [www.dep.pa.gov/About/Regional/NorthwestRegion/Community-Information/Pages/Lawrence-County-Earthquake.aspx](http://www.dep.pa.gov/About/Regional/NorthwestRegion/Community-Information/Pages/Lawrence-County-Earthquake.aspx).

<sup>3</sup> *Exploring the Link Between Earthquakes and Oil and Gas Disposal Wells*, StateImpact (2016), [stateimpact.npr.org/oklahoma/tag/earthquakes](http://stateimpact.npr.org/oklahoma/tag/earthquakes).

<sup>4</sup> Pennsylvania OKs new injection wells for oil and gas wastewater, StateImpact (Mar. 27, 2017), [stateimpact.npr.org/pennsylvania/2017/03/27/pennsylvania-oks-new-injection-wells-for-oil-and-gas-wastewater](http://stateimpact.npr.org/pennsylvania/2017/03/27/pennsylvania-oks-new-injection-wells-for-oil-and-gas-wastewater); *DCNR, DEP Increasing Efforts to Monitor Seismic Activity in Pennsylvania*, Penn State Extension (Sept. 30, 2015), [extension.psu.edu/natural-resources/natural-gas/news/2015/09/dcnr-dep-increasing-efforts-to-monitor-seismic-activity-in-pennsylvania](http://extension.psu.edu/natural-resources/natural-gas/news/2015/09/dcnr-dep-increasing-efforts-to-monitor-seismic-activity-in-pennsylvania).

<sup>5</sup> PGE appealed the Grant Township, Indiana County well permit to the Pennsylvania Environmental Hearing Board in April 2017. *Pennsylvania General Energy Company, LLC v. Commonwealth of Pennsylvania Department of Environmental Protection*, No. 2017-031-R. Several Grant Township residents also appealed the permit. *Judith Wanchisn, et al. v. Commonwealth of Pennsylvania Department of Environmental Protection*, No. 2017-032-R.

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## Mobile engine hazard alert

The Occupational Health and Safety Administration, the National Institute for Occupational Safety and Health, and the National STEPS Network Alliance recently issued a hazard alert aimed at preventing fatalities at well sites caused by ignition of vapors by mobile engines and auxiliary motors.

Vehicles and motorized equipment such as diesel trucks, light plants, and motors and pumps present an ignition hazard if located too close to the wellbore or other potential flammable vapor sources (e.g., flowback tanks, frac tanks, production tanks). When flammable vapors or gases are released, non-intrinsically safe engines and motors can ignite the vapors and cause explosions with catastrophic consequences. Conducting a fire risk assessment to ensure safe positioning of all motorized equipment during drilling and completions, servicing, and production operations is essential to preventing fires and explosions, the hazard alert advises.

### Employers

#### Conduct fire risk assessments at the worksite and review with workers, including:

- Train workers to know that when an engine over-revs or starts “running away,” it’s in a gas/vapor cloud.
- Identify potential sources for release of flammable gases or vapors, such as wellbore, flowback tanks, frac tanks and production tanks.
- Evaluate the location of potential sources of release as they relate to on-site ignition sources. Consider changing weather conditions (wind, temperatures, etc.).
- Establish acceptable areas, boundaries, and entry routes for vehicles and motorized equipment, including contractors’ equipment.
- Ensure that the location of all vehicles/motorized equipment is within the established areas, boundaries and entry routes.
- Develop a job hazard analysis (JHA) that includes fire risk hazards.
- Review the JHA, fire prevention plans and emergency evacuation procedures at daily shift meetings.

Reference API 54 for guidance on the above.

#### Engineering controls and other preventative measures:

- Monitor (personal and/or fixed) for flammable gases and vapors (e.g., lower explosive limits, or LEL) and oxygen.
- Consider installing shutdown systems (positive air shutoff for diesel or ignition kill for gasoline), intake flame arrestor, exhaust system spark arrest or other appropriate protective systems for mobile engines.
- Use safe work permit system or other administrative control method to control vehicle/motorized equipment access in areas that could contain flammable vapors and gases.
- Train workers on hazards of internal combustion engines as ignition sources. (See the OSHA fact sheet, “Internal Combustion

## Safety Committee Corner

tion Engines as Ignition Sources.”)

- Shut down running/idling nonessential equipment and vehicles.

