

**Report to the North Carolina General Assembly
Environmental Review Commission and the Joint
Legislative Commission on Energy Policy**



***2024 Annual Report of the
Oil and Gas Commission***

January 1, 2025

Submitted on behalf of the Oil and Gas Commission

NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY

Pursuant to G.S. 143B-293.1(c)

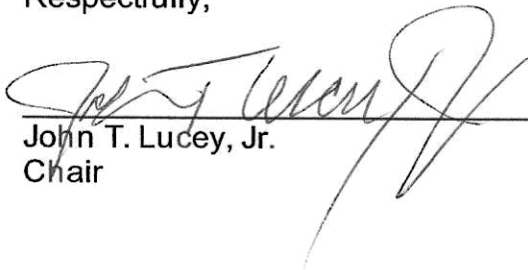
2024 Annual Report of the Oil and Gas Commission

Executive Summary and Transmittal

Pursuant to N.C.G.S. §143B-293.1(c), the North Carolina Oil and Gas Commission (Commission), must submit annual written reports as to its operation, activities, programs, and progress to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission.

Provided herein is the annual report of the Commission as to its operations, activities, programs, and progress for the 2024 calendar year.

Respectfully,



John T. Lucey, Jr.
Chair

1/4/25

Date

Commission Report and Proceedings

Executive Summary

The Oil and Gas Commission (Commission) held its four quarterly meetings of 2024, with a quorum attending at each meeting. The Rules Review Committee achieving quorum also met once during the period. There were no permits issued for oil or natural gas drilling during 2024.

The Commission began early starting the process of adopting the ruleset concerning geophysical exploration, 15A NCAC 05C (05C), from the Mining Commission, and readopting the ruleset. After determining two of the original twenty-six 05C rules were no longer necessary, a 60-day public comment period was honored for the “unnecessary” determination of the two rules (beginning in mid-November 2023 and ending in mid-February). There were no public comments for the Commission to address. After the end of the public comment period, the Commission approved to move the 05C ruleset to the Office of Administrative Hearings (OAH) Rules Review Commission (RRC) to begin the formal readoption process. The RRC approved the “unnecessary” determination of the two rules.

During the summer, the Commission’s Rules Review Committee worked with DEQ staff editing and updating the 05C ruleset. DEQ staff worked with the Commission to develop a Regulatory Impact Analysis (RIA) that was subsequently approved by the Office of State Budget and Management (OSBM). The 05C ruleset and the Notice of Text were filed with the North Carolina Register by the late November 2024 deadline for the publication’s December 16, 2024 issue. The North Carolina Register publication date is the beginning date for the 05C ruleset public comment period. In addition to a public hearing for the

05C ruleset being scheduled for early January 2025, the Commission will convene following the public comment period to address any concerns revealed from the public.

The Commission's charge and duties may be found at N.C.G.S. §143B-293.1, or [online \(https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/BySection/Chapter_143B/GS_143B-293.1.html\)](https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/BySection/Chapter_143B/GS_143B-293.1.html).

The following is a summary of the Commission's activities during the quarterly meetings. Detailed minutes, referenced materials, and additional information from each Commission meeting are available online: (<https://deq.nc.gov/energy-climate/energy-group/oil-and-gas-program/nc-oil-and-gas-commission>).

2024 Meetings

1st Quarter, 17 January

The minutes of the fourth quarter 2023 meeting were approved.

The Chair moved the Commission discussion to the 05C (rules pertaining to geophysical testing) public comments period. Commission counsel iterated that the reason for this unusual meeting date for the Commission is to vote on moving the rules forward to the RRC for the ruleset adoption – the first quarter meeting for the Oil and Gas Commission normally meets during the first week of February.

The Commission voted to send the 05C rules to the RRC to approve final adoption. The Chair asked DEQ staff to research if the state ever conducts state lease sales. If state owned property within the oil and natural gas geologic units, state revenue from the source could possibly be pursued.

The Commission Chair asked Rules Review Committee (RR Committee) Chair if the Commission's RR Committee had any updates. The RR Committee Chair relayed that there were not any updates from the Committee, however he reminded the Commission that the Committee would need to meet following the second or third quarter meeting.

The Chair moved the discussion to the 2023 Oil and Gas Commission Annual Report to the General Assembly. It was confirmed that the Annual Report was approved and can be accessed on the Oil and Gas Commission webpage.

The Chair moved the discussion to Access DEQ, with regards to the Oil and Gas Program. DEQ staff provided a detailed explanation for Access DEQ's function for permitting.

The Chair moved the discussion to periodic rules review for the 05H rule set. Commission counsel confirmed that the Oil and Gas rules are scheduled to be reviewed in 2027. The

Commission suggested that DEQ staff help review the 05H rules for industry standards changes prior to the Commission's review. The Chair suggested that the 05H rules be approached sectionally over time to make the task more manageable.

The Chair moved the discussion to the "Authority and Purpose Statement" and "Oil and Gas Program Statement" on the Oil and Gas Commission webpage. The Chair had suggestions for editing the statements to better reflect what the Commission currently is responsible for. DEQ staff indicated that all that is necessary to make the change requests is for the Commission to instruct the staff what the Commission would like.

The Chair moved the discussion to topics for discussion for the 2024 calendar year. The Chair suggested for topics of discussion: 05H submittal for periodic rule review June 2027; conduct State lands inventory within Triassic basins; develop internal Oil and Gas Commission procedures for reviewing drilling unit applications and issuing units; and assess the drilling of stratigraphic tests. DEQ staff reminded the Commission that the North Carolina Geological Survey (NCGS) has performed stratigraphic tests in the past, but the agency cannot perform extensive stratigraphic research without more outside funding.

2nd Quarter, 7 May

The minutes of the first quarter 2024 meeting were approved.

DEQ staff gave a presentation regarding the proposed schedule for moving the 05C geophysical exploration ruleset moving forward to the RRC. The Commission voted to approve the 05C ruleset re-adoption schedule.

3rd Quarter, 6 August

The Commission elected its new officers. Commissioner Lucey was voted Chair and Commissioner Lister was voted Vice-Chair.

The minutes of the second quarter meeting were approved.

The Chair moved the meeting to a synopsis of the meeting held by the Rules Review Committee, held on 29 July 2024.

4th Quarter, 6 November

The minutes of the third quarter meeting were approved.

The Chair moved the discussion to sending the RIA to public comment. Commission counsel highlighted the next steps in the procedure, including deadline goals. The Commission voted to send the RIA to public comment.

The Chair moved the discussion to the proposed date of 7 January 2025 for a public hearing for the 05C ruleset re-submission proposal. Commissioner Vizquete volunteered

to act as the Hearing Officer for the hearing. The Commission voted to approve the date for the public hearing.