

The PIOGA Press

The monthly newsletter of the
Pennsylvania Independent Oil & Gas Association
July 2023 • Issue 159

The Inflation Reduction Act - Know Where You Stand

Article by Bertison-George, LLC and Rose Rock Environmental Services

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. It principally tries to address climate change by creating a variety of tax incentives and funding mechanisms to encourage actions that reduce greenhouse gas emissions. One of those mechanisms is the federal government's first-ever tax on greenhouse gas (GHG) emissions. The IRA imposes the charge on certain natural gas and petroleum facilities for methane emissions occurring after January 1, 2024.

The charge applies only to applicable facilities that report more than 25,000 metric tons of carbon dioxide equivalent per year on their greenhouse gas emission reporting forms. The IRA requires that EPA revise Subpart W within two years to ensure that reported emissions "are based on empirical data," "accurately reflect the total methane emissions and waste emissions," and allow the submission of "empirical emissions data" to support the calculation of emission charges.

Step 1: Determine the applicable threshold below which the charge does not apply. The threshold varies based on the type of facility. For example, the threshold for methane emissions from onshore and offshore petroleum and natural gas production is an amount that exceeds 0.20% of the natural gas sent to sale from the facility or 10 metric tons of methane per million barrels of oil sent to sale from the facility if it sent no natural gas to sale.

Step 2: Compare the reported greenhouse gas

emissions to the thresholds. If the reported emissions are greater than the threshold, then a charge must be paid for excess emissions. The IRA allows for the "netting" of emissions among all facilities under common ownership or control.

Once reported emissions more than applicable thresholds have been identified, the charge can be calculated. For emissions in calendar year 2024, the charge is \$900 per metric ton. In 2025, the charge increases to \$1,200 per metric ton. After January 1, 2026, the charge will be \$1,500 per metric ton.

There are three exemptions in the IRA from the methane charge.

- 1) Are the excess emissions caused by "unreasonable delay" as determined by EPA in environmental permitting of gathering or transmission infrastructure.
- 2) Is if the facility is in compliance with methane emission standards established by EPA under Section 111(b) or (d) of the Clean Air Act that are in effect in all states and such regulations achieve equivalent or greater emissions reductions compared to those set forth in the *methane emission standards proposed by EPA in 2021.*

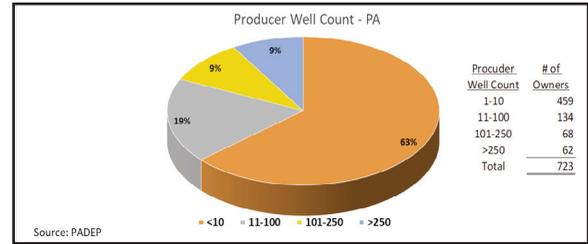
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3) The methane charge will not apply to any well that has been permanently shut in and plugged in the prior year in accordance with applicable closure requirements, as determined by EPA.

Will Pennsylvania producers be impacted? No one knows exactly how much just yet, but it is likely. Innovative technology and calculation methods will be implemented so what may have been historically a below the threshold issue, may not be in the future. Based on the chart below, 593 oil and gas producers in Pennsylvania own 100 or less wells. Which means less opportunities to net emissions and more reasons to prepare.



Facilities potentially subject to the charge may want to consider developing a preliminary compliance strategy by:

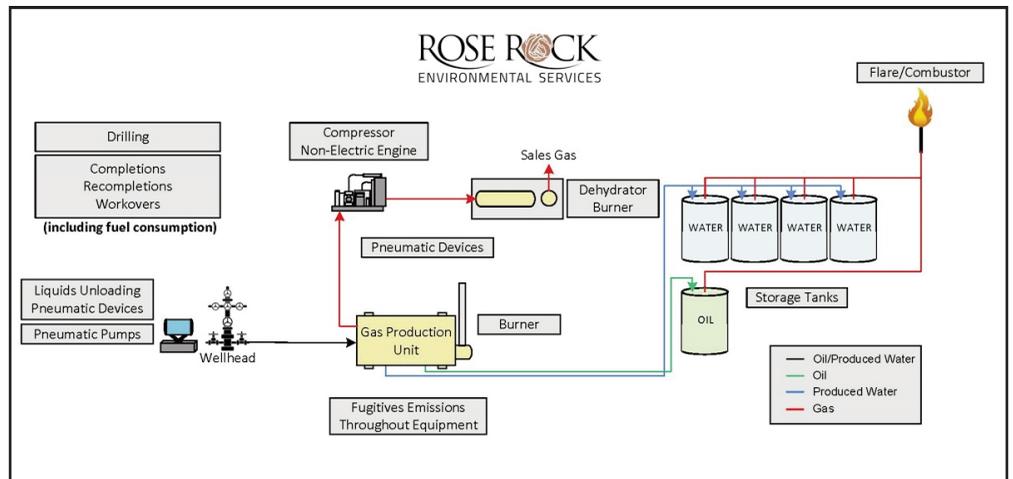
- 1) Determine if they are likely to be above the IRA methane emissions thresholds based on prior greenhouse gas emissions reports;
- 2) Analyze opportunities for netting of emissions across multiple facilities under common ownership or control; and
- 3) Closely monitor EPA's further methane emission standards rulemaking.

