

**North Carolina Mining and Energy Commission**  
**Coordinated Permitting Study Group**  
Minutes of the November 22, 2013 Meeting

The North Carolina Mining and Energy Commission's (MEC) Coordinated Permitting Study Group held its eighth meeting on Friday, November 22, 2013 beginning at 3:05 pm in the Ground Floor Hearing Room of the Archdale Building, Raleigh, North Carolina. Study Group Director Dr. Kenneth Taylor presided over the meeting.

**1. Call to Order and Notice of NCGS 138A-15**

Dr. Taylor called the meeting to order. He welcomed Commissioners and other Study Group members attending. He read the relevant excerpt of the State Government Ethics Act, and asked members to consider whether or not they had conflicts of interest with respect to action items on the agenda. No conflicts were raised.

**2. Welcome Study Group Members and Review of the Meeting Agenda**

Dr. Taylor reviewed the meeting agenda prior to asking for a motion to approve minutes from the previous meeting. He also conducted a roll call of members and noted the following results:

Study Group Members Present

Dr. Kenneth Taylor, PG (Study Group Director), Mining and Energy Commission (MEC)  
Mr. James Womack, MEC Chairman  
Mr. Charles Holbrook, Administration of Oil and Gas Committee Chairman, MEC  
Dr. Ray Covington, Compulsory Pooling Study Group Director, MEC (remained until 4:08 pm)  
Mr. E.O. Ferrell, MEC (remained until 3:52 pm)  
Mr. Tracy Davis, PE, CPM, Director, Division of Energy, Mineral, and Land Resources (DEMLR)  
Mr. Toby Vinson, PE, Chief Engineer, Land Quality Section, DEMLR  
Mr. Ken Pickle, Surface Water Protection Section, DEMLR  
Ms. Ellen Lorscheider, Division of Waste Management (DWM)  
Mr. Brandon Jones, NC Department of Transportation (NCDOT)  
Mr. Evan Kane, PG, Groundwater Planning, Division of Water Resources (DWR)

Study Group Members Absent

Mr. George Howard, Environmental Standards Committee Chairman, MEC  
Dr. Vikram Rao, Water and Waste Management Committee Chairman, MEC  
Mr. Mike Abraczinskas, EIT, CPM, Deputy Director, Division of Air Quality (DAQ)  
Mr. William Willets, PE, Engineering Supervisor, Permitting Section, DAQ

**3. Approval of the Minutes of the September 27, 2013 Study Group Meeting**

Mr. Don Rayno moved to approve the minutes, followed by Mr. Ken Pickle seconded. The meeting minutes were approved.

**4. Gathering Lines**

Ms. Jennie Hauser presented her research regarding gathering line jurisdiction. She explained that North Carolina statutes do not mention gathering lines, but that USDOT had respective regulations, which had been delegated to the NC Utilities Commission. Ms. Hauser noted that this regulatory authority extended to both safety and construction rules.

**5. Proposed Permitting Process Checklist**

Dr. Taylor explained that the Legislature required a study to develop a coordinated permitting process for oil and gas exploration and development (oil and gas E/D). Other oil and gas

activities, such as production were outside the assigned legislative study scope, such as midstream and downstream activities, which could require additional permits.

The Study Group discussed the use of notices of deficiencies and notices of violation, as related to DEMLR's Mining Program.

Members of the Study Group noted the need for statutory requirements to establish or clarify DEMLR authority for the following:

Tracy Davis --

- a. Timeframe for review of the application;
- b. Public notice for announcing the issuing of permits;
- c. Public hearings for permit applications;
- d. Process for permit suspension or for issuing a "stop work" order;
- e. Process for renovation of permit;
- f. Permit fee distribution;
- g. Bond calculations;
- h. Penalties and amounts of penalties;

Toby Vinson --

- i. Sediment and Erosion Control (SEC):
  - a. Delegation of the Sediment and Erosion Control program to DEMLR's Energy Program;
  - b. Current SEC rules and statutes require specific deadlines for action, which could be implemented within the Energy Program;
  - c. Delegation would be similar to the process whereby the Sedimentation and Control Commission delegates responsibilities to local governments;
  - d. Current SEC rules require a sediment and erosion control plan before obtaining a building permit.

Ken Pickle --

- j. Storm water rules and consideration:
  - a. Draft rule is in development for EMC review;
  - b. Draft rule would allow for storm water permitting to be part of a comprehensive oil and gas permit;
  - c. Statutory authority may not be needed to support the draft rule;

Dr. Taylor --

- k. Registration of an operator or contractor to operate in NC; and
- l. Time limits for an applicant to submit application materials.

The Study Group noted that coordinated permitting was currently not possible due to separate permitting requirements for sediment and erosion control and storm water. The Study Group discussed having an operator submit a plan for storm water control as part of a permit condition.

The Study Group noted that DWM solid waste rules are already in place and will apply to the oil and gas industry. However, the coordinated permitting rules need to include hazardous materials handling on site.

The Study Group noted that the Coastal Plain Capacity Use Area was the only groundwater application monitored in NC. However, current draft rules require an oil or gas operator to submit a water management plan as part of a permit application.

Director Taylor mentioned that DAQ is performing new calculations for expected air emissions, based on a model of five wells per each pad per calendar year. A report to study group is due at next meeting.

The Study Group noted that re-entering a well for re-completion purposes would not require the issuing of a new permit. However, a notification requirement from the operator to the state would be appropriate, to allow NCDOT to have proper road use agreements in place.

Chairman Womack listed his concerns, many of which were already included in the draft permitting rule. One concern was not -- the suspension of permits at all sites operated by the same permittee. This action was taken in Pennsylvania following a well blow-out, but no member of the Study Group recalled any DENR division having such authority.

#### **6. Public Comments**

No member of the public requested to speak.

#### **7. Closing Comments**

Dr. Taylor noted his intent to complete the Study Group report during January 2014.

The next meeting date was scheduled for December 06, 2013.

**The Coordinated Permitting Study Group adjourned at 4:42 pm.**