North Carolina Oil & Gas Commission Overview

8 May 2018

Jim Womack, Chairman
North Carolina Oil & Gas Commission

Environmental Quality

Senate Bill 820 (2012-143)
Clean Energy & Economic Security Act

- Establishes the Mining & Energy Commission
- Requires a Modern Regulatory Program for Oil & Gas Development
- ***Authorizes Horizontal Drilling & Hydraulic Fracturing***
- Enhances Landowner & Public Protections
- Establishes Joint Legislative Commission on Energy Policy

Senate Bill 76 (S.L. 2013-365) Domestic Energy Jobs Act

- Streamlines Regulatory Process by Waiving Fiscal Notes
- Mandates Legislative Review of Rules before Commencement of Drilling
- Requires Special Study of Coordinated Permitting
- Requires Special Study of Landmen Registration and Taxation of Hydrocarbons
- Establishes Energy Policy Council

Senate Bill 786 (S. L. 2014-4) Requirements

- Reconstitutes the MEC as the Oil & Gas Commission beginning in August 2015
- Provides Statutory Chemical Disclosure , Trade Secret & Confidential Information Provisions
- Clarifies Presumptive Liability and Notice of Entry
- Gives Clarity the on extent of Local Government Authority
- Establishes the system of severance taxes and royalty payments; prohibits local taxation beyond property taxes

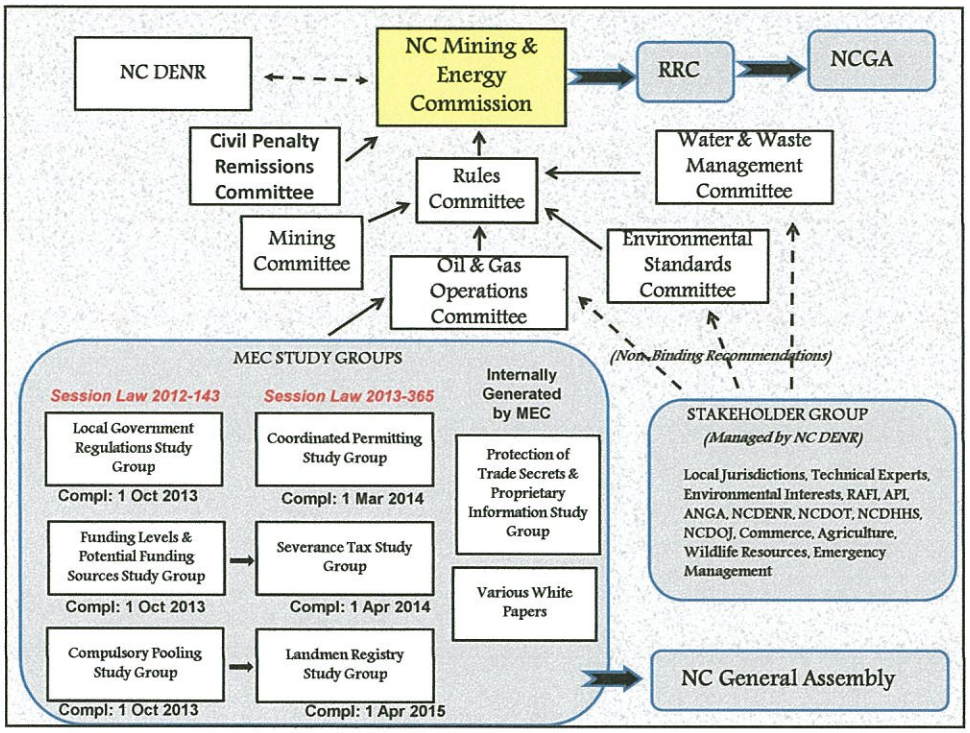
Senate Bill 119 (S. L. 2015-264) Technical Corrections Bill