Conventional oil and gas producers along with pipeline and utility companies need to develop a game plan on how to deal with this issue. Luckily PIOGA members have a few months before 2024 begins.

Knowing where you stand in 2023 with respect to EPA's Mandatory Greenhouse Gas Reporting (25,000 metric tons of carbon dioxide equivalent threshold) and the IRA's Methane Tax (methane metric tons beyond 0.2% threshold) is critically important.

KNOW YOUR GHG EMISSIONS

40 CFR 98, Subpart W – Petroleum and Natural Gas Systems, i.e., Subpart W, contains the regulatory requirements for reporting GHG gas emissions. Subpart W includes the definitions, equations, factors, and other requirements to determine if your facility (within a single hydrocarbon basin) is required to submit a report based on the 25,000 metric



tons of carbon dioxide equivalent (CO2e) reporting threshold. The rule covers ten different source categories; our focus is the onshore petroleum and natural gas production and onshore petroleum and natural gas gathering and boosting categories. The requirement to report GHG emissions has been in effect since calendar year 2010. The GHG rule is the basis for the methane tax. Knowing and understanding your GHG emissions is the critical first step to determining what, if any, methane tax exposure you may have. Due to the complexity of the regulations, the following general process flow diagram of an oil and gas wellsite will be used for this high-level overview.

Wellhead - The best place to start is the same place that pays the bills: the wellhead. This includes drilling, completions, and well interventions that could contribute to overall emissions (i.e., workovers,

gas lift installs, plunger lift installs, swabbing, etc.). One of the main sources of GHG emissions within drilling, completions, and well interventions is fuel burning equipment (typically diesel fuel). Production methods such as gas lift and plunger lift typically result in increased emissions through the addition of compressor engines, additional pneumatic controllers, the increased likelihood of well-bores loading up with liquids, etc.

Using 2022 as an example, the scope includes the number of producing wells and their respective activities at the end of the calendar year. Additionally considered are the number of producing wells acquired, the number of producing wells divested, the number of wells completed, and the number of wells permanently taken out of production (i.e., plugged and abandoned) during the calendar year. Annual production volumes of oil, gas, and water as well as average mole fractions of methane and carbon dioxide in the produced gas are required.

Process Equipment - What equipment do you have between your wellhead and tanks? Process equipment includes any process vessels to condition or separate fluids, compression, dehydration, vapor recovery systems, etc. It also includes any pneumatic pumps and controllers required for safe, efficient operations. Process equipment includes the majority of fugitive emissions at the site.

Atmospheric Tanks - Subpart W is focused on the volume of oil sent to atmospheric tanks, and the associated flash emissions that emit methane and carbon dioxide. Produced water and the associated water tanks are sources of methane and carbon dioxide; however, they are not currently in scope for emissions calculations. It is recommended to include water volumes in your annual production; this becomes necessary when estimating emissions for wells that produce 10 or more barrels of oil per day. Other sources of GHG that may be emitted at the tanks include liquids unloading, and process vessel gas due to malfunctioning dump valves.

Control Devices - Control devices are utilized to minimize hydrocarbon emissions by burning the process stream which results in carbon dioxide and the unburned methane emissions based on the destruction efficiency of the control device. While flares/combustors are typically associated with atmospheric storage tanks or process equipment, they can also be used during drilling, completions, and well interventions.

Estimating Emissions - Three main methods of estimating GHG emissions include the prescribed calculations as documented in Subpart W (factors, counts, etc.), software packages, and leak surveys (equipment leaks/fugitive emissions). ProMax® 6.0 (Bryan Research & Engineering, LLC) is a preferred software package. Any surveys conducted with approved leak detection methods (optical gas imaging, Method 21, infrared laser beam, acoustic) typically result in fewer emissions (less methane).

