

2020 Annual Report of the Oil and Gas Commission

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Receiving Entities:
The Joint Legislative Commission on Energy Policy
The Environmental Review Commission

Submitting Entity:
Department of Environmental Quality, on behalf of the Oil and Gas Commission

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Executive Summary and Transmittal

Pursuant to N.C.G.S. §143B-293.1(c), the North Carolina Oil and Gas Commission (Commission), must submit annual written reports as to its operation, activities, programs, and progress to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission.

Provided herein is the annual report of the Commission as to its operations, activities, programs, and progress for the 2020 calendar year.

Respectfully,



James C. Lister
Chairman

2/9/21

Date

Commission Report and Proceedings

The year 2020 for the Oil and Gas Commission was fraught with challenges caused by COVID-19 disruptions, just like those experienced by the rest of North Carolina governmental operations. The Commission convened the four, mandatory quarterly meetings as required by law, however, only three of the meetings contained a quorum of Commission members. The February meeting was held in-person, but the subsequent three meetings were held remotely in accordance with public health and gathering protocols. Nevertheless, during this year, significant issues were discussed, and some procedures were developed for improved conduct of the Commission's business. The Commission also elected officers for the 2020-2021 term.

With regard to the Commission's membership, the General Assembly did not consider any of the three Gubernatorial nominations for appointment to the Commission that have been pending since the Spring of 2019. As a result, the Commission conducted meetings with five Commissioners in active terms, two Commissioners in holdover extended terms, and two unfilled vacancies.

The most significant issues the Commission addressed this year were: wellbore integrity and environmental safety of North Carolina's only two shut-in gas wells; a relatively new U.S. Well Number Standard for all future wells drilled; drilling unit application regulatory review process; and drilling unit naming and administrative tracking.

The Commission's charge and duties may be found at N.C.G.S. §143B-293.1, or [online \(https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/BySection/Chapter_143B/GS_143B-293.1.html\)](https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/BySection/Chapter_143B/GS_143B-293.1.html). The following is an executive summary of the Commission's activities

during the quarterly meetings. Detailed minutes, referenced materials, and additional information from each Commission meeting are available online: (<https://deq.nc.gov/energy-climate/energy-group/oil-and-gas-program/nc-oil-and-gas-commission>).

2020 Meetings

February 11, 2020

There were not enough Commission Board members present to establish a quorum to conduct business.

June 16, 2020

The Commission adopted its 2019 Annual Report and minutes from August and November 2019 meetings were approved.

There was a discussion and approval of the minutes from the February 11, 2020 meeting, during which there was no quorum.

August 11, 2020

The Commission elected its Officers: Commissioner Jim Lister was reelected as Chair and Commissioner Jim Womack was re-elected as Vice-Chair.

The permitting process for Drilling Unit applications was discussed and it was suggested by Commission Counsel Reynolds that the Commission could establish internal operating procedures to address these matters without the need for additional rulemaking. The Commission identified the need to establish standard operating procedures in this regard and continued the discussion at the next Commission meeting in November.

Drilling Unit naming conventions and the development of a reference system for tracking the life history of a Unit were discussed and staff in the NC Geological Survey (Survey) were tasked with providing additional information for further deliberations at the November meeting.

November 10, 2020

The Commission reviewed current protocol for processing Drilling Unit applications. The oil and gas exploration and development rules (15A NCAC 05H .0703 and .1202) stipulate that an application shall be submitted to the Commission for review. It was agreed that the standard operating procedure for the process will call upon the Survey to distribute applications to the members of the Commission as soon as practical, once the application has been received in the Department. The Survey will advise the Commission as to the completeness of the applications and make recommendations for remedy, as appropriate.

The Commission received a presentation by the Survey regarding the U.S. Well Number Standard, which replaced the API (American Petroleum Institute) numbering standard. The oil and gas development rules, as well as forms associated with the rules, contain

references to the API well number. In order to address this matter, the Commission agreed to further discuss approaches to incorporate the new U.S. Well Number Standard at its next meeting.

Finally, the Commission established meeting dates for 2021:

February 9, 2021

May 11, 2021

August 10, 2021

November 9, 2021