

2022 Annual Report of the Oil and Gas Commission

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Receiving Entities:
The Joint Legislative Commission on Energy Policy
The Environmental Review Commission

Submitting Entity:
Department of Environmental Quality, on behalf of the Oil and Gas Commission

2022 Annual Report of the Oil and Gas Commission

Executive Summary and Transmittal

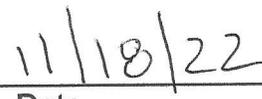
Pursuant to N.C.G.S. §143B-293.1(c), the North Carolina Oil and Gas Commission (Commission), must submit annual written reports as to its operation, activities, programs, and progress to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission.

Provided herein is the annual report of the Commission as to its operations, activities, programs, and progress for the 2022 calendar year.

Respectfully,



James C. Lister
Chairman



Date

Commission Report and Proceedings

Executive Summary

The Oil and Gas Commission held its four quarterly meetings of 2022, with a quorum attending at each meeting.

The Commission voted to approve its Standard Operating Procedures document which guides the Commission in the conduct of oil and gas procedures, regulations and rules for meetings.

Since the last Annual Report, there have been two inquiries from outside parties interested in learning more about the oil and gas potential of North Carolina's Tertiary Basins and the regulations guiding related petroleum activity. One entity is a drilling company and the other is Suncor Energy, a Portland Oregon-based Canadian energy company. The North Carolina Geological Survey provided each with public information in this regard.

The Commission addressed the topic of the two shut-in gas wells located in Lee County. These wells were drilled prior to the 2015 creation of the regulations contained in 05H, the final set of rules governing oil and gas operations in the state. As such, the wells are not subject to the current rules and the Commission has no authority to require them to be annually tested for integrity and safety. The Commission is also concerned that the emergency response teams in the area do not have the prerequisite personnel and equipment to respond to a pressurized gas leak or fire of this nature. The

Commission's position is to request that the owner voluntarily run annual integrity tests and allow NC Geological Survey staff to observe the tests.

The Commission approved a set of recommendations from the Rules Committee correcting language in the 05H Final Rules and these were administratively changed in the official document.

The Commission held discussions about maintaining an official stakeholders list of individuals and organizations which can provide input regarding oil and gas matters coming before the Commission.

The Commission heard a proposal for conducting a public health baseline study of the areas of the state having oil and gas potential. A follow-up presentation will be heard in February 2023.

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>).

2022 Meetings

February 8, 2022

The minutes of the November 2021 meeting were approved.

The NC Geological Survey staff informed the Commission that there were two oil and gas inquiries since the meeting in November 2021: Bill Simmons, Intrepid Drilling on December 16 and Robert Morse, Chief Geologist, Suncor Energy on January 7, 2022. Both were asking about oil and gas potential in the state and the regulations governing oil and gas operations. Public documents and informational item were supplied to them by the Survey.

The Commission discussed and voted to approve its Standard Operating Procedures document which guides the Commission in the conduct of oil and gas procedures, regulations and rules for meetings.

Chair Womack discussed the need to maintain a stakeholder group list which shall provide input for the Commission in matters coming before the Commission.

Chair Womack named three members to the Rules Committee which is tasked with reviewing the current 05H Rules, ensuring that the content of the rules remains accurate with information and regulations cited in the document.

Chair Womack led discussions regarding the Mining and Energy Commission's public document which outlines a series of unfinished business items arising from the transition of authority from the MEC to the Oil and Gas Commission rules, which were established in 2015. Some of the topics for consideration are: specifically how to apply for or request a drilling unit, establishing a public health baseline and ensuring that local county and municipalities were prepared to respond to oil and gas operations related emergencies.

The Commission moved the time of its quarterly meetings to 1PM.

May 10, 2022

The minutes of the February 8, 2022 meeting were approved.

The Commission discussed the topics of stakeholder groups, rules committee reviews and emergency services response capabilities of local municipalities.

August 9, 2022

The minutes of the May 10, 2022 meeting were approved.

The Commission elected its Officers: Commissioner Jim Lister was elected as Chair and Commissioner John Lucey was elected as Vice-Chair.

The Rules Committee made recommendations for correcting grammatical errors and Department name changes that had occurred since the 05H Rules were adopted in 2015. The Commission voted to approve and adopt these administrative corrections to the final Rules.

September 8, 2022

The Rules Committee prepared the findings of a second phase of the rules review in which URLs, email addresses and mailing addresses referred to in the 05H Final Rules were studied. Three solutions were offered for making corrections: correct the items, delete the items or explain them alternatively.

November 1, 2022

The August 9, 2022 Meeting minutes were approved.

Commissioner Vizquete, who is also a Professor at the University of NC made a presentation about implementing a public health baseline study of the areas in the state having oil and gas potential. Commissioner Vizquete received input from several of the other Commissioners about sources of information for the data collection of public health information. A discussion was conducted about establishing a budget and source of funding for the study. Commissioner Vizquete will gather more information regarding data sourcing, estimated costs and timing and report back to the full Commission at the February 2023 meeting.

Rules Committee Chair Lister gave a presentation of the findings of the third phase of the Rules Committee Study in which the URLs, email addresses and mailing addresses were assessed for accuracy. A majority of the information is correct, but the URLs which are not correct will be investigated in the interim and suggestions for corrections will be made at the February 2023 Quarterly Meeting.

Finally, the Commission established meeting dates for 2023:

February 7, 2023

May 2, 2023

August 1, 2023

November 1, 2023