The Charge - Do you know your CO₂e emissions? Do you know your methane emissions? Do you know your methane intensity? Do you know if your methane emissions will be taxed, and how much? Do you know what you can do now to eliminate or mitigate your potential tax exposure? ■

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How Do We Stop Opposition Organizations from Promoting Falsities about Oil & Gas... and Reverse the Tide.

Editorial Piece - written by Ken Komoroski, Partner, Earth & Water Law



There are several approaches that may be used when organizations zealously opposed to any fossil fuel development and use (“opposition organizations”) question and attack the oil & natural gas industry, and social media organizations consistently repeat these false and harmful claims. Two common approaches are to fight back or ignore the commentary. Instead, this article explains how collaboration will bring about the best results – by far. And, as a bonus, after collaborative efforts are made and succeed, you can later successfully attack the few troublemakers who remain.

Let’s begin by reviewing commentary easily found today on the homepages of some prominent environmental/scientific/community opposition organizations:

“We stand with frontline communities opposing fossil fuels and dirty mining while advocating for a clean energy transition.”

“We are taking on polluting corporations to protect our health, our climate, and the places we love from the reckless expansion of dirty, dangerous fossil fuels.”

“From drilling to burning and all along the way, fossil fuels produce toxic chemicals and climate-polluting emissions. They harm our health, pollute our air and water, and drive the climate crisis.”

“We are shining a light on polluters’ lies and turning the tide against the industry’s push to build and expand oil and gas.”

“Oil, gas, and coal companies share an outsized responsibility for the climate crisis.”

“Instead of acknowledging the harmful effects of their products and committing to swift and deep reductions in global warming emissions, many of the world’s largest fossil fuel companies have knowingly deceived the public about the climate science and policy—and they continue to do so today.”

“Their tactics included everything from counterfeit science, to the harassment of scientists, to manufactured uncertainty with no scientific basis.”

First – reread these comments. They are each boldly pronounced on the front and center of the opposition organizations’ homepages! The claims made in each of these statements are false and harmful. Yet they remain publicly posted. The statements are also intended to confuse readers in a way that promotes the organizations and encourages membership and contributions to them. Furthermore, these messages are repeated in every discussion involving these organizations and by social media organizations. This type of information, reinforced by social media organizations, is also welcomed by some elected officials, community leaders and citizens.

You can appreciate that these opposition organization claims are also acceptable enough to be believed by those who are relatively neutral on the issues and that makes it extremely difficult to contradict such claims after they are made and absorbed. Let’s also appreciate the reality that the readers of these claims have many other issues to deal with in their daily lives. Furthermore, these statements may be welcomed by some for a variety of other reasons, including their investments in renewable energy projects or opposition to any real or imagined potential adverse environmental impacts.

Making things worse, unlike other businesses, the oil & natural gas industry is continuously on the move. New lease locations, lease renewals and pipeline access are necessarily and routinely being pursued on land owned by others – every day. Thus, it can be easily argued that the negative claims hurt oil & gas worse than any other industry.

Why are these claims made? Some of the organizations making these claims begin with very good intentions. They are set up to prevent irresponsible pollution, etc. But then, as their concerns are addressed, instead of acknowledging this, many become malicious. Many of these opposition organizations have leadership whose sole interest is to eliminate fossil fuels as quickly as possible – no matter what it takes.

With all of that said, there is a clear and convincing benefit to working directly with these organiza-

tions. In fact, it is essential that serious efforts are made to coordinate with and to respect these organizations.

Before we return to that, let's indulge those who recommend that these organizations only be attacked. First, if an opposition organization has the opportunity to complain that it is being marginalized because the oil & gas industry is hiding or lying about something, there is no quick and effective way to contradict that.

Second, by industry's attacking the opposition and social media organizations, sympathies will generally turn towards these organizations. In fact, many of the industry's comments will be considered to be purposefully wrong and used to simply diminish these organizations' reputations. Furthermore, these organizations' mistakes and misstatements will then be considered understandable and ultimately the fault of the oil & gas industry (and/or the government) for failing to publicly present the facts.

Of course, exaggerated facts coupled with misinformation worsen the public's perception and understanding. You can appreciate the likelihood that the issue of continued fossil-fuel development and use is embedded in many upcoming situations, including many elections issues. Specific issues often-mentioned include the permanent elimination of vehicles that consume fossil-fuels and elimination of natural gas stoves.

