

**Meeting Minutes of the Administration of Oil and Gas Committee of the  
North Carolina Mining and Energy Commission  
December 18, 2012  
11:00 a.m. – 1:00 p.m.**

**1. Preliminary Matters**

Chairman Charles Holbrook called the meeting of the Administration of Oil and Gas Committee to order at 11:00 am in the Ground Floor Hearing Room of the Archdale Building in Raleigh, N.C. Chairman Holbrook read 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 of interest were reported.

**2. Committee Members Present**

Mr. Charles E. Holbrook (Chairman)  
Dr. Vikram Rao  
Jane Lewis-Raymond  
Dr. Ray Covington  
Mr. Ward Lenz (substituting Jonathan Williams in a non-voting capacity)

**3. Attorney's General Office**

Jennie Wilhelm Hauser

**4. DENR Staff Members**

Tracy Davis (DEMLR Director)  
Mell Nevils (DEMLR)  
W.E. "Toby" Vinson (DEMLR)  
Walt Haven (DEMLR)  
Trina Ozer (DENR Secretary's Office)

**5. Others in Attendance**

See attached meeting sign in sheets.

**6. Selection of the Committee Vice-Chair**

Ms. Lewis-Raymond volunteered to serve as Vice Chair of the committee. She was elected to this position via unanimous vote.

**7. Animated Film on Shale Gas Development by Marathon**

Mr. Holbrook played an animated video which provided an overview of horizontal drilling and hydraulic fracturing processes. Chairman Holbrook stated that North Carolina has the capabilities to design rules and regulations that will make horizontal drilling and hydraulic fracturing safe in North Carolina. The video may be accessed here:

<http://www.youtube.com/watch?v=VY34PQUiwOQ>.

## **8. Review of the Requirements of Session Law 2012-143**

Trina Ozer presented the requirements for rule writing as stipulated by Session Law 2012-143 (see attached “Rule Assignment by Committee” table). Chairman Holbrook asked the committee to review relevant regulation requirements and to consider which requirements are similar enough to be grouped together into “buckets.” The Committee grouped rule requirements as follows:

- First Group or “first bucket”: Rule Assignment #1 “Regulation of pre-drilling exploration activities.”
- Second Group or “second bucket”: Rule Assignments #2 “Regulation of drilling, operation, casing, plugging, completion, and abandonment; #7 “Appropriate construction standards for oil and gas wells”; and #19 “Prevention of blowouts, caving, and seepage.”
- Third Group or “third bucket”: Rule Assignments #15 “Notice, record keeping, and reporting”; #17 “Required surveys for wells unlawfully drilled”; and #18 “Reporting of well location and filing of related logs and records.”
- Fourth Group or “fourth bucket”: Rule Assignments #21 “Regulation of shooting, perforating, or chemical treatment”; and #22 “Regulation of secondary recovery methods”
- Fifth Group or “fifth bucket”: Rule Assignments #23 “Regulation of well spacing”; #26 “Gas-oil ratio regulation”; and #27 “Production and limiting waste of oil and gas.”

The Committee discussed requirements related to site plans and preliminary documentation prior to drilling. Mr. Womack explained that the Local Government Study Group would provide recommendations regarding site plan requirements, filing, and plan enforcement. The committee also discussed an application or permit process, which would reside in DEMLR’s Land Quality Section under the Energy Program, that would require the filing of site plans and other documents as a condition for obtaining a permit to commence oil and gas operations.

The committee discussed the responsibilities of the North Carolina Geological Survey serving as an information repository with respect to oil and gas exploration and production. Additionally, in some instances the Commission may want to require operators to keep and archive data as part of record keeping requirements.

Additional committee discussion included the remediation of orphaned wells, as well as the use of bonding to ensure that funding is available for site restoration.

## **9. Review of Unfamiliar Terminology, Process and Operations**

It was recommended by Dr. Rao that an oil and gas glossary be posted on the MEC website.

## **10. Develop a Plan to Access and Review Existing State Laws and Regulations Relevant to the Work of the Committee**

Chairman Holbrook asked each committee member to do independent research concerning regulations from other states and how those rules deal with well pad construction, casing, logging, pressure testing, etc.

## **11. Sharing of Work Loads among Committee Members**

Chairman Holbrook stated that the rule writing group or “bucket” requiring the most work would be the set that contains requirements #2, #7 & #19 (third bucket, above). He also stated that the “bucket” on which to work for the next meeting would be the group containing requirements #15, #17 and #18. Ms. Ozer will research existing regulations on rule assignment #1. The Committee established the following individuals as being responsible for respective rule assignments:

- First Group or “first bucket”: Rule Assignment #1: Ms. Lewis-Raymond
- Second Group or “second bucket”: Rule Assignments #2, #7 and #19: Mr. Holbrook
- Third Group or “third bucket”: Rule Assignments #15, #17, and #18: Mr. Womack
- Fourth Group or “fourth bucket”: Rule Assignments #21 and #22: Dr. Rao
- Fifth Group or “fifth bucket”: Rule Assignments #23, #26, and #27: Dr. Covington.

## **12. Closing Comments**

Mr. Womack explained the difference in committee and the study group stakeholder relationships. Specifically, stakeholders may participate in the committee process by requesting formal opportunities to speak, or by submitting written comments. However, study groups may engage stakeholders more informally and may even include them in group discussions.

**The meeting adjourned at 12:45 pm.**

## **Follow-Up note for the Administration of Oil and Gas Committee Members**

During the Mining and Energy Commission meeting of December 19, Mr. Womack (Chairman of the Mining and Energy Commission) designated rule responsibilities from the “Rule Assignment by Committee” table. Additionally, Mr. Holbrook selected the individuals listed below to assist with respective rule assignments, as these assignments relate to the Administration of Oil and Gas Committee.

- Rule Assignment #14: Measures to mitigate impacts on infrastructure: Mr. Charles Taylor (added to the Administration of Oil and Gas Committee after the December 18 meeting occurred)
- Rule Assignment #16: Proper well closure and site reclamation: Dr. Kenneth Taylor (added to the Administration of Oil and Gas Committee after the December 18 meeting occurred)
- Rule Assignment #3: Prevention of pollution of water: Mr. Ivan “Tex” Gilmore (added to the Administration of Oil and Gas Committee after the December 18 meeting occurred)
- Rule Assignment #4: Protection of the quality of water, soil, air, and other resources: Mr. Ivan “Tex” Gilmore
- Rule Assignment #25: Any other matters the Commission deems necessary: All members of the Administration of Oil and Gas Committee

**DEMLR Staff Contact for this Committee: Walt Haven, Energy Program Supervisor**