

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

Preliminary Matters

Study Group Director Taylor called the meeting to order at 8:33 a.m. He then read the ethics statement and asked Committee members whether or not they had a conflict of interest with respect to any action items on the agenda. None were expressed.

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

Study Group Members Present

Dr. Kenneth Taylor (Study Group Director)
Mr. James Womack, MEC Chairman
Mr. George Howard, MEC Vice-Chairman; Environmental Standards Committee Chairman
Mr. Charles Holbrook, Administration of Oil and Gas Committee Chairman
Mr. Tracy Davis, PE, CPM, Director of DEMLR
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. Ken Pickle, Surface Water Protection Section, Division of Water Quality (DWQ)

Study Group Members Absent

Dr. Ray Covington, Compulsory Pooling Study Group Director
Dr. Vikram Rao, Water and Waste Management Committee Chairman
Mr. Evan Kane, PG, Groundwater Planning Supervisor, Division of Water Quality
Mr. Toby Vinson, PE, Chief Engineer, Land Quality Section, DEMLR

Others in Attendance

Refer to the meeting sign in sheets (attached to these minutes).

Revisions or additions to agenda

Dr. Taylor welcomed the new members of the study group and provided all members with the membership list. He reviewed the meeting agenda and asked if there were any revisions or additions to the agenda. None were noted by the Study Group members.

Information Items

Dr. Taylor provided a copy of the final State House version of Senate Bill 76 – Domestic Energy Jobs Act – to look at SECTION 2.(a) concerning a study for a coordinated permitting program. The text of that section is identical to the text in the original Senate Bill 76 SECTION 1.(c) which passed the Senate and was referred to the House, except for two changes: The line “including subsurface injection of fluids for that purpose;” was deleted in the House final version and the date the report was due to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy. The House version changed the original due date from October 1, 2013 to March 1, 2014.

MEC Chairman Womack requested that the study group complete our work by the October deadline.

Mr. Mike Abraczinskas, Deputy Director, Division of Air Quality (DAQ) and Mr. William Willets, Engineering Supervisor, Permitting Section, DAQ gave a joint review of coordinated permitting conducted by the DAQ and presented several issues on air quality permitting of oil and gas facilities across the country. Several MEC Commissioners asked questions concerning other emission sources; Mr. Abraczinskas indicated that these are handled consistently with federal rules. The only other coordinated permitting example he gave was mining, which was discussed at the first meeting, where the permit application is routed to all who have an operative issue.

Mr. Willets then discussed the process of streamlining the permitting process – such as including permitting facilities with similar emission characteristics, such as quarries. In terms of how other states conduct coordinated permitting programs, including air quality, Mr. Willets said that Arkansas, Colorado, Louisiana, Ohio, Oklahoma, Pennsylvania, and others have an expedited process and that some oil and gas exploration, production and processing sources require an air quality permit. Oil and gas production sites are typically small, but mid-stream and processing facilities would require a synthetic minor/Title V permit.

Chairman Womack asked who enforces these permits; Mr. Willets said the Division of Air Quality does and with a lot of outreach to the regulated community. Chairman Womack asked if using natural gas for a generator would require an AQ permit. Mr. Willets said it is evaluated on a case by case basis, but he did not expect one would be required.

Mr. Abraczinskas discussed non-attainment zones with existing AQ problems which would require additional state rulemaking. Commissioner Holbrook suggested that putting a statement on the permit for the applicant to check with DAQ to ensure that they are in compliance would help to expedite the process.

Mr. Willets indicated that companies who are new to the State often look elsewhere for advice on dealing with new conditions and regulation requirements, such as their trade associations.

There was a short discussion of natural gas flaring and the 2015 green completion requirements. Mr. Willets noted that the DAQ has a history of working with the regulated community and making them aware of new requirements through meetings, conferences, and seminars.

Study Group Discussion

The discussion moved to comments from several commissioners for a single permit and the desire by several commissioners that dealing with several divisions from one agency can be counter-productive to business.

Dr. Taylor proposed that the study group look at Pennsylvania's permitting process and review that information at the next study group meeting. Many commissioners agreed that looking at several states would be effective to see how the process works. Dr. Taylor added Texas to the list of states to report on.

Commissioner Holbrook and Chairman Womack also discussed drilling units and how other states deal with this concept. Dr. Taylor also suggested that North Dakota, which was featured in a recent issue of "National Geographic Magazine" and Arkansas, would be added to the list.

Public Comment

Therese Vick spoke about the need for transparency and having the public involved. She asked how to do that.

Martha Girolami brought to the attention of the study group a report on hydraulic fracturing by the US EPA Office of the Inspector General. She argued that there is a need for new state rule making.

Approval of the Meeting Minutes

Dr. Taylor noted that the Minutes of the first meeting had not yet been approved. He asked for the motion, which Chairman Womack made and Mr. Ken Pickle seconded. The Minutes were approved.

Concluding Remarks

Commissioner Holbrook thanked the speakers and Chairman Womack asked the study group to double check all information collected.

The Coordinated Permitting Study Group adjourned at 10:09 a.m.