The challenge to reverse and improve this situation is thus two-fold. First, the truth and facts must support the solution. Second, the truth and facts must become engrained in the daily lives of everyone. I have great news and terrible news to report to you (and you already know both). The truth and facts of oil & gas development are excellent. But almost no one understands these truths and facts. Okay, allow me to weaken the first point – many of YOU do not understand the truth and facts of oil & gas development. I have quizzed many of you on this topic and you know enough to be dangerous. For example, hydraulic fracturing does NOT cause shallow, used-for-drinking water, groundwater contamination. Sure, the occasional small surface spills can temporarily cause shallow groundwater contamination, but the hydraulic fracturing process does not. I have prevailed in this argument on many occasions including in court, but it is necessary to have this understanding BEFORE the next

oil & gas development measure is employed.

Here is the approach:

Step One – obtain as many facts as possible. PIOGA is an excellent resource for this information.

Step Two – present the facts and do not offer information that you cannot support. Be open and honest in this discussion. The discussion can be a one-on-one, a session with township supervisors (to which the opposition organization(s) is/are invited), or a public hearing. It is very easy to accomplish. Tell the audience what you know, how you know it to be a fact and also tell them what you don't know. Prepare a careful list of the questions you cannot answer and then confirm the list with the audience before you depart the discussion. Let them know that you will obtain the answers and provide the answers to them within two weeks. The timing is critically important. Any duration longer than two weeks will appear to be stalling. Think about this. You are in a discussion with an individual or a group. You will be relying on them to (a) believe you and (b) pass along the information to others. If others have misinformed them, tell them that. Your credibility is at stake and if you vouch for or don't criticize misinformation, you have sunk your own ship.

The bottom line here is that the truth will prevail, but it is difficult to convince some people that you have established the truth. That is why information exchange must be understood and pursued as a process. Accept that and work within that system.

Since unconventional shale gas development commenced, oil & gas development and use has become a much larger issue. Many opposition organizations and individuals had assumed that their battle with nuclear and fossil-fuels was over and the path to renewables was the only outcome. Certainly, pushback was imagined but the reestablishment of the U.S. as the world leader in oil & natural gas production upset that applecart.

But that is great news! So, let's step back and take a look at the world's energy needs. These needs are greater than ever. The U.S. can supply all of its own energy needs and much of what the rest of the world needs, too. If you all supply the facts and accurate information, the future is extremely bright. ■

D.C. Circuit Decision Vacates PHMSA's Final Rule Applied to Gathering Lines

Published by Babst Calland - Authored by Christina Manfredi McKinley, Esq. and Keith J. Coyle, Esq.

On May 16, 2023, the D.C. Circuit issued a decision vacating in its entirety a challenged piece of a rule related to safety valve requirements for gas gathering lines. That decision, *GPA Midstream Association and American Petroleum Institute v. United States Department of Transportation and Pipeline and Hazardous Safety Administration*, held that the agency violated the Administrative Procedure Act and acted arbitrarily and capriciously when it failed to explain, let alone consider, why the rulemaking's safety standard would be practicable and make sense for regulated gathering lines until issuing the final rule, when there could be no peer review or public comment.

In 2020, PHMSA published a notice of proposed rulemaking to comply with a Congressional directive to the agency to consider the use of valve, or automatic shutoff technology, on gas transmission lines. But the notice of proposed rulemaking and risk assessment said nothing about the costs and benefits of applying the standard to gathering pipelines. Nevertheless, because of certain pre-existing rules, new or replaced regulated gathering lines would have been subject to the proposed standard unless expressly carved out by the rule.

As such, in their comments to the proposed rule, the Petitioners sought an exemption for gathering pipelines. Among other things, they argued the risk assessment lacked the cost-benefit data needed to justify applying the rule to gathering pipelines. Knowing these objections, PHMSA proceeded with the rulemaking anyway. In the final rule's preamble, PHMSA addressed some of the objections. It pointed out that the proposed rule never said regulated gathering lines would be exempt—which is correct because the proposed rule said nothing at all—and it included some data about gathering lines in the final rule's risk assessment. Yet it made no attempt to quantify the benefits for gathering lines.

