

The Oil and Gas Commission Summary

The Oil and Gas Program Summary

Presentation by Chairman Jim Lister

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<https://www.deq.nc.gov/energy-climate/oil-and-gas-program/nc-oil-and-gas-commission>

Current Summary of Oil and Gas Commission on:

<https://www.deq.nc.gov/energy-climate/oil-and-gas-program/nc-oil-and-gas-commission>

The N.C. Oil and Gas Commission is responsible for adopting rules on oil and gas exploration in North Carolina.

The Oil and Gas Commission also has the authority to regulate the spacing of wells for oil and gas exploration, establish areas where oil and gas drilling can occur, and limit the production of oil and gas exploration.

By law, the commission is required to submit annual progress reports to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission.

The Oil and Gas Commission and a reconstituted Mining Commission were created to carry out the regulatory responsibilities of the former state Mining and Energy Commission. The General Assembly eliminated the Mining and Energy Commission after the commission had adopted rules that govern oil and gas exploration and development in North Carolina.

The Oil and Gas Commission has nine members. A total of four members are appointed by leaders in each chamber of the General Assembly. The remaining five members are appointed by the governor. Members serve for four years.

Propose deleting this portion because it is past events, not current.

Proposed Summary of Oil and Gas Commission

The Oil and Gas Commission was created by the Executive Organization Act of 1973 to administer the Oil and Gas Conservation Act of 1945.

The Commission is responsible for developing a modern regulatory program for the development of oil and gas resources of the State.

The Commission shall manage the oil and gas development program through regulations designed to protect public health and safety; protect private property; protect and conserve the State's air, water, and other natural resources; promote economic development and expand employment opportunities.

The Commission has the authority to establish drilling units, regulate spacing of wells and limit and prorate the production of oil and gas from any pool or field.

The Commission has the authority to regulate pre-drilling exploration activities, including geophysical surveys, stratigraphic surveys and testing.

The Commission has the jurisdiction and authority to regulate the use of horizontal drilling and hydraulic fracturing treatments.

The Oil and Gas Commission consists of nine members: five are appointed by the Governor and four are appointed by the General Assembly. The term of the Commissioners is four years. The Commission submits an Annual Report to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission.

Current Summary of Oil and Gas Program on:

<https://www.deq.nc.gov/energy-climate/oil-and-gas-program/nc-oil-and-gas-commission>

The state Oil and Gas Program administers and enforces the provisions of the Oil and Gas Conservation Act. In accordance with [Session Law 2012-143](#), the program also provided support staff to the N.C. Mining and Energy Commission in establishing a regulatory program for the management of oil and gas exploration and development in the state.

The Mining and Energy Commission submitted rules to the Office of Administrative Hearings for publication in July 2014. The rules were adopted in November 2014, and were reviewed and approved by the Rules Review Commission at the December 2014 and January 2015 meetings. The Mining and Energy Commission was dissolved July 31, 2015, as directed by [Session Law 2014-4](#).

Propose deleting this portion because it is past events, not current.

Proposed Summary of Oil and Gas Program

There have been 129 oil and gas exploration wells drilled in the State. Most of these wells are in Mesozoic Basins exposed in the Piedmont or those buried beneath Coastal plain sedimentary deposits. The earliest wells were drilled in the 1920's and the most recent activity occurred in the 1990's when wells were drilled in Lee and Chatham Counties. Two of the wells drilled were completed in the Triassic Cumnock Formation but were shut-in for lack of proven offset reserves and production infrastructure.

The USGS conducted a study of the Total Petroleum System of the Mesozoic Basins of the east coast US and published its findings in 2012. The source rocks for oil and gas within the Mesozoic Basins were determined to be the gray and black shales and coals of the Triassic Cumnock formation. In NC, the Deep River Basin Assessment Unit (AU) is estimated to have a mean technically recoverable 1.7 TCF gas and the Dan River AU is estimated to contain a mean technically recoverable 49 BCF gas.

North Carolina has commercially important occurrences of coal in parts of Chatham, Lee and Moore counties. The area is referred to as the Deep River Coal Field. The coal beds are Triassic in age and occur in the Cumnock formation. The coals are gas bearing as evidenced by fires and explosions reported from early coal mining operations. The Dummit-Palmer coalbed methane test well, drilled in 1982 was tested and yielded gas recoveries of 12.1 cc/g and 986.5 BTU. The well was stimulated and there were indications the well was capable of about 40,000 cubic feet per day.

There have been numerous inquiries from the public and industry regarding leasing and drilling in the State's Triassic Basins, but to date there have not been any proposals for development submitted to the Oil and Gas Commission.