

**NCDENR Stakeholder Group on  
Oil and Gas Management  
(Meeting Notes 12 Nov 2013)**

Stakeholders met in regular session on November 12, 2013, from 1:00 pm until 3:00 pm in the Archdale Building Ground Floor Hearing Room, located at 512 N. Salisbury St. Raleigh, NC.

**I. Preliminary Matters**

Mr. Walt Haven (DEMLR) called the meeting to order and welcomed members and others attending the meeting. He also reviewed the meeting agenda.

**Members Present**

Brandon Jones, NCDOT  
Benny Lee, Chatham County Landowner  
Terrell Jones, Lee County Health Director  
John Monaghan, Piedmont Natural Gas  
Vann Stancil, NC Wildlife Res. Commission  
James Robinson, RAFI-USA  
Ryke Longest, Duke Univ. School of Law  
Jim Dewbre, Southwestern Energy, via phone (substituting for Mr. Alexander)  
David McGowan, API

**Members Absent**

Lynne Weaver, N.C. Department of Justice  
Star Hodge, State Energy Office  
Hope Taylor, Clean Water for NC \*  
Steve Townsend, oil and gas engineer \*  
Paul Sherman, N.C. Farm Bureau  
Kevin O'Barr, N.C. Department of Labor  
Barbara Fillon  
David Kelly, Environmental Defense Fund  
Don O'Toole, City of Durham  
Keith Duncan  
Victor Czar  
Nancy Deal, DHHS  
Zach Carpino, DEM  
Michael Reid, DENR  
Tom Alexander, Southwestern Energy

\* Indicates a member who submitted written comments for group discussion.

**DENR Personnel Present**

Rosalind Harris  
Katherine Marciniak  
Layla Cummings  
Ryan Channell  
Ashley Barham  
Walt Haven

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**II. Discussion of Draft Well Spacing and Drilling Unit Requirements rule**

The Stakeholders provided the following recommendations for the Administration of Oil and Gas Committee:

1. Remove the term, "Pooled Drilling Unit" from the definitions section, due to ambiguity.
2. Add definitions for "conventional" and "unconventional" hydrocarbon resources.
3. Change the phrase "proposed total depth" to "the total depth as permitted", as noted under draft rule sections 15A NCAC 05H .XXX3 and .XXX4.
4. Recommends adding language to clarify how an operator could obtain permission to drill deeper than the permitted depth. The Group agreed that prior approval from the Department or the Director should be obtained. However, a regulator should be able to grant such approval over the telephone, to accommodate late night or weekend operations. However, one stakeholder mentioned that a telephone variance should be only granted based on a depth limitation. Additionally, the group recognized that granting this permission should be addressed in a variance process.
5. Group agreed with the drilling unit size descriptions as written in the current draft rule.
6. The current draft rule requires a 500 foot horizontal separation distance between the wellbore trajectory and the drilling unit boundary. Members recognized that most other states require anywhere from a 300 to a 750 foot separation of wellbore trajectory and drilling unit boundary. However, consensus was not reached. Some members asked that the 500 foot distance remain as written, but that a variance should be allowed for lower distances based on justifying scientific information provided by the operator. One stakeholder (via written comment) recommended a separation distance of 1,300 feet. One of the meeting attendees suggested that the separation distance be established as 700 feet, with a variance provision to allow for a lower distance. Stakeholders agreed that reductions to well trajectory separation distance should have an absolute limit, below which a variance could not allow. However, based on the unknown rock properties in NC, assigning a number to this distance limit would be not be appropriate at this point. The group also discussed these related matters:
  - a. The greater the separation distance, the greater the risk of stranding or wasting gas in the formation;
  - b. A separation distance which is too small could run the risk of draining resources from outside of a given drilling unit; and
  - c. All Stakeholders want to be sure that a given operator would not be able to draw hydrocarbon resources from areas outside of a respective drilling unit.

**III. Discussion of Excerpt from Waste Management Rule**

The Stakeholders provided the following recommendations for the Water and Waste Management Committee:

1. Stakeholders agreed that benzene and formaldehyde should be added to the sampling table under 15A NCAC 05H .XXX5. They also recommended that conductivity measurements should be required and reported.
2. The group recognized that a treatment facility would also require sampling of the waste stream before acceptance.
3. Draft rule 15A NCAC 05H .XXX5 (3) requires an operator to submit sampling results within 30 of receipt of analysis. An e-mail submission from a non-attending stakeholder suggested that a sampling frequency and schedule should be set, which would require reporting within 72 hours of receipt of analysis. The Group members present agreed to that this reporting requirement should be 14 days.
4. The Stakeholders discussed whether or not solid waste TCLP analysis schedule should be set in the rule according to the handling and removal of solid wastes, rather than being specified by the

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Director. As part of their discussion, members noted that solid waste handling facilities already require testing before accepting wastes. Additionally, they noted that testing parameters could be so variable that it would be regulatory impractical to set a TCLP schedule. As a result, the stakeholders attending the meeting agreed with current verbiage of 15A NCAC 05H .XXX5 (d), which would leave discretion with the Director.

5. Stakeholders discussed whether or not fluids should be tested before re-use. One stakeholder suggested that fluids should not be re-used if the concentration of flowback water reached an established concentration. Once such a threshold was to be reached, the respective fluid should not be re-used. Other members noted that industry would generally test and then dilute flowback waters for re-using anyway. Additionally, some attendees proposed that regulatory requirements for constant testing of fluids and reporting would be impractical, due to an operator having to wait for lab results. Ultimately, the stakeholders disagreed over whether or not the testing of flowback water before each re-use would be necessary.
6. The stakeholders noted that the current rule set did not require testing of stimulation of fluids prior to re-use. However, they also recognized that industry was already aware of the dilution factors needed to ensure their fluids are working properly. No recommendation was developed regarding this matter.
7. Stakeholders recommended rewriting 15A NCAC 05H .XXX5 (d) to read, “Solid wastes, including drill cuttings and solidified muds, shall be characterized prior to disposal at a municipal solid waste facility in accordance with Toxicity Characteristic Leaching Procedure (TCLP), on a frequency and schedule determined by the Director. In addition, the Director of the Division of Energy, Mineral, and Land Resources, in consultation with the Director of the Division of Waste Management, can require additional analysis as necessary for the protection of the environment or human health.”

**IV. Meeting Conclusion**

The meeting adjourned at 3:00 pm.