Petitioners sought review in the D.C. Circuit. The crux of Petitioners' arguments was that by simply asserting that the analysis for transmission lines was applicable to gathering lines after the fact, PHMSA deprived the public of the right to participate in the notice and comment process, contrary to law. In fact, there are good reasons that gathering, and transmission lines might be treated distinctly, and by short-circuiting the process, PHMSA ignored those distinctions.

The D.C. Circuit agreed. It vacated the final rule as applied to gathering lines, faulting PHMSA for failing to follow the process required of it under the APA and the Pipeline Safety Act. As the D.C. Circuit concluded, "the Government should turn square corners in dealing with the people." *Dep't of Homeland Sec. v. Regents of the Univ. of Cal.*, 140 S. Ct. 1891, 1909 (2020). The PHMSA did not turn square corners here. It cut corners to the prejudice of the petitioners, the administrative process, and thus the public." ■

Keith Coyle and Christina Manfredi McKinley of Babst Calland represented the petitioners in this challenge. The case is No.22-1148.



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Incentive and Pay Philosophies - Setting the Right Compensation and Incentive Strategies for your Employees

Published by Schneider Downs Energy & Resources Services - Authored by Tom Springer

One of the most common questions I am asked by CEOs is, “How do I determine the right pay and incentive plan for my employees?”

Often, they want to know whether they should offer current cash, current stock, deferred cash, deferred stock, restricted stock or phantom options, but I like to start by asking them about their pay philosophy. Are they willing to invest (aka accept less profit for themselves) to attract and retain the right people? Too few CEOs balance the cost of attractive salaries, benefits and incentive packages for valued employees against the often-higher cost (in other employees’ time, loss of productivity, etc.) of recruiting and training new employees (whose value is yet to be proven).

Obviously, if you want your company to grow, you need skilled people who are committed to helping you grow it. The right compensation tools, therefore, should be determined within the context of a guiding framework that is fair, competitive, consistent, scalable and sustainable.

Establishing a Pay Philosophy

This is simply a formal statement that clearly outlines your company’s position on employee compensation. In essence, the framework or “why” behind employee pay can serve as a frame of reference when hiring or during salary negotiations.

An example of a strong pay philosophy is one that offers highly competitive starting salaries to attract a better roster of candidates. Another example might offer lower starting salaries with vesting opportunities or bonuses to develop talent and retain employees.

Other factors to consider include your company’s business objectives, financial position, location and relative standard of living, the supply of qualified talent, etc.

Questions to ask about your pay philosophy are:

- *Is the overall program defensible, equitable*

and perceived by employees as fair?

- *Is the overall program fiscally sound for the company?*

- *Are the programs included in the compensation philosophy and policy legally compliant?*

- *Can you effectively communicate the philosophy, policy and overall programs to employees?*

- *Are raises tied to proficiency or performance?*

Keep Incentive Plans Simple and Separate from Pay

Pay philosophy should be seen as a framework, not a straitjacket. You can still have differing pay and incentive structures within its boundaries depending on roles (e.g., administrative versus sales).

It is critical that incentive plans are clearly defined, targeted and separate from pay so employees will understand the linkage between their efforts and behaviors to their compensation. A well-designed employee incentive compensation plan will make it easy for an employee to focus on things they can control.

Incentive plans fail when the structure is targeted too broadly and not focused on individual people or teams. A typical profit-sharing plan where it is “one for all and all for one” does not motivate anyone. Productive employees resent the poor performers and lack the motivation to continue their high performance.

Performance Goals

Linked to the idea of clarity for incentives programs is setting performance goals that are aligned with business objectives. Goals should be challenging enough to require real behavioral change but not so difficult that workers give up. Here are a few other considerations when setting employee goals:

- Employees need to know specifically what metric(s) will be measured. If goals are vague, managers may resort to subjectivity, opening the way to claims of unfairness, bias and ultimately resentment.

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So-Called “Environmental Justice” in PA Redefined as Everything

An article in the Pittsburgh Post-Gazette tackles the issues of permit reform, environmental justice, and the intersection of the two. The article asks and attempts to answer the question, “How does one shape the other?” Based on quotes and comments in the story coming from the Shapiro administration, particularly from Acting Secretary of the Dept. of Environmental Protection (DEP), Rich Negrin, it’s obvious that Shapiro intends to redefine “environmental justice” so broadly that it will become meaningless. The aim seems to be to turn environmental justice into a blunt force instrument the left can use to deny any energy permit they don’t want to issue.

