

## NGAC Notes

9-30-21

### DCNR Update

#### John Norbeck

1. Discussion of DCNR staff flexibility, productivity, and safety during challenges of pandemic.
2. High state park and forest use during pandemic.
3. DCNR budget about cost-to-carry. Stable levels of funding and personnel.
4. DCNR in process of hiring a Departmental Director of Recreation.
5. Senate Bill 525 – Infrastructure bill. About 20 co-sponsors. Would use about half billion dollars from Recovery Act, using for infrastructure rather than for Rainy Day Fund. About half would go to state parks and forests. We have a 1.4-billion-dollar infrastructure need in DCNR.

#### Ellen Shultzabarger

1. ATV Pilot in Susquehannock and Tioga Districts over the summer, just closed for the season last weekend. Developing a monitoring program for ATV Pilot that will be similar to what was done for shale gas monitoring. We are interested in any thoughts from NGAC members on the ATV monitoring program.
2. Strategic Plan in the process of being revised. Conducted process over past two years on stakeholder, public, and staff input. Working to develop new plan now, and DCNR will touch base with NGAC on the strategic plan in the next one to two meetings of NGAC.

### Minerals Operations, Finance, and New Operators

#### Arianne Proctor

1. Presented DCNR Oil & Gas Program Status Update worksheet
  - a. Worksheet now indicates changes since last report (which was March).
  - b. Discussed how 2012 act gave DCNR role of managing gas leases on other state lands. Listed as “DGS” leases in the worksheet.
  - c. Discussed how gas prices presently are up higher than they have been for many years.
  - d. Described how wells must meet “test of well economy,” and if they do not, our leases dictate that the wells must be plugged. This helps prevent legacy issues with abandoned wells.
  - e. Navigable river leases tend to be a small percentage of larger gas units (e.g., a few acres); however, riverbed leases account for about 10% of total DCNR royalty revenue.
  - f. Two accountants on staff for auditing proper and accurate payments.
2. Presented chart on Cumulative Acres of Conversion. Drawn from publicly available Shale Gas Monitoring Story Map website.
  - a. Illustrated that pipelines comprise largest percentage of acres converted, followed by pads.
3. Presented graph of COP vs Henry Hub Natural Gas Price. And yearly historic averages of COP Natural Gas Prices.

- a. Prices really on the rise right now. Although a negative differential between Commonwealth gas prices and Henry Hub, which serves as the official delivery location that establishes prices for futures trading on exchanges.
  - b. COP prices not known for recent months because of contractual lag in reporting in the leases, which is why chart does not show Commonwealth data past April.
  - c. Couple reasons for increase in Henry Hub prices. Inventories of gas storage in USA are down about 7% from 5-year average, and that reduction in supply is causing concern in markets. Pandemic caused a dip in demand, and that affect the supply producers putting into market. Natural disasters have affected supply negatively. Demand will go up during winter. These factors are all influencing the recent rise in prices. Often higher prices lead to increases in production efforts.
  - d. Pipeline capacity in Appalachia has still not kept pass with production. This is another reason for increasing prices.
- 4. Presented graph of Total Royalty O&G Income
  - a. Can see link between price of gas graphs and income graphs.
  - b. Expect 2021 income to rebound to approx. \$60-80 million.
- 5. Presented graph of State Forest Lease Unconventional Wells
  - a. Shows steady numbers over past several years during period of depressed gas prices.
- 6. Presented graph of Publicly Owned Streambed Wells
- 7. Showed maps and discussed changes in lessees/operators of record over past 5 years.
  - a. DCNR leases require Commonwealth consent to assignment of leases from one operator to another. Much due diligence required of DCNR for this process to ensure lessees of good standing prior to transfers.
  - b. Sometimes lessees of record can be different for different geologic horizons. So assignments might happen to different entities for different horizons.
  - c. DCNR has “Administrative Tracts” established for much severed acreages to help us work cooperatively with severed rights operators.
- 8. Question about whether consent to assignments are an opportunity to insert new, improved BMPs.
  - a. ANSWER – The best opportunity for improving BMPS is a lease amendment. Also, the O&G Guidelines are still employed as the “gold standard” of BMPs for our operators.

### **PEDF Summary**

Josh Ebersole

- 1. Presented a PPT that details cases, arguments, and decisions.

### **NGAC Member Reports**

- 1. Davitt Woodwell – PA Environmental Council
  - a. Working with DEP on rules for methane sources, RGGI, carbon capture, decarbonizing. Collaborating on Conservation Landscapes.
- 2. Ephraim Zimmerman – Western PA Conservancy

- a. Nothing done specifically this year for gas but have been looking at very aspects for conservation planning, landscape connectivity (climate change focus). Did a study with EPA funding on peat-accumulating ecosystems (e.g., bogs, fens), which has some overlap with public lands. Another EPA-funded wetland grant will look at areas of DCNR and other state agencies have plans regarding significant wetlands.
- 3. Dr. Clark – PA Off Highway Vehicle Association
  - a. Been active with local clubs assisting with implementation of ATV Pilot Connector. Also working on legislation to include off highway motorcycles in ATV registrations and trails.
- 4. Jennifer Orr-Greene – Trout Unlimited
  - a. Strategic planning effort, nationally, but also working down to PA-level planning. Using the Eastern Brook Trout Portfolio GIS Tool to help with prioritization of work. TU feels Brook Trout is like canary in coal mine for cold-water ecosystem impacts. Many Brook Trout strongholds are associated with state forest lands. Intact forests very important for Brook Trout population health, so looking at stressors on those forests, like mineral development, ATVs, climate change, etc.
  - b. 17,000 TU members in PA.
  - c. Incorporating DEIJ in planning efforts.
  - d. TU has a pipeline siting tool, and lessons learned from the tool are being used in other Appalachian states.
- 5. Ryan Mather – EQT
  - a. Items currently addressing include reclamation projects across their footprint, environmental-social-governance (ESG). Seeking net zero emissions by 2025 for corporation.
  - b. Possibly present on carbon-reducing initiatives at future meeting.
- 6. Mike DiMatteo – PA Game Commission
  - a. 109 leases, 130,000 acres, 820 gas wells.
- 7. Ben Williams – Seneca
  - a. Current activities: 2 rigs for drilling over next 12 months, doing both Marcellus and Utica wells. About 37 wells planned on state forest land in Tioga SF.
  - b. Also active with interim restorations, working closely with Elk SF on a series of those.
  - c. Kicked off final restorations for 5 pads on Allegheny NF, considering some pollinator programs for those restorations.
  - d. Regarding ESG initiatives, sponsoring a new model well by Well Done Foundation aimed at reducing methane gas. Will share link with video about project. [Seneca Resources & Well Done Foundation Announcement - YouTube](#)

### **Plans for Next Meeting**

- 1. Potential Topics
  - a. Corporate ESG by EQT – Contact Ryan Mather
  - b. BOF Strategic Plan
- 2. Virtual vs In-Person
  - a. Send thoughts to Gerald on preferences
  - b. Possibly 1 In-Person (4 hours) and 2 Virtual (2 hours) per year?