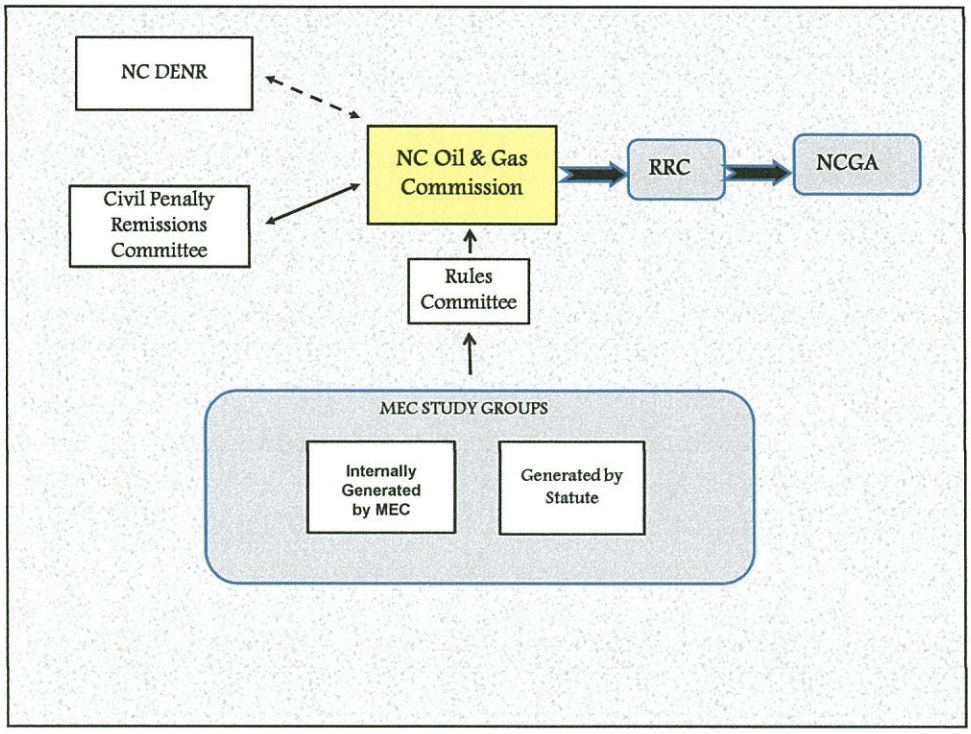
* Clarified legislative intent concerning local ordinances prohibiting regulating oil and gas exploration, development, and production activities

* Provided instructions for petitions to preempt local ordinance

House Bill 630 (S. L. 2016-95) Coal Ash Management & OGC Appointments

- Changed the sourcing of appointments to the Oil & Gas Commission pursuant to the *McCrory v Berger* NC Supreme Court instructions
- Changed the effective dates for all commission appointments to be January 1 through December 31 of each year, with all terms lasting four years
- Established the procedures for legislative approval of the Governor's appointees
- Affirmed the continuing validity of the MEC's Rules as adopted by the NC General Assembly in 2015


NC DENR
NC Mining & Energy Commission
RRC
NCGA
Civil Penalty Remissions Committee
Rules Committee
Water & Waste Management Committee
Mining Committee
Oil & Gas Operations Committee
Environmental Standards Committee
(Non-Binding Recommendations)
MEC STUDY GROUPS
Session Law 2012-143
Session Law 2013-365
Internally Generated by MEC
Local Government Regulations Study Group
Compl: 1 Oct 2013
Coordinated Permitting Study Group
Compl: 1 Mar 2014
Protection of Trade Secrets & Proprietary Information Study Group
Funding Levels & Potential Funding Sources Study Group
Compl: 1 Oct 2013
Severance Tax Study Group
Compl: 1 Apr 2014
Various White Papers
Compulsory Pooling Study Group
Compl: 1 Oct 2013
Landmen Registry Study Group
Compl: 1 Apr 2015
STAKEHOLDER GROUP
(Managed by NC DENR)
Local Jurisdictions, Technical Experts, Environmental Interests, RAFI, API, ANGA, NCDENR, NCDOT, NCDHHS, NCDOJ, Commerce, Agriculture, Wildlife Resources, Emergency Management
NC General Assembly