#### Establish safe work practices and procedures:

- Evacuate the area immediately if an engine over-revs or runs away.
- Communicate emergency procedures to all employees about what to do if an engine over-revs and their specific duties during shutdown operations.

### Workers

- Follow employer’s safe work practices and procedures.
- Participate in and review JHA before beginning work.
- Attend hazard communication training—know the contents and hazards of the equipment you work on.
- Remove other potential ignition sources from hazard zones (e.g., static, cell phones, open flames, cigarettes, sparks from tools or metal objects, etc.).
- Use required PPE, gas detection devices (personal) and heed all alarms.

The alert advises: “Evacuate! If an engine ‘over-revs’ or ‘runs away,’ you run away too.”

A printable poster-type sheet addressing this hazard can be downloaded at [www.nationalstepsnetwork.com/pdf/Mobile-Engine-Hazard-Alert-Final\\_05-31-17.pdf](http://www.nationalstepsnetwork.com/pdf/Mobile-Engine-Hazard-Alert-Final_05-31-17.pdf). ■

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## Rallying for the Atlantic Sunrise pipeline

By Sandy Spencer,  
Appellation Pre Fab

On Thursday, July 20, a coworker and I attended the Energy Nation/Williams/Cabot/SWN rally at Shadowbrook Resort in Tunkhannock. Although it was very hot and humid, the industry came out over 400 strong to show support for the natural gas industry and Williams' Atlantic Sunrise pipeline project.

The "Time to Build" slogan was on display via banners and shirts, and many companies were represented. Cleaned and "spit-polished" water trucks lined the perimeter of the area and employees proudly wore company attire. A very large American flag hung by cranes created a feel of "American proud" for attendees.

After a sumptuous barbeque lunch (with strawberry shortcake desert!), several government and industry speakers took the stage to share a few thoughts. We were led in the Pledge of Allegiance and the National Anthem by veterans, which was inspiring and reminded us of the blessings we have.

Williams (with Cabot and SWN as partners) has done a great job via social media and advertising to promote the Atlantic Sunrise project and the many benefits it will bring to Pennsylvania. This was one more opportunity to show our support and be inspired to show continued support in our own communities and with our contacts.

"TIME TO BUILD!" ■



## Shell cracker plant progress update



Southwestern Pennsylvania along with parts of Ohio and West Virginia are seen as a multi-site ethane-ethylene producer and this alone will bring interest from ancillary service providers and manufacturing. The Shell ethane cracker under construction in Beaver County is the largest investment in the Pittsburgh region in more than a century and the first U.S. project of this type to be built outside the Gulf region in 20 years. Along with the Beaver County Chamber of Commerce and the Beaver County Economic Development team, the Pittsburgh Regional Alliance has been most instrumental with helping Shell get situated. Seen here, Patty Horvathich, VP of business investment for the Pittsburgh Regional Alliance, explains the rail and construction progress of the Shell site to Ryan Estabrook (center) and David Marks, (left) members of the Manufacturing Subcommittee of PIOGA's Pipeline and Gas Market Development Committee.





**SAVE THE DATE!**

## **PIOGA'S ANNUAL MEMBERSHIP MEETING AND NETWORKING RECEPTION**

**Thursday, October 5, 2017**

2 p.m. to 4 p.m.

Reception immediately following

*Heavy Hors d'oeuvres and 1 Drink Ticket complimentary  
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**There is no fee to attend for PIOGA members, but an RSVP is required.  
RSVP information will be released soon!**

At the **Annual Membership Meeting** you will hear about the work of the association on legislative, regulatory and public education matters that impact your business.

Chairman's Report and Board Member Introductions  
President & Executive Director Updates & Staff Introductions  
Committee Updates: Environmental, Pipeline and Gas Market Development, Safety & Health, Tax and Legislative  
Member Open Forum

### **Need a Hotel Room?**

PIOGA has negotiated a discounted rate of \$129.00 plus tax with the DoubleTree. Contact the Doubletree directly at 1-800-222-8733 and mention **group code PIO** reserve your room online and get the discounted rate.

