North Carolina Oil & Gas Commission Overview

8 May 2018

Jim Womack, Chairman
North Carolina Oil & Gas Commission

Senate Bill 820 (2012-143)
Clean Energy & Economic Security Act

• Establishes the Mining & Energy Commission

• Requires a Modern Regulatory Program for Oil & Gas Development

• **Authorizes Horizontal Drilling & Hydraulic Fracturing**

• Enhances Landowner & Public Protections

• Establishes Joint Legislative Commission on Energy Policy
Senate Bill 76 (S.L. 2013-365)
Domestic Energy Jobs Act

- Streamlines Regulatory Process by Waiving Fiscal Notes
- Mandates Legislative Review of Rules before Commencement of Drilling
- Requires Special Study of Coordinated Permitting
- Requires Special Study of Landmen Registration and Taxation of Hydrocarbons
- Establishes Energy Policy Council

Senate Bill 786 (S. L. 2014-4)
Requirements

- Reconstitutes the MEC as the Oil & Gas Commission beginning in August 2015
- Provides Statutory Chemical Disclosure, Trade Secret & Confidential Information Provisions
- Clarifies Presumptive Liability and Notice of Entry
- Gives Clarity the on extent of Local Government Authority
- Establishes the system of severance taxes and royalty payments; prohibits local taxation beyond property taxes
Senate Bill 119 (S. L. 2015-264) Technical Corrections Bill

* Clarified legislative intent concerning local ordinances prohibiting regulating oil and gas exploration, development, and production activities

* Provided instructions for petitions to preempt local ordinance

House Bill 630 (S. L. 2016-95) Coal Ash Management & OGC Appointments

- Changed the sourcing of appointments to the Oil & Gas Commission pursuant to the McCrory v Berger NC Supreme Court instructions

- Changed the effective dates for all commission appointments to be January 1 through December 31 of each year, with all terms lasting four years

- Established the procedures for legislative approval of the Governor's appointees

- Affirmed the continuing validity of the MEC's Rules as adopted by the NC General Assembly in 2015
MEC Accomplishments

- MEC Constituted by Statute-- 1 Aug 2012
- Staff Research & Presentations Began-- 18 Dec 2012
- Study Groups Began Meeting-- 8 Feb 2013
- First Rules Developed by MEC-- May 2013
- MEC Approves for Public Comment-- June 2014
- Public Comment Period-- 15 July – 30 Sept 2014
- MEC Hearing Officer Review-- October 2014
- Full MEC Deliberation and Adoption-- November 2014
- General Assembly Approval-- Legislative Session 2015

Pooling, Assignment of Drilling Units and Permitting

“There’s nothing inherently dangerous in fracking that sound engineering practices can’t accomplish.”

Well & Drilling Site Standards

Water & Wastewater Withdrawal, Testing
Expected NC Shale Gas Reserves

Exposed North Carolina Triassic Rift Basins

Seismic Surveys
Core Sampling

V.R. Groce #1 well – Selected core from the interval 2422' – 2428 feet and the interval 3038' – 3043 feet depth. This well is located near the center of the Sanford sub-basin. The well had a number of good petroleum shows.