What IS so-called environmental justice (EJ)? EJ is the leftist theory that energy projects like pipelines and well pads target locations where there are black, brown, or poor people who can’t fight back legally. They don’t want the projects, but they have no way (\$\$) to fight them. And so their populations suffer the negative environmental consequences of living near polluting energy projects. Energy projects are presumed to be inherently racist. It is a disgusting, loathsome political theory peddled mainly by the far-left of the Democrat Party.

How much of PA is an EJ location? According to Rich Negrin, the DEP plans to release an interactive tool that relies on 32 (!) different parameters to define EJ communities. By Negrin’s estimates, some 75% of the state is located in an EJ region. Yes, three-quarters of all communities in PA qualify as an EJ community—where racism is the norm.

What the DEP wants is the authority to deny a permit in an EJ community (75% of the state), using no further justification other than EJ (i.e., racism).

Bottom line: Negrin (and Shapiro) want to redefine all of the permit regulations in the state by using the backdoor of sleazy EJ justification. If

they can deny a permit in 75% of the state, that means whoever is running the DEP can make up their own rules on who gets, and who does not get, a permit. The permitting process becomes arbitrary. It is the total and complete abdication of the rule of law.

(Below passage from Pittsburgh Post-Gazette)¹

Sounding like a dad who’s had enough tomfoolery for one day, former Ohio Congressman Tim Ryan issued a warning: “We can’t have stupid fights about everything.”

This is exactly why people distrust politicians, he said speaking on a panel at an energy summit organized by City & State last month.

Mr. Ryan was there representing the natural gas industry, which desperately wants to see pipeline permit reform that would speed up the process and taper the number of agencies and courts that could influence it. But he said that permitting red tape will endanger any big project, even those that pipeline opponents might want to see built.

“A lot of the money in the (Inflation Reduction Act) will never get deployed without permitting reform,” he said, referring to the estimated \$369 billion intended to fund the energy transition from carbon-heavy sources to net-zero carbon emissions by 2050.

Permitting reform is a phrase broad enough to serve two constituencies: those who care about getting things built and those who care about where they are built or not built. Sometimes those groups intersect. Other times, they clash.

In unleashing an unprecedented amount of money to fund the transition to cleaner energy, the Biden administration has also mandated a kind of cultural transition as well, elevating the

¹ Pittsburgh (PA) Post-Gazette (Jun 20, 2023) – Lawmakers and regulators want permit reform and environmental justice. How does one shape the other?

field of environmental justice into a guiding principle for how the money gets doled out.

One way to describe environmental justice is that it tries to right the wrongs of the past, to give communities that are historically disadvantaged — majority Black or brown, low-income, disproportionately saddled with pollution — more benefits and fewer burdens from our energy infrastructure. Environmental justice communities should have a greater voice when decisions are being made, advocates say. Often, the most tangible of those decisions is a project permit.

Pennsylvania, too, has been trying to weave these two concepts into action. Gov. Josh Shapiro and his Secretary of the Department of Environmental Protection, Rich Negrin, both vowed to make environmental permitting more predictable, more efficient and more customer-friendly.

Mr. Negrin debuted his 10-point permit reform plan, which includes identifying “key performance indicators” and “apply(ing) private sector management principles to quarterly operations reviews,” at a state budget hearing in March, where he asked lawmakers to fund 30 more permitting staff positions.

In a recent presentation to the DEP’s Citizens Advisory Council, Mr. Negrin said that improving the permitting process is an investment in the department’s standing in the community.

“If we don’t do that well, I think it hurts our credibility” with some of the big things the DEP wants to accomplish, like climate leadership and a focus on environmental justice, he said.

Mr. Negrin said he wants to broaden the federal government’s definition of environmental justice to include not just demographic information but the cumulative health and environmental burden a community faces. The DEP plans to release an interactive tool that relies on 32 different parameters to define communities.

“I think we’re looking at 75% of Pennsylvania as environmental justice communities,” he

said.

A few months ago, DEP named Fernando Trevino as special deputy secretary for environmental justice, elevating the office to a top rank at the department. The DEP has also hired environmental justice coordinators for each of its six regional offices and one additional coordinator to focus, in part, on Asian and Pacific Islander communities.

Earlier this month, Mr. Trevino delivered the DEP’s full support to a bill making its way through the state Legislature that would give the department the power to deny permits based on environmental justice considerations. It would also require permit applicants in those communities to prepare an environmental impact statement, forecasting the cumulative impact of their proposed projects.