**Deadline to get the discounted rate is September 14**

## PIOGA's Pipeline and Natural Gas Market Development Committee provides testimony on use of VW funds

By Joyce Turkaly

Director, Natural Gas Market Development

Said to be the largest auto-related class action settlement in the country, Pennsylvania is just one state to receive federal dollars as part of Volkswagen's settlement. The vehicle emission standards violations, both state and federal awarded via two consent decrees is said to be over \$118 million in Pennsylvania. As part of the state's settlement, two types of funds were established: Zero Emission Vehicle (ZEV) Fund and the Environmental Mitigation Trust.



On the ZEV side of the funding, the Pennsylvania Department of Environmental Protection is interested in projects that involve cross-state collaborations and infrastructure, but cannot submit requests for funding given that this ZEV fund will be administered by VW and the U.S. Environmental Protection Agency ([www.dep.pa.gov/Business/Air/Volkswagen/Pages/Volkswagen-Zero-Emission-Vehicle-\(ZEV\)-Fund.aspx](http://www.dep.pa.gov/Business/Air/Volkswagen/Pages/Volkswagen-Zero-Emission-Vehicle-(ZEV)-Fund.aspx)).

The Environmental Mitigation Trust will fund projects that will reduce emissions from certain types of diesel-powered vehicles and equipment as a remedy for some of the environmental damages caused by VW. The trust agreement is meant to be straightforward by addressing 10 specific "eligible mitigation actions." DEP has applied to become certified by the court-appointed trustee as the lead agency that will receive and distribute the funding from the Environmental Mitigation Trust. Although the trust agreement indicates that states may pick and choose from the 10 actions, Pennsylvania has chosen to allocate funding for all. On May 23, DEP unveiled a draft Beneficiary

### → DEP Beneficiary Mitigation Plan:


[www.elibrary.dep.state.pa.us/dsweb/Get/Document116474/Draft%20VW%20Beneficiary%20Mitigation%20Plan.pdf](http://www.elibrary.dep.state.pa.us/dsweb/Get/Document116474/Draft%20VW%20Beneficiary%20Mitigation%20Plan.pdf)

Mitigation Plan providing an outline of how Pennsylvania's portion of the trust fund will be spent.

Bob Beatty, chair of PIOGA's Pipeline and Natural Gas Market Development Committee, called on committee members Steven Franckhauser, Public Relations Subcommittee leader, and David Marks, Manufacturing Subcommittee leader, and me to provide public comment in support of natural gas and how best to design and implement the Beneficiary Mitigation Plan. Our members participated in the comment period and addressed the DEP administrators during a hearing at the department's Meadville office on June 22. The purpose of our combined testimony to the Draft Mitigation Plan was complimentary to the plan overall, yet each of us emphasized numerous direct and indirect benefits regarding reducing plugging liabilities, cleaning the air and the environment, natural gas technology including virtual pipeline infrastructure, project deployment, and economic development within the state.

*Given that Pennsylvania's Department of Environmental Protection (PA DEP) parameters relative to emissions reductions in NOx of approximately 95% for off-road engine(s) application, PIOGA believes that a successful program will consider (or equally weight) both the engine technology as well as (combined with) a fuel solution supply chain. PIOGA believes that any ability to address these issues as a whole plan (connecting the fuel source to the off-road engines) will assist the stranded gas market in Pennsylvania and provide our members financial support needed to provide and create fueling infrastructure solutions via a virtual pipeline model (that would include bottle trucks, tube trailers, and offloading equipment) which will ultimately reduce emissions by significantly lowering greenhouse gas emissions from off-road engines.*

— from Joyce Turkaly's testimony



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Pennsylvania is blessed with abundant energy resources, particularly clean-burning natural gas. We recognize the importance of delivering this gas to markets in need of affordable and reliable supplies and developing new and expanded markets for our products. We seek to create solutions for producers and consequently all other members by working with Pennsylvania's manufacturing and economic development teams to create a robust energy state with increased workforce opportunities.

A link to the individual testimonies provided by this four-person team can be found in our Members Only site under Pipeline and Natural Gas Market Development Committee. ■



# Education and outreach go hand in hand

Peoples Natural Gas and the *Pittsburgh Post-Gazette* held a forum on July 10 to address future transportation considerations and alternative fuels.

Morgan O'Brien (shown speaking at right), Peoples CEO, said his company is excited about helping its customers think differently about energy. He commented on universities' desire to get "off the grid" as well as all of the innovations taking place to make transportation cleaner.