NC DENR
NC Oil & Gas Commission
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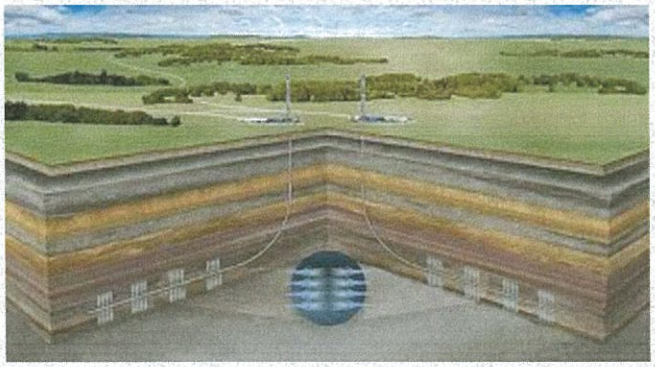
MEC STUDY GROUPS
Internally Generated by MEC
Generated by Statute

MEC Accomplishments

- MEC Constituted by Statute-- 1 Aug 2012
- Staff Research & Presentations Began-- 18 Dec 2012
- Study Groups Began Meeting-- 8 Feb 2013
- First Rules Developed by MEC-- May 2013
- MEC Approves for Public Comment- June 2014
- Public Comment Period- 15 July – 30 Sept 2014
- MEC Hearing Officer Review- October 2014
- Full MEC Deliberation and Adoption- November 2014
- Rules Review Commission Approval- Dec 2014- Jan 2015
- General Assembly Approval- Legislative Session 2015

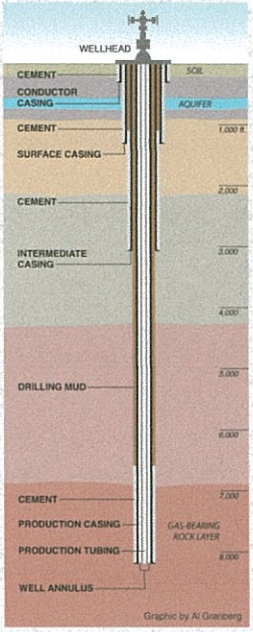
Pooling, Assignment of Drilling Units and Permitting

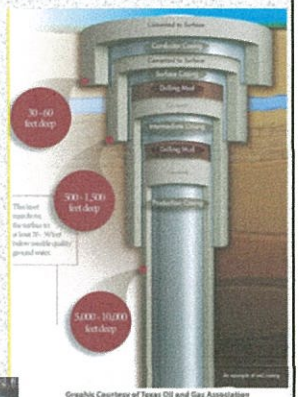


"There's nothing inherently dangerous in fracking that sound engineering practices can't accomplish."

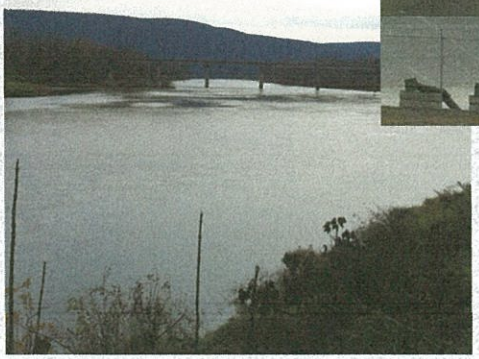
GINA MCCARTHY FORMER U.S. EPA ADMINISTRATOR, 11/4/2013

