

North Carolina Mining and Energy Commission
Coordinated Permitting Study Group
Minutes of September 6, 2013 Meeting

The North Carolina Mining and Energy Commission's (MEC) Coordinated Permitting Study Group held its fifth meeting on Friday, September 6, 2013 beginning at 2:22 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. Preliminary Matters

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

The following personnel were in attendance for all or part of the meeting:

Study Group Members Present

Dr. Kenneth Taylor, PG (Study Group Director), MEC
Mr. Charles Holbrook, Administration of Oil and Gas Committee Chairman, MEC
Mr. George Howard, Environmental Standards Committee Chairman, MEC
Dr. Ray Covington, Compulsory Pooling Study Group Director, MEC
Mr. Mike Abraczinskas, EIT, CPM, Deputy Director, Division of Air Quality (DAQ)
Mr. William Willets, PE, Engineering Supervisor, Permitting Section, DAQ
Ms. Ellen Lorscheider, Division of Waste Management (DWM)
Mr. Don Rayno, Division of Water Resources (DWR)
Mr. Toby Vinson, PE, Chief Engineer, Land Quality Section, Division of Energy, Mineral, and Land Resources (DEMLR)
Mr. Tracy Davis, PE, CPM, Director of DEMLR
Mr. Ken Pickle, Surface Water Protection Section, DEMLR
Mr. Evan Kane, PG, Groundwater Planning, DWR
Mr. Brandon Jones, NC Department of Transportation (NCDOT)

Study Group Members Absent

Mr. James Womack, Mining and Energy Commission Chairman has an excused absence because he was leading the Protection of Trade Secrets and Proprietary Information Study Group at the same time elsewhere in the building.
Dr. Vikram Rao, Water and Waste Management Committee Chairman, MEC

Dr. Taylor explained that this Study Group would develop recommendations related to future oil and gas permitting, which would involve regulatory authorities within and outside of DENR. As a result, his Study Group plans to develop recommendations to

allow for an efficient permitting process that would capture needed regulatory information, while being practical for industry use.

2. Approval of the Meeting Minutes

Time was taken to allow study group members to review the minutes from the July 26, 2013 meeting. Mr. Toby Vinson made the motion to approve the minutes; Mr. Don Rayno seconded the motion. The meeting minutes were approved.

3. Update on the Coordinated Permitting Meeting between DENR Directors and Assistant Secretary Gillespie (August 26, 2013)

Dr. Taylor led the discussion and members noted the following:

- a. Directors of DWR, DEMLR, DAQ, DWM and the State Geologist participated;
- b. Session law required the Study Group to consider disposal options for waste fluids;
- c. Air quality permitting should not be required, but DAQ maintains an interest in the permitting process;
- d. NCDOT expects that the oil and gas industry will inform NCDOT of plans for high-volume truck traffic;
- e. Coordinated permitting would be implemented to address well construction and completion;
- f. Once a well is put into production, separate environmental permits from other Divisions may be required;
- g. Wastewater management is part of the permitting process, which would encourage water reuse;
- h. The coordinated permitting process would be applied to comprehensive environmental permitting, not to road use or other types of permitting;
- i. If an operator is not doing on-site disposal, the operator is considered as being a waste generator. Burial of cuttings on site would require characterization of the materials before burial occurs. Industry typically uses off-site disposal options (i.e. landfill);
- j. Additional permitting may be needed for off-site waste disposal that would be separate from a DEMLR oil and gas drilling permit;

Mr. Tracy Davis noted that the mining permitting process involves the routing of the applicant package to other entities (i.e. DWR, DWM, USFW, Cultural Resources, etc.) for approval (where needed) and for requesting recommendations. The Coordinated Permitting Study Group noted that the Funding Levels and Potential Funding Resources Study Group was developing an impact fee strategy to recover cost impacts to local governments, which would include impacts to municipal roads.

Mr. Brandon Jones mentioned plans for NCDOT requirements related to road and bridge impact studies, which would be required of oil and gas operators. Although these requirements would be tied to a DEMLR drilling permit, NCDOT would provide enforcement for their rules. Mr. Davis noted that as part of the application package review process, NCDOT would have review opportunities. Additionally, the permit might include language indicating that NCDOT would be providing enforcement for their rules.

Jones also explained that a rock quarry or mining company is required to define designated haul routes and to upgrade respective roads.

Mr. Evan Kane noted that permits related to wastewater treatment and disposal could be issued before a DEMLR permit has been issued to construct an oil or gas well. Thus, the oil or gas well permitting process could require the applicant to have wastewater treatment and disposal permits or other permits in place before they receive a permit to construct a well.

The Study Group discussed whether or not public noticing should be done by the applicant or by DENR. The group recognized that DEMLR's mining program requires public notification before a mining permit is issued and that oil and gas permitting might be implemented in a similar manner.