Pittsburgh Region Clean Cities and PIOGA lent support to the event by helping with the two-hour ride-and-drive event that preceded the indoor panel discussion. The rain did not appear to deter the public's interest to stand in line outside the Heinz History Center in order to ride in one of the alternative-fuel vehicles and ask questions about range, refueling options and sticker prices.

Members of the public were interested in not only the progress of Uber's driverless technology, but were just as curious about other vehicles such as Tesla, Cadillac and Chevy (Impala). Alternative-fueled fleet vehicle options were on display from both Duquesne Light (Chevy Volt) and Peoples Gas (Honda Civic). Despite the rain that descended on the city near the start of the event, approximately 300 people took part.

Approximately 153,000 natural gas vehicles are operating in the United States; worldwide that number is over 15 million. In Pennsylvania, 37 transit agencies have converted to natural gas, citing cost savings as their number-one reason for making the switch.

This forum was the second in a four-part series on energy. ■



# FERC has a quorum again

The Senate voted August 3 to confirm two of President Trump's nominees to the Federal Energy Regulatory Commission (FERC), enabling the commission to have its first quorum in six months.

Robert Powelson and Neil Chatterjee were confirmed by unanimous consent to join the five-member board, which has been unable to take formal action on a number of important pipeline matters since February.

Powelson has served as a Pennsylvania Public Utility Commission member since 2008 and as chairman since 2011. He also serves as president of the National Association of Regulatory Utility Commissioners. Chatterjee is energy policy advisor to Senate Majority Leader Mitch McConnell. Over the years he has played an integral role in the passage of major energy, high-way and farm legislation.

Richard Glick is being nominated as the fifth and final FERC commissioner. He also is a Senate staffer and before that was a lobbyist for the wind-power energy. Action on his nomination is expected in September. ■

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## PIOGA Career Center: Is your company taking advantage of this free resource?

### Career Center

Career Center

Open Positions

Post a Job

Post a Resume

View Resumes

With the uptick in work within the oil and gas industry here in Pennsylvania lately, PIOGA staff are hearing from more companies looking for qualified employees. These are positive indicators that growth is happening again, albeit slow growth, but still growth!

As companies look to ramp up operations again, PIOGA wants to remind our members we have a Career Center on [www.pioqa.org](http://www.pioqa.org) dedicated to helping companies find workers and also job seekers find work. PIOGA understands the importance of connecting employers with potential employees, and we offer this resource for *free* and we hope your company is utilizing this member benefit.

Highlights of the Career Center include:

**Career Center Education.** This page highlights the potential jobs within the oil and gas industry and provides information on ShaleNET, an industry/education partnership to train and help connect to the industry.

**Open Positions.** Job seekers can review open positions that have been submitted by companies looking for candidates.

**Post a Job.** Companies can submit a job posting for free. Posted positions will remain on the site for three months unless you request it to be removed earlier.

**Post a Resume.** Job Seekers can upload their resume for viewing by PIOGA member companies. *Please note: Your*

*resume will be posted on a password-protected webpage and only PIOGA member companies (with passcode access) will be able to view.*

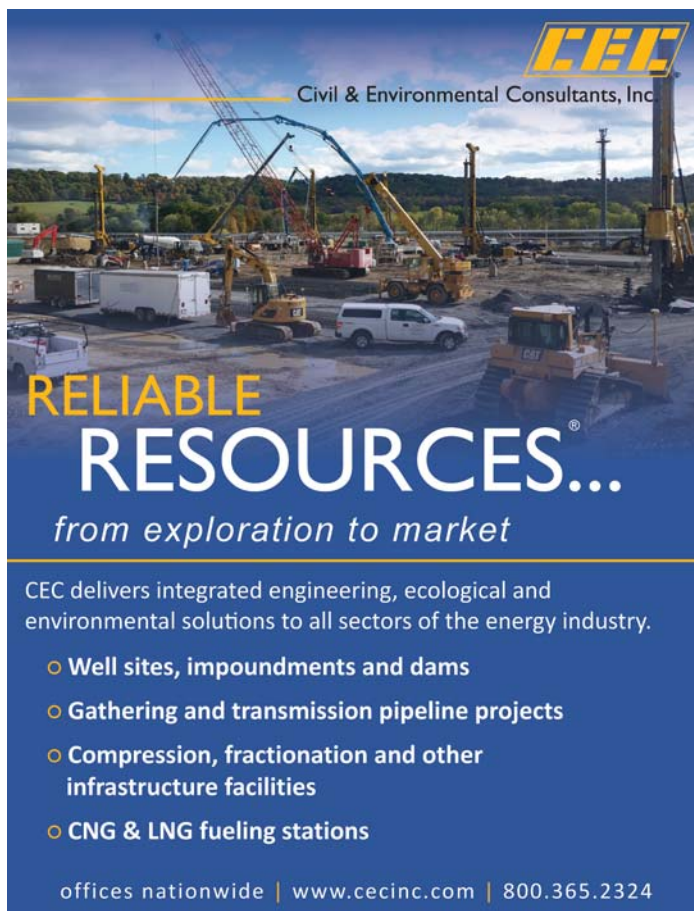
**View Resumes.** PIOGA member companies have access to this password-protected webpage to view submitted resumes of job seekers. It will request that you enter in your email address and the password is **pioqa-13** for PIOGA members. ■

