

# N.C. Oil and Gas Commission

## Minutes of the August 13, 2019 Meeting<sup>1</sup>

The Meeting of the Oil and Gas Commission took place on Tuesday, August 13, 2019 at the Archdale Building, in the Ground Floor Hearing Room at 512 N. Salisbury Street in Raleigh. Commission Chairman James K. Womack, Jr., gavelled-in the meeting at 10:04 AM. Members of the Commission stood for a Moment of Silence followed by reciting the Pledge of Allegiance. The Chairman read the ethics reminder and asked Commission members to identify conflicts or potential conflicts. No conflicts were disclosed.

The Commission roll was then called: Present -- Stanford Baird, Victor Gaglio, James Lister, John T. Lucey, Jr., Rebecca W. Salmon, and James Womack, Jr. Not Present -- Michael C. Stone and Dr. Jim Zhang.

The minutes of the May 14, 2019 Meeting was approved without changes following a motion by Commissioner Salmon and seconded by Commissioner Baird.

The Commission then moved to the election of Commission Officers. Chairman Womack opened the floor for nominations. Hearing none, the Chair nominated James Lister for Chairman. Commissioner Lucey seconded the nomination. Commissioners Lucey then moved to close nominations and was seconded by Commissioner Gaglio. The election was by acclimation. Chairman Lister then nominated Commissioner Womack to be Vice Chair. Commissioner Lucey seconded the nomination as well as moved to close nominations. The election was again by acclimation.

Rick Bolich, L.G., with the Division of water Resources gave a PowerPoint presentation to the Commission on "*Groundwater Conditions in North Carolina Triassic Basins*". He showed the geologic cross-section through Sanford using the NCGS 2001 publication by Clark, Gore and Watson. He talked about the three types of wells in the Triassic Basins (1) Open hole – cased "bedrock" wells; (2) Screened wells with filter pack; and (3) "Hybrid" screen bedrock wells. He showed illustration of each type and showed a 3-D geologic cross-section of the Sanford Basin near New Hill. Finally, he shows a LIDAR image from Colon, NC which shows the north-northwest fractures. Many of these structures are geologic faults.

Jim Chapman, PG, Division of Energy, Mineral, and Land Resources (DEMLR), presented a PowerPoint presentation to the Commission on "*Comparison of States' Water Testing in Proximity to Natural Gas Drilling Operations*". Mr. Chapman began with a slide showing 2017-18 Natural Gas Production Rates by State from the U.S. Energy Information Administration (EIA). There were 35 states producing natural gas during that year. He then showed a comparison to the number of states using a water monitoring requirement. Only eleven states require water monitoring, which includes North Carolina. As for the distance from production wells, only North Carolina and Colorado test within ½ mile, with only four states --Ohio (1,500 ft), WV and NY (1,000 ft), and VA (500 ft) sampling any closer. Only North Carolina and Colorado conduct water testing in both the Pre-Operations and Post-Drilling Operations periods. A full list of analytes or parameters tested for were listed.

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<sup>1</sup> These minutes remain in draft form until approved by the Commission.

Audio recording of all Oil and Gas Commission meetings are posted on the OGC website.

Dr. Kenneth B. Taylor, PG, DEMLR, next updated the Commission on the two shut-in wells (Simpson #1 and Butler #3). Both wells were drilling and made ready for production in 1998. A paper by Dr. Jeffrey C. Reid, Taylor with contributions by Dr. Paul E. Olsen and Mr. O.F. Patterson, III, was given to all commissioners. Copies were also for the audience. Dr. Taylor also addressed the issue with Science Wells. As the laws and rules are written, any drilling for test for oil and gas can be drilled, but it must be fully plugged with cement and abandoned and cannot be "converted" into an Oil and Gas well, because one must have an approved Drilling Unit prior to drilling an Oil and Gas well.

Last, Dr. Taylor briefed on the Oil and Gas Permit Forms – some thirty (30) digital fillable forms which can be e-mailed from the Oil and Gas Program website to the Oil and Gas Program staff members. There were three missing forms in the website database (18A, 22A, and 26). Staff will locate those forms.

Chairman Lister next presented Pit and Well Measurable Standards – Comparison to Other States.

In Section One -- Pit Standards Compared -- showed Pit freeboard minimum in feet to be 3-ft for North Carolina and two-ft for TX, CO, NY, PA, AR, WV and TN.

For Pit Liner thickness, West Virginia exceeds all states with a thickness of 60-mm, with North Carolina and PA at 30-mm; CO at 24-mm; NM and AR at 20-mm; WY at 11-mm; and TN at 10-mm.

For Pit Setbacks from Public Water Sources (ft), North Carolina is farthest with 1500 ft; WV is 1000 ft; and PA is 100 ft. Pit setbacks from Private Water Wells (ft), North Carolina is 650 ft; WV is 500 ft; and NM is 200 ft.

For Pit Setback from Road, ROW (ft), Colorado is 200 ft, and North Carolina is 100 ft.

For Pit Setback from Dwelling (ft), North Carolina is 650 ft; ND and WV are 500 ft; BLM and NM are 300 ft; CO is 200 ft; OH is 150 ft and TN is 100 ft.

For Pit Reclamation Time (months), WY and ND are 12 months; PA is 9 months; CO, NM, WV, AR and NC are six months; OH and TN are 3 months; and NY is one month.

In Section Two – Well Setback – Measurable Standards

Well Setback from Body of Water (ft), North Carolina is 200 ft; WV is 100 ft, and OH is 50 ft.

Well Setback from Dwelling (ft), North Carolina 650 ft; WV 625 ft; CO and ND 500 ft; and OH 150 ft.

Well Setback from Road (ft), North Carolina 100 ft; TX 75 ft; OH 50 ft.

Well Setback from Water Well (ft), North Carolina 650 ft; NY 50 ft.

Chairman Lister next presented a review and analysis of 15A NCAC Oil and Gas Conservation Rules – June 3, 2019.

This was an update to the presentation given in May. Chairman Lister noted that he found six typos in the rules, including extra spaces, and that clarification in meaning and wording in several places is

needed. There are also the need to use more up-to-date definitions which are consistent with current oil and gas practices.

Phillip Reynolds briefed the Commission on the process of amending the existing Oil and Gas Commission rules.

Dr. Taylor and Danny Smith, DEMLR Director, briefed the Commissioners on reimbursement of expenses and per diem. Written guidance will be forwarded to the Commissioners before the next Commission meeting.

#### Public Comment

Therese Vick – She noted that there is an increase leaking of various metals in lined facilities less than four years permit – Brickhaven coal ash basin.

Diana Hales – Chatham County Commissioner. Diabase dikes, extensive work on the Chatham County by the North Carolina Geological Survey and produced a geologic map showing the geology and diabase dikes.

#### Commissioner Comment

Chairman Lister – DEQ website list of oil and gas publications listed last in 2016. Website update members out of date with election, update website.

Meeting adjourned at 11:55 AM