Martin Causer, the Republican chair of the Environmental Resources and Energy Committee, questioned Mr. Trevino on how the proposed policy could possibly square with the “streamline the permitting process” talk he’s been hearing from Gov. Shapiro and Mr. Negrin.

“We can do both,” Mr. Trevino said. He suggested that with more staff and funding, the DEP could engage with environmental justice communities and get ahead of the permitting process.

Mr. Causer tried a different track.

“Don’t you think there should be uniform environmental requirements across the commonwealth,” he pressed.

“The answer is, if a community is more vulnerable, it should have extra protection,” Mr. Trevino said.

This reminded Committee Chair Greg Vitali, D-Delaware, of a quote he’d heard in law school: “The law, in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread.”

The issue, as he saw it, was about cumulative impacts.

Environmental Justice *Continued from page 9*

Any community that's now dealing with a cluster of industry saw that cluster grow from one emission source permit layered on top of another and another. While the residents of that community experience the cluster as a whole pollution profile, each new facility that applies for a permit is being judged only on its own merit. There's no way for the DEP to declare a community saturated.

Mr. Vitali said he was surprised to learn that.

"I just think it's essential," he said during the hearing this month. "To give them — the DEP — one more tool... that they can in some instances, yes, even deny permits to protect public health. I think it's a good thing."

"I firmly believe that this legislation actually makes things worse," Mr. Causer said, warning of more permit delays and specifically calling out natural gas pipelines whose permits are in purgatory.

The Inflation Reduction Act, which passed by the skin of Joe Manchin's teeth last year, included the West Virginia Senator's bargain with the White House to secure the future of one of those pipelines.

Canonsburg-based Equitrans Midstream Corp. started building the 300-mile Mountain Valley Pipeline in 2018, but faced a steady stream of legal challenges to its environmental permits, with federal courts vacating some permits and sending the company back to reapply.

Last month, Mr. Manchin was finally able to collect on the White House's promise. Thrust into the debt ceiling compromise was a mandate for Mountain Valley Pipeline to be given whatever permits it needs to finish construction and start carrying gas. It also stripped the courts of their jurisdiction over the pipeline's permits.

An act of Congress declared that the review process, for this project, is over. ■

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THIS IS AN ADVERTISEMENT

Incentive and Pay *Continued from page 7*

- Balance is key and consulting with employees can help find the sweet spot between goals that are too easy and too difficult to achieve.

- If you demand results that aren't aligned with the resources available to fulfill them, this can lead to frustration on your employees' part as well as your own.

- Setting incremental progress points and final deadlines for achieving goals promotes performance and allows for any necessary adjustments.

Conclusion

The key to determining pay and incentive strategies is aligning them to your long-term business goals to develop a fair, competitive, consistent,

scalable and sustainable pay philosophy that is transparent to your workforce. This will give you the flexibility to be creative if the talent market or your financial circumstances change without jeopardizing your bottom line or company morale. ■

About The Author: Tom Springer has over 20 years of experience providing strategic planning, business development, interim management and technical advisory services for private equity firms, portfolio companies and public and private enterprises. Tom is skilled at growing enterprise value by creating highly productive sales and service teams, developing new lines of business and fostering client relationships. He is known for solving complex business problems by aligning technology with business and operations.

You can contact Tom at tspringer@schneiderdowns.com.



Pipes, Wires & Grids - Infrastructure Remains Critical to U.S. Energy Security

The challenges facing infrastructure development to move natural gas out of the Appalachian Basin to markets where it is urgently needed through the construction of the Mountain Valley Pipeline (MVP) arose yet again with the July 11th stay issued by a panel of judges on the 4th U.S. Circuit Court of Appeals.

The situation with MVP and others make it clear that strong permitting reform – applicable to all energy sources – is desperately needed in the U.S.

The Facts – The morass created by the 4th Circuit Court of Appeals regarding MVP has made a mockery of what needs to be a more predictable permitting regimen for much-needed energy projects, and the distributed nature of renewable energy sources has the potential to complicate infrastructure development even more. The DOE estimates that more than 930 gigawatts (GW) of solar, wind, hydropower, geothermal, and nuclear capacity are currently

sitting in interconnection queues awaiting access to transmission lines currently at capacity.

The challenges do not stop there. Experts estimate the U.S. will need to increase its transmission line capacities by 25 percent in the next decade to reach renewable projects and renovate many existing lines to integrate them into the changing framework of generating sources, as well as those that need to be expanded or built to accommodate hydrogen hubs and carbon sequestration projects across the country. The fact remains that the process of getting power from sources to end users is an issue that needs better regulatory solutions.