### Free training for careers in the pipeline and natural gas utility industries

The Gas Technology Institute (GTI) and its partners have developed an entry-level training program for anyone interested in pursuing a career in natural gas. The four-week program will provide a basic understanding of natural gas, the utility and pipeline industries, and different equipment, procedures and operations.

Thanks to Appalachian Regional Commission grant funding, the cost of tuition will be covered for eligible students at community colleges and other venues throughout the Appalachian region.

To learn more, contact GTI's Patrick Findle at 412-577-8350 or [patrick.findle@gastechnology.org](mailto:patrick.findle@gastechnology.org).



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Ben Taylor  
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PIOGA and member company Stream-Flo sponsored drinks and gave away a basket of cheer at Halliburton's 50th-annual Groundhog Invitational golf outing last month. "Bobby Z" of Lola Energy was the winner of the basket, which contained gift cards from Arsenal Cider House, Southern Tier Brewing, PA Wine & Spirits, Wigle and Wooden Door Winery, along with a variety of PIOGA and Stream-Flo goodies.



Congratulations to PIOGA Board Member Jack Crook of Diversified Oil and Gas on hosting his annual Corn Dog Open for Make-A-Wish. PIOGA was pleased to partner this year and help to contribute close to \$750 in sponsorship dollars and funds raised with our lemonade stand. Above is PIOGA's Danielle Boston manning the stand.



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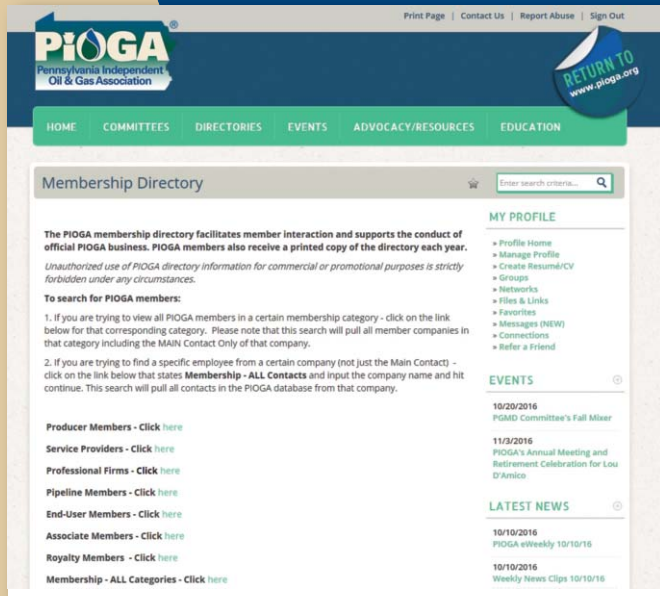
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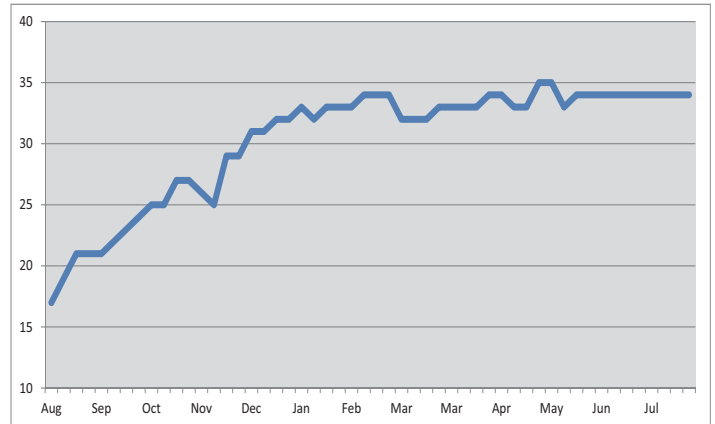
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## Oil & Gas Trends