Well & Drilling Site Standards

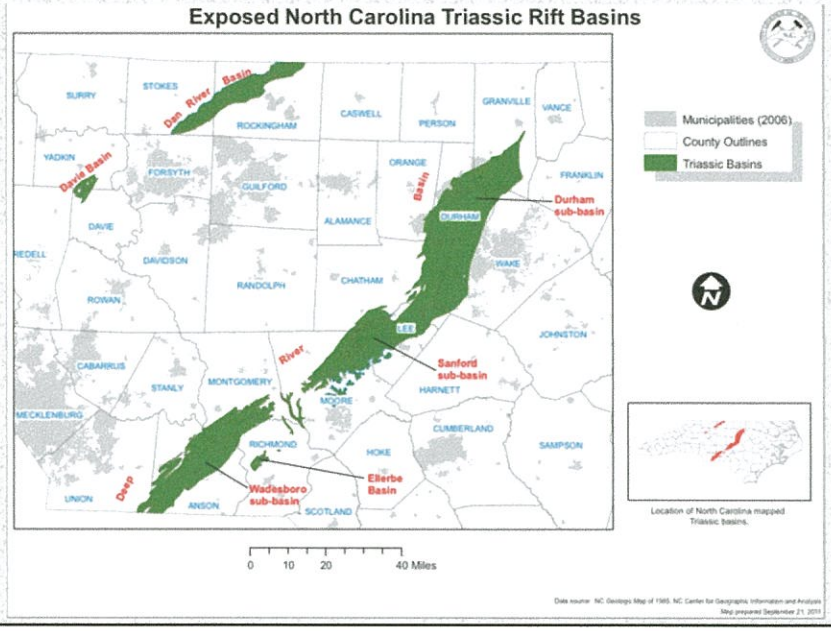




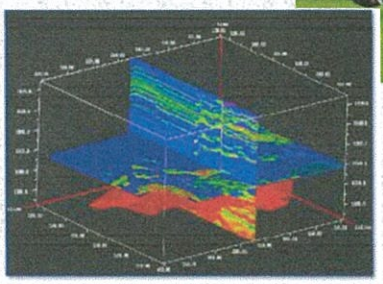
Water & Wastewater Withdrawal, Testing



Expected NC Shale Gas Reserves



Seismic Surveys



Core Sampling

Drill Hole: V.R. Groce #1

NCGS No. LE-OT-1-74

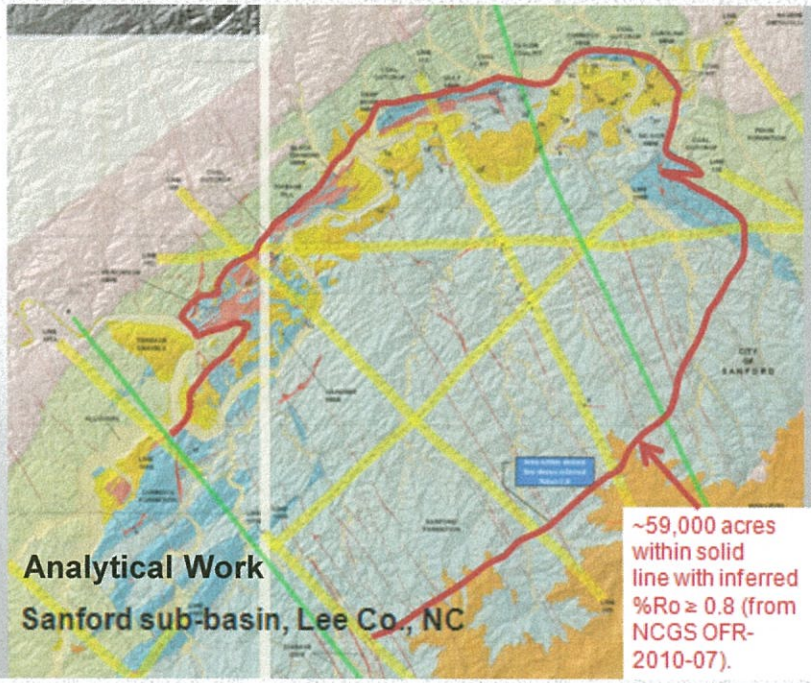
Box No. 11

From: 2422' to 2428'

Drill Hole: V.R. Groce #1

NCGS No. LE-OT-1-74

Box No. 12

From: 3038' to 3043'

V.R. Groce #1 well – Selected core from the interval 2422 – 2428 feet and the interval 3038 – 3043 feet depth. This well is located near the center of the Sanford sub-basin. The well had a number of good petroleum shows.