

MINUTES
ENVIRONMENTAL QUALITY BOARD MEETING
July 16, 2013

VOTING MEMBERS OR ALTERNATES PRESENT

Alisa Harris, Acting Chairperson for E. Christopher Abruzzo, Acting Secretary, Department of Environmental Protection (DEP)
Gwenn Dando, alternate for Julia Hearthway, Secretary, Department of Labor and Industry
Kathryn Tartaglia, alternate for Barry Schoch, Secretary, Department of Transportation
Patrick McDonnell, alternate for Robert Powelson, Chairman, PA Utility Commission
Representative Greg Vitali, Pennsylvania House of Representatives
Jonathan Lutz, alternate for Representative Ron Miller
Richard Fox, alternate for Senator John Yudichak
Adam Pankake, alternate for Senator Gene Yaw
Michael DiMatteo, alternate for Carl Roe, Executive Director, PA Game Commission
Burt Waite, Citizens Advisory Council
David Spotts, alternate for John Arway, Executive Director, PA Fish and Boat Commission
Jeff Kazlauskas, alternate for Jennifer Branstetter, Secretary, Governor's Office of Policy and Planning
William Fink, Citizens Advisory Council
Walter Heine, Citizens Advisory Council
Terry Dayton, Citizens Advisory Council
Paul Opiyo, alternate for C. Alan Walker, Secretary, Department of Community and Economic Development
James Howes, alternate for George Greig, Secretary, Department of Agriculture
Dr. James Logue, alternate for Michael Wolf, Secretary, Department of Health

DEPARTMENT OF ENVIRONMENTAL PROTECTION STAFF PRESENT

Doug Brennan, Director, Bureau of Regulatory Counsel
Michele Tate, Regulatory Coordinator

CALL TO ORDER AND APPROVAL OF MINUTES

Acting Chairperson Harris called the meeting to order at 9:03 a.m. in Room 105, Rachel Carson State Office Building, 400 Market Street, Harrisburg, PA. The Board considered its first item of business – the April 16, 2013, EQB meeting minutes.

**Richard Fox moved to adopt the April 16, 2013, EQB meeting minutes.
Adam Pankake seconded the motion, which was unanimously approved
by the Board.**

CONSIDERATION OF PROPOSED RULEMAKING: OIL AND GAS WELL FEE AMENDMENTS (25 Pa Code Chapter 78):

Scott Perry, Deputy Secretary, Office of Oil and Gas Management, provided an overview of the proposed rulemaking. Jeffrey Logan, Executive Deputy Secretary for Administration and Management and Trisha Salvia, Assistant Counsel, Bureau of Regulatory Counsel, assisted with the presentation.

Following the presentation, Burt Waite noted to the Board the private sector implications in response to the decline in Marcellus Shale drilling activity in Pennsylvania, including employee layoffs. He inquired whether the Department has examined staff furloughs to address the imminent deficit of the Oil and Gas Well Plugging Account. Mr. Waite noted his concern over the fee increases imposed in the rulemaking, but also expressed that his greater concern is that industry would not be able to obtain timely responses from the Department without the proposed rulemaking. Mr. Waite noted that he would support adoption of the proposed rulemaking because it will sustain departmental resources that are needed for environmental protection as well as resources that are needed by industry for continued operation in the Commonwealth. Mr. Waite commented that at some point it will become difficult for the Department to justify permit fee increases if the number of wells permitted and the number of wells drilled continue to decline. In response, Deputy Secretary Perry noted the diligence the Department has undertaken in managing its program expenses, and noted that while direct furloughs have been avoided, the Department, through attrition, has been able to operate under significant budget constraints. Deputy Secretary Perry emphasized the scrutiny the Department has undertaken in examining possible additions to staff complement, but noted that public sentiment, as embodied in Act 13, demonstrates that there is clear support for additional inspection activity by the Department for oil and gas operations in Pennsylvania. Mr. Waite noted the program efficiencies and cost reductions the Department should expect from anticipated technology enhancements, including the implementation of an electronic/mobile inspection platform. Deputy Secretary Perry acknowledged that the Department anticipates program efficiencies and that those efficiencies will influence where additional complement for the program may be needed.

Richard Fox asked the Department to elaborate on the Department resources that are used to support the development of pipelines and midstream operations in Pennsylvania, including gathering lines. In relation to those specific areas, Deputy Secretary Perry responded that the Oil and Gas Program is responsible for issuing erosion and sediment control permits as well as any stream crossing permits.

Michael DiMatteo asked if the Department assesses separate permit fees for impoundments, compressor stations and pipelines or if the oil and gas well permit fee covers those types of authorizations. Deputy Secretary Perry responded that the Department charges separate fees for erosion and sediment control permits and for dam safety and encroachment permits, which are the appropriate authorization type for stream crossings. Mr. DiMatteo inquired if the Department has a means of measuring the effectiveness of the permit fee increase, particularly in terms of responding to industry in a timelier manner. Deputy Secretary Perry responded that the Department measures its permit efficiencies through the Permit Decision Guarantee Program and can illustrate the comparative achievements accomplished through the program. He also noted the Department will publicly share other efficiencies, including inspection goals and how those goals are being met. Mr. DiMatteo responded that the predominant feedback his agency receives from industry is that they are looking for certainty, especially with those projects that require long-term planning. Deputy Secretary Perry acknowledged Mr. DiMatteo's comments and noted that the proposed rulemaking and the subsequent revenue raised will support the staff needed in the Oil and Gas Program to ensure program clarity and consistency.

Richard Fox moved to adopt the proposed rulemaking with a 30-day public

comment period. David Spotts seconded the motion, which was unanimously approved by the Board.

OTHER BUSINESS:

The next meeting of the Board is scheduled for Tuesday, August 20, 2013. The meeting will convene at 9:00 a.m. in Room 105 of the Rachel Carson State Office Building, Harrisburg.

ADJOURN:

With no further business before the Board, Burt Waite moved to adjourn the meeting. Patrick McDonnell seconded the motion, which was unanimously approved by the Board. The July 16, 2013, meeting of the Board was adjourned at 9:45 a.m.