### Pennsylvania Rig Count



### 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/prices.php](http://www.ergon.com/prices.php)  
 Gas futures: [quotes.ino.com/exchanges/?r=NYMEX\\_NG](http://quotes.ino.com/exchanges/?r=NYMEX_NG)  
 Baker Hughes rig count: [phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reports](http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reports)  
 NYMEX strip chart: Emkey Energy LLC, [emkeyenergy.com](http://emkeyenergy.com)

### Penn Grade Crude Oil Prices



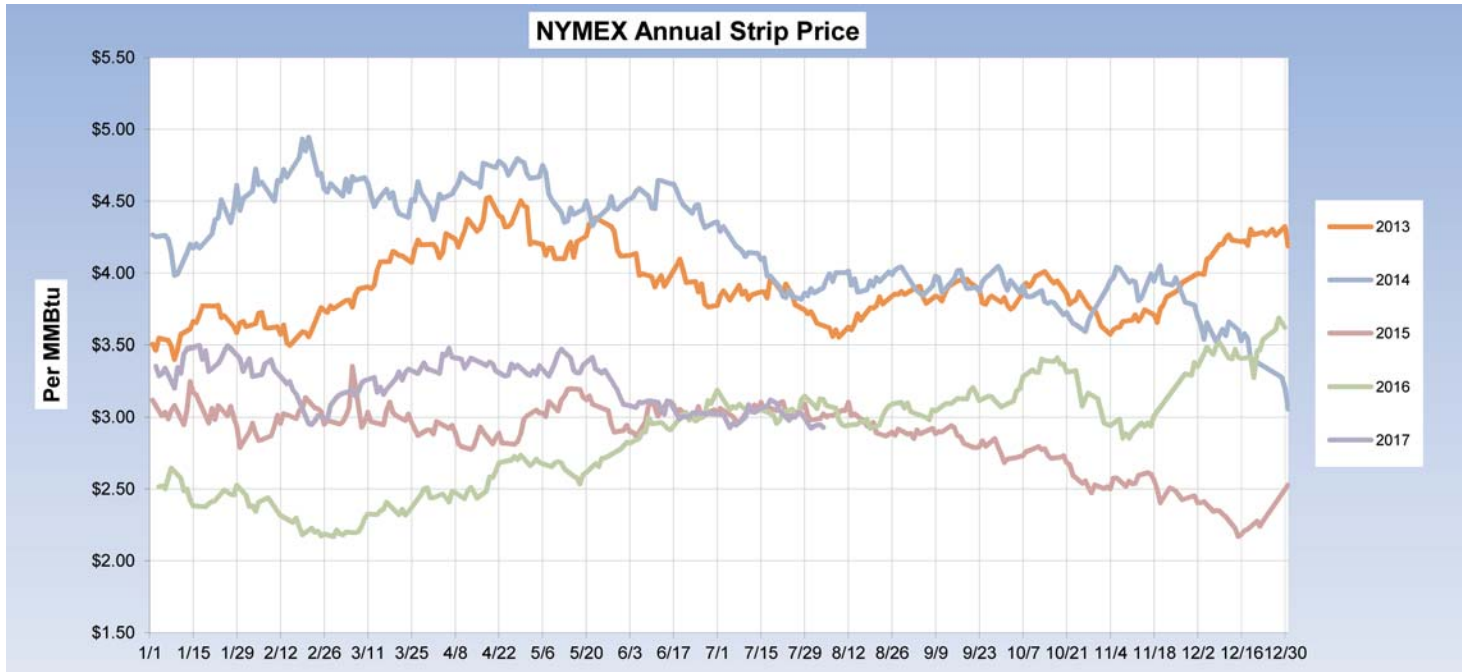
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**Natural Gas Futures Closing Prices**