4. Board Exercise for Informational Requirements, Permit Review Processes, and Concerns

Dr. Taylor provided each Study Group member with a pad of adhesive "Post-It" notes. He asked each participant to write issues, ideas, and information needs on the adhesive sheets and to post the sheets on a projection screen at the front of the room. The Study Group identified the following items:

- a. Division of Air Quality:
 1. Public notice requirements;
 2. Identification of responsible official;
 3. Fugitive dust – specific permit condition;
 4. Incorporate NSPS completion requirements into application and permit;
 5. Fees;
 6. Number and Size of engines (horsepower) onsite;
 - i. Identify fuel type.
- b. Mining and Energy Commission (Environmental Standards Committee):
 1. Identify water wells or water sources within 5,000 ft (name, address, lat/long);
 2. If the Baseline sampling completion/report submission;
 - i. Laboratory results, sample chain of custody, field observations, etc;
 3. Approved vendor status- List of base fluids/additives from vendors;
 4. Cultural resources included in a Phase I review.
- c. Division of Energy, Mineral, and Land Resources:
 1. Erosion control plan- Erosion control staff versus Energy program staff for plan review;
 - i. All items in the ESC checklist for plan submittal.
 2. Design of pits and tanks for water storage/treatment with leak detection system;
 3. Reclamation plan for restoration of disturbed areas and removal of waste/refuse (with bond calculation sheets);
 4. How to address nuisance aspects of well development, ie noise, dust, light, and odor;

5. Well pad material source- will any materials be obtained onsite (borrow pits);
 - i. Will all the materials be used onsite or will the operator need a mining permit?
6. Information requirements for FRO (Financial Responsibility Ownership) Form;
7. Requirements for noise, light, and dust control;
8. Funding Study may need to re-examine permit application fee to address all parties involved with coordinated permitting efforts for one-stop permit.
9. Stormwater:
 - i. Site plan to include ultimate build out;
 - ii. NC graphics standards- sediment/Stormwater/NCDOT standards- use or modify to suit work;
 - iii. Site Plan to show:
 1. Floodplains;
 2. Wetlands;
 3. Nutrient buffers;
 4. Proximity to RTE aquatic species;
 5. Receiving water classifications;
 - iv. Written narrative and hydraulic calculations establishing control of discharges;
 - v. BMP hydraulic design basis- 6" rain equivalent to 25-yr, 24-hr rain event;
 - vi. Returned applications due to: being unsigned, fee missing, substantially incomplete;
 - vii. Provide Forms/instructions for permit modification requests;
 - viii. Open coordination issue: detailed coordination with DWQ/Land Application – will land disposal of liquid waste be allowed?
 - ix. What will be the interface with Stormwater?
- d. Division of Waste Management
 1. Amount of waste produced based on diameter of wellbore and total depth (vertical and horizontal portions);
 2. Will USTs be used onsite for refueling purposes? ASTs? (DAQ too)
 3. Name of facility receiving waste with acceptance letter from that facility
 - a. Is there any screening or characterization required
 4. Any transport of hazardous materials? -Transporter ID and company name; also need location and name of disposal facility.
- e. Division of Water Resources
 - a. Surface water source – presence of protected species (if Yes, require Management Plan), presence of noxious aquatic weeds;
 - b. Start and end date of water withdrawal;
 - c. Location of water source (in lat./long., to 5 or 6 places in decimal degrees);
 - d. Water supply – documentation of permission to use overlying land;
 - e. Surface water – water source classification;

- f. Surface water – identification other users/dischargers in “affected reach” with capacities;
- g. Determination of 7Q10 of the surface water body;
- h. Groundwater – pump test results showing map of measurable area of influence;
- i. Groundwater – average daily withdrawal;
- j. Well construction record;
- k. Water Owner/Purveyor;
- l. Water Quality:
 - i. Will the project fill or discharge into waters of the State (including wetlands)?
 - ii. Is the site located in a source water assessment area or wellhead protection area?
 - iii. Certification of acceptance of wastewater by receiving facility (if going off-site);
 - iv. Where will wastewater (domestic and produced water) be disposed of (on-site, Neuse River, off-site, etc.)?
 - v. Location of streams and other surface waters of the State and any regulatory buffers;
 - vi. How will wastewater be transported to other sites (pipeline, pump and haul)?
 - vii. If hauling wastewater – identify the hauling company (15A NCAC 2T);
 - viii. Wastewater source profile – volume of washdown water, domestic air scrubbers, produced water, etc. and frequency.
- f. Compulsory Pooling Study Group
 - a. Landman registry;
 - b. Surface agreements;
 - c. Leases;
 - d. Public notice.
- g. NC- Department of Transportation
 - a. Pre-submittal meeting- operator meets with NCDOT to discuss details of operations;
 - b. DOT review of DEMLR permit
 - c. Hauling Plan- roads, bridges, route and truck volumes;
 - d. Immediate Needs- what must be done to roads and bridges prior to hauling;
 - e. Maintenance Plan- operators planned upgrades and plans to maintain during hauling;
 - f. Turnback- operator brings conditions to at least pre-haul meeting.

Dr. Taylor explained that the above list would serve as a means to identify items that would need to be considered as part of the coordinated permitting process. Additionally, entities responsible for addressing each listed item would be defined.

6. Concluding Remarks

Dr. Taylor asked Study Group members to send their suggestions and future report edits directly and exclusively to him.

Mr. Brandon Jones expressed his appreciation of NCDOT being included as a member of this Study Group.

Mr. Holbrook expressed his appreciation of the group's combined efforts.

Mr. William Willets introduced Ms. Heather Brown, P.E., who is a new DAQ employee.

The Coordinated Permitting Study Group adjourned at 4:12 pm.