

Meeting Minutes of the Administration of Oil and Gas Committee of the
North Carolina Mining and Energy Commission

May 2, 2013

June 6, 2013

10:30 am – 12:30 pm

1. **Preliminary Matters** - Chairman Charles Holbrook

May 2, 2013

Chairman Holbrook called the meeting of the Administration of Oil and Gas Committee to order at 10:32 am in the Ground Floor Hearing Room of the Archdale Building in Raleigh, NC. Chairman Holbrook read the relevant excerpt of the State Government Ethics Act, and asked Commission Members to consider whether or not they had conflicts of interest with respect to any items on the agenda. No conflicts were reported.

June 6, 2013

Chairman Holbrook called the meeting of the Administration of Oil and Gas Committee to order at 10:32 am in the Ground Floor Hearing Room of the Archdale Building in Raleigh, NC. Chairman Holbrook read the relevant excerpt of the State Government Ethics Act, and asked Commission Members to consider whether or not they had conflicts of interest with respect to any items on the agenda. No conflicts were reported.

The following persons were in attendance for all or part of the meeting(s):

Committee Members (May 2)

Charles Holbrook (Chairman)
Charles Taylor
Dr. Kenneth Taylor
Ivan "Tex" Gilmore
Jane Raymond Lewis (via telephone)
Dr. Ray Covington

Committee Members (June 6)

Charles Holbrook (Chairman)
Charles Taylor (via telephone)
Dr. Kenneth Taylor
Ivan "Tex" Gilmore (via telephone)
Dr. Ray Covington

Attorney General's Office (May 2)

Jennie Hauser (legal counsel)

Attorney General's Office (June 6)

Jennie Hauser (legal counsel)

DENR Staff Members (May 2)

Trina Ozer, DENR, Secretary's Office
Tracy Davis, DEMLR Director
Toby Vinson, DEMLR
Walt Haven, DEMLR
Katherine Marciniak, DEMLR
Ryan Channell, DEMLR
Rosalind Harris, DEMLR

DENR Staff Members (June 6)

Trina Ozer, DENR, Secretary's Office
Tracy Davis, DEMLR Director
Toby Vinson, DEMLR
Walt Haven, DEMLR
Katherine Marciniak, DEMLR
Ryan Channell, DEMLR
Rosalind Harris, DEMLR
Mell Nevils, DEMLR

Others in Attendance (May 2 and June 6)

Refer to the attached meeting sign-in sheets.

May 2, 2013, (initial meeting)

2. **Background and Introductions**- Chairman Charles Holbrook
Chairman Holbrook introduced Mr. Jeff Crisp from KleinFelder, a science & engineering consulting firm that is located in Morrisville, NC
3. **Review and approval of minutes from the April 4, 2013 meeting**- Chairman Charles Holbrook
Chairman Holbrook asked the Committee to review the minutes from the April 4, 2013 meeting. Dr. Kenneth Taylor motioned to approve the April 4, 2013 minutes and Mr. Tex Gilmore seconded. The motion passed.
4. **Well Site Construction Standards** – Mr. Jeff Crisp, Kleinfelder
Mr. Crisp explained the services that Kleinfelder provides during all phases of well development, including mid-stream and up-stream market development for the oil and gas industry. Mr. Crisp specifically addressed fractionation facilities, noise impacts, biological surveys, surface runoff, and the use of water tanks, pits, and “corrals.” See the attached “Kleinfelder” presentation and guidance documents for details.
5. **Stakeholder Recommendations** – Trina Ozer
Ms. Trina Ozer presented the recommendations from the April 18 meeting of the Stakeholder Group. The Committee received the recommendations to determine if any should be incorporated into the draft well construction rules. Specifically, the Committee discussed the following matters as related to Stakeholder recommendations:
 - a. Monitoring of casing annulus pressure;
 - b. Requiring casing cement to either be brought to surface or be required to overlap at least 200 feet inside the previous casing;
 - c. Requiring cement emplacement to at least 600 feet above the top perforation, a potential corrosive zone, an oil and gas bearing zone, or a potential water supply that should be protected;
 - d. Cement bond logging;
 - e. Requirement that a certified or state approved cementer be used for cementing operations;
 - f. Operator notification to the Department regarding cementing operations;
 - g. Blowout preventer testing;
 - h. Centralization of casing;
 - i. Well logging; and
 - j. Well diverter systems.
6. **Well Construction Requirements** – Ryan Channell
Mr. Channell presented the draft Well Construction Rules (attached) to the Committee:
 - Line 176 – revise “casing collar” to casing;
 - Line 185 – incorporate stakeholder recommendation into (g);
 - Line 192 – revise “any means necessary” to “appropriate measures” in (i)
7. **Public Comment**- Chairman Charles Holbrook
No one from the audience signed up for the public comment period.

8. The Committee suspended the meeting at 12:25 pm.

This meeting was suspended until June 6, 2013. The Committee reconvened on that date to continue working on and completing agenda items.

June 6, 2013 (continuation of meeting)

9. Background and Introductions- Chairman Charles Holbrook

Chairman Holbrook introduced Mr. Thomas Alexander from Southwestern Energy, Houston, TX

10. There were no minutes to review and approve due to the continuation of the agenda from the May 2nd meeting.

11. Well Construction Concepts – Thomas Alexander, Southwestern Energy

Mr. Alexander presented his recommendations regarding well construction. He addressed surface casing, production casing, immediate casing, and wellhead configuration. Committee discussions with Mr. Alexander also addressed the use of cement for sealing well casing, as well as cement bond logs. The committee voted and accepted the recommendations from Mr. Alexander regarding well construction.

12. Well Construction (draft rule) Requirements – Ryan Channell

Mr. Channell presented the draft Well Construction Rules (attached). Mr. David Kelly from the Environmental Defense Fund was asked by the Committee to provide his recommendations for rule edits. Based on discussion with Messrs. Channell, Kelly, and Alexander, the Committee provided rule edits and tasked staff with updating the draft rule accordingly. The Committee voted to approve the draft and to route it to the Rules Committee, pending staff updates.

13. Stakeholder Recommendations – Walt Haven

Mr. Walt Haven presented recommendations from the May 30 Stakeholder Group meeting. The Group discussed wellhead standards and developed a list of recommendations to be considered by the Committee. The Committee discussed the following Stakeholder recommendations:

- a. Installation of a pressure relief valve on the wellhead;
- b. Requirements for all wellhead equipment to be rated at least 25 percent above anticipated bottom hole pressures;
- c. Committee disagreement of the 25 percent requirement and recommendation that equipment be rated to at least 100 percent above anticipated bottom hole pressures;
- d. Use and construction of chain link fencing around well sites; and
- e. Posting of identification and safety-related signs around the wellhead and at the well site.

14. Public Comment- Chairman Charles Holbrook

No one from the audience signed up for the public comment period.

15. The Committee adjourned the meeting at 12:35 pm on June 6, 2013.

DEMLR Staff contact for this Committee: Walt Haven, Energy Program Supervisor – NCDENR.