Month	Price
September 2017	\$2.976
October	3.009
November	3.066
December	3.204
January 2018	3.297
February	3.285
March	3.238
April	2.895
May	2.867
June	2.891
July	2.914
August	2.904

*Prices as of August 10*

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# Spud Report: July



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

OPERATOR	WELLS	SPUD	API #	COUNTY	MUNICIPALITY
Blackhawk Energy LLC	1	7/6/17	083-56916	McKean	Wetmore Twp
Bull Run Energy LLC	4	7/24/17	053-30832	Forest	Howe Twp
		7/6/17	083-56859	McKean	Wetmore Twp
		7/10/17	123-48092	Warren	Cherry Grove Twp
		7/17/17	123-48091	Warren	Cherry Grove Twp
Cabot Oil & Gas Corp	12	7/15/17	115-22277*	Susquehanna	Brooklyn Twp
		7/15/17	115-22278*	Susquehanna	Brooklyn Twp
		7/15/17	115-22279*	Susquehanna	Brooklyn Twp
		7/15/17	115-22280*	Susquehanna	Brooklyn Twp
		7/15/17	115-22281*	Susquehanna	Brooklyn Twp
		7/15/17	115-22282*	Susquehanna	Brooklyn Twp
		7/28/17	115-22286*	Susquehanna	Jessup Twp
		7/28/17	115-22298*	Susquehanna	Jessup Twp
		7/28/17	115-22287*	Susquehanna	Jessup Twp
		7/28/17	115-22297*	Susquehanna	Jessup Twp
		7/28/17	115-22299*	Susquehanna	Jessup Twp
		7/28/17	115-22288*	Susquehanna	Jessup Twp
Cameron Energy Co	1	7/24/17	123-48045	Warren	Sheffield Twp
Catalyst Energy Inc	4	7/12/17	121-46145	Venango	Cranberry Twp
		7/3/17	121-46141	Venango	Franklin City
		7/6/17	121-46142	Venango	Franklin City
		7/10/17	121-46143	Venango	Franklin City
Chief Oil & Gas LLC	2	7/14/17	113-20368*	Sullivan	Elkland Twp
		7/14/17	113-20367*	Sullivan	Elkland Twp
Davidson Roger D	1	7/25/17	123-48062	Warren	Mead Twp
EQT Production Co	6	7/8/17	059-27360*	Greene	Center Twp
		7/8/17	059-27359*	Greene	Center Twp
		7/8/17	059-27362*	Greene	Center Twp
		7/14/17	059-27366*	Greene	Morgan Twp
		7/14/17	059-27367*	Greene	Morgan Twp
		7/14/17	059-27375*	Greene	Morgan Twp
JKLM Energy LLC	4	7/1/17	105-21889*	Potter	Sweden Twp

available at [www.dep.pa.gov/DataandTools/Reports/Oil and Gas Reports/Pages](http://www.dep.pa.gov/DataandTools/Reports/Oil and Gas Reports/Pages).

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 an unconventional well.