To read more from this month's Just the Facts – and to share it with friends and colleagues – visit the Latest News and Blog section at pioga.org.

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How Are You Managing Your Cybersecurity Threat Landscape?

Article by CUSTOS IQ LLC - Authored by Robert R. Ragan, Jr. - CEO; Isabelle Syring and James Cressman

As cybersecurity threats continue to rise around the globe, organizations are racing against the clock to create and protect resilient network infrastructure. Pennsylvania experienced a 38% increase in Cyber-attacks, with SMB's spending 200k on average for a data breach. Planning for unwanted attacks, includes evaluating technology, risk assessments, reviewing security policies, and selecting a risk management plan. Developing a Risk Management Framework (RMF), not only assists SMB's in planning effective network security, but can also streamline processes throughout the business and minimize downtime. The RMF process was established by The National Institute of Standards and Technology (NIST), with the goal of guiding organizations to better understand the priorities of managing a cybersecurity related risk. There are five basic steps to the RMF, identify, protect, detect, respond, and recover. These steps are essential in disrupting attackers at every step.



Identify

An organization must continuously identify their threat landscape too effectively to assess the risks they face. Similar to medicine, you can't treat the affected areas until you know what they are. The first critical aspect to identifying your

organizations risk surface, is knowing what assets or devices are present in the environment. Often, SMB's have numerous unidentified or dormant devices in the organization's environment. Identifying all electronic devices within the organization are critical to understanding the attack surface. Secondly, an organization must identify the true threats it faces, as those can come in the shape of an outside attacker, a malicious email, or even accidental human interference. More than often, employees may accidentally click on links in malicious email, delete critical information, or alter business critical inputs into production systems. Third, an organization needs to review and analyze the internal IT access controls, to locate employees with unnecessary administrative privileges within the domain or production environment.

Ideally, identifying risks and fully completing the steps above are best achieved through a Security Gap Analysis. Many businesses rely on penetration testing service help determine whether a threat actor can penetrate your infrastructure. However, penetration tests typically only provide a snap-shot in time of current risks. The ideal approach is to pair a Gap Analysis with MSSP (Managed Security Services Provider). As MSSP's can provide organizations with continuous monitoring tools that identify devices, monitor privileges, environment access, and threats.

Security Gap Analysis

The previously discussed Gap Analysis, is an effective method for third-party or MSSP to holistically assess the organization, the internal staff access controls, specific business goals, and IT processes. To conduct the most thorough assessment, the Third-Party MSSP needs to learn which security practices the organization already has in place. Dependent on the organizations affiliated industry, the gap Analysis will also evaluate what security risks the organization could face within the coming years.

Continued on page 16

PA State Sen. Yaw Intros Bill to Establish Independent Energy Office

The great state of Pennsylvania has an Independent Fiscal Office (IFO), created by Act 120 of 2010 and Act 100 of 2016. The IFO analyzes fiscal proposals made by state agencies and is nonpartisan with its analyses. PA State Senator Gene Yaw, from Lycoming County, introduced a bill earlier this week (6.19.23) to create an Independent Energy Office (IEO) modeled along the same line as the IFO. It's time to get an objective view of the policies proposed by both the left and the right—and how those energy policies will affect residents of PA.

According to Yaw, Pennsylvania has “one of the most diverse energy portfolios in the United States.” PA’s energy sectors include natural gas, coal, nuclear, renewables, hydro, geothermal, and wood, to name a few.

Like the IFO, the IEO would not support or oppose any policy it analyzes. The IEO would provide impartial, timely, and data-driven analysis to guide the state in determining and meeting future energy needs.

Yaw’s office issued the following announcement:

Sen. Gene Yaw (R-23) introduced legislation to establish an Independent Energy Office (IEO) within the Commonwealth.

“Pennsylvania has one of the most diverse energy portfolios in the United States,” Yaw said. “There is no question we can capitalize on our state’s energy richness, but first we must stop apologizing for it. I believe an Independent Energy Office can provide impartial, timely, and data driven analysis to guide our state in determining and meeting future energy needs.”

According to an analysis conducted in November by the U.S. Energy Information Administration (EIA):

- Pennsylvania’s marketed natural gas production, primarily from the Marcellus Shale,

reached a record 7.6 trillion cubic feet in 2021, and the state is the nation’s second-largest natural gas producer after