OPERATOR	WELLS	SPUD	API #	COUNTY	MUNICIPALITY
		7/1/17	105-21881*	Potter	Sweden Twp
		7/1/17	105-21890*	Potter	Sweden Twp
		7/1/17	105-21891*	Potter	Sweden Twp
PennEnergy Resources LLC	12	7/5/17	005-31221*	Armstrong	West Franklin Twp
		7/5/17	005-31292*	Armstrong	West Franklin Twp
		7/5/17	005-31293*	Armstrong	West Franklin Twp
		7/6/17	005-31294*	Armstrong	West Franklin Twp
		7/6/17	005-31295*	Armstrong	West Franklin Twp
		7/6/17	005-31296*	Armstrong	West Franklin Twp
		7/1/17	019-22606*	Butler	Winfield Twp
		7/1/17	019-22607*	Butler	Winfield Twp
		7/1/17	019-22608*	Butler	Winfield Twp
		7/2/17	019-22609*	Butler	Winfield Twp
		7/2/17	019-22610*	Butler	Winfield Twp
		7/3/17	019-22611*	Butler	Winfield Twp
Range Resources Appalachia	19	7/22/17	125-28247*	Washington	N Strabane Twp
		7/22/17	125-28251*	Washington	N Strabane Twp
		7/22/17	125-28252*	Washington	N Strabane Twp
		7/22/17	125-28249*	Washington	N Strabane Twp
		7/23/17	125-28248*	Washington	N Strabane Twp
		7/23/17	125-28250*	Washington	N Strabane Twp
		7/21/17	125-28263*	Washington	Robinson Twp
		7/24/17	125-28265*	Washington	Robinson Twp
		7/26/17	125-28266*	Washington	Robinson Twp
		7/28/17	125-28217*	Washington	Robinson Twp
		7/31/17	125-28215*	Washington	Robinson Twp
		7/11/17	125-28087*	Washington	S Strabane Twp
		7/11/17	125-28088*	Washington	S Strabane Twp
		7/12/17	125-28090*	Washington	S Strabane Twp
		7/12/17	125-28082*	Washington	S Strabane Twp
		7/12/17	125-28083*	Washington	S Strabane Twp
		7/13/17	125-28084*	Washington	S Strabane Twp
		7/13/17	125-28085*	Washington	S Strabane Twp
		7/13/17	125-28089*	Washington	S Strabane Twp
Rice Drilling B LLC	14	7/21/17	059-27248*	Greene	Aleppo Twp
		7/21/17	059-27249*	Greene	Aleppo Twp
		7/22/17	059-27250*	Greene	Aleppo Twp
		7/23/17	059-27246*	Greene	Aleppo Twp
		7/24/17	059-27247*	Greene	Aleppo Twp
		7/10/17	059-27334*	Greene	Center Twp
		7/10/17	059-27337*	Greene	Center Twp
		7/12/17	059-27335*	Greene	Center Twp
		7/12/17	059-27329*	Greene	Center Twp
		7/13/17	059-27332*	Greene	Center Twp
		7/13/17	059-27330*	Greene	Center Twp
		7/13/17	059-27331*	Greene	Center Twp
		7/14/17	059-27333*	Greene	Center Twp
		7/14/17	059-27336*	Greene	Center Twp
Seneca Resources Corp	1	7/25/17	081-21683*	Lycoming	Gamble Twp
Snyder Bros Inc	1	7/27/17	005-31276*	Armstrong	Boggs Twp
XTO Energy Inc	1	7/31/17	063-37523*	Indiana	Center Twp

	July	June	May	April	March	February
Total wells	83	84	67	92	85	64
Unconventional Gas	72	67	60	90	71	60
Conventional Gas	0	0	0	0	0	0
Oil	10	16	7	2	14	4
Combination Oil/Gas	1	1	0	0	0	0



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## Calendar of Events

### PIOGA Events

Info: [www.pioga.org/events](http://www.pioga.org/events)

#### 20th Annual Divot Diggers Golf Outing

August 24, Tam O'Shanter Golf Club, Hermitage

#### PIOGATech: Tips, Tools, and Strategies for Completing a Comprehensive Root Cause Accident Investigation

September 14, RJ Lee Group Office, Southpointe/Canonsburg

#### Annual Membership Meeting

October 5, DoubleTree Pittsburgh/Cranberry

#### Tax & Accounting Seminar

November 30, location TBA

### Industry events

#### IOGAWV Sports Weekend

September 8-9, Lakeview Resort, Morgantown, WV

Info: [www.iogawv.com](http://www.iogawv.com)

#### Interstate Oil and Gas Compact Commission Annual Conference

October 1-3, Sheraton Station Square, Pittsburgh

Info: [iogcc.ok.gov/general-information1](http://iogcc.ok.gov/general-information1)

#### Platts 10th Annual Appalachian Oil & Gas Conference

October 23-24, DoubleTree Pittsburgh Downtown

Info: [www.platts.com/events/americas/appalachian-oil-and-gas/index](http://www.platts.com/events/americas/appalachian-oil-and-gas/index)

#### OOGA Technical Conference and Oilfield Expo

November 1-2, Pritchard Laughlin Civic Center, Cambridge, OH

Info: [oogatechexpo.com](http://oogatechexpo.com)

#### IOGANY Annual Fall Luncheon

November 2, Holiday Valley Resort, Ellicottville, NY

Info: [www.iogany.org/events.php](http://www.iogany.org/events.php)

#### IPAA Annual Meeting

November 8-10, The Ritz-Carlton, Naples, FL

Info: [www.ipaa.org/meetings-events](http://www.ipaa.org/meetings-events)

→ More events: [www.pioga.org](http://www.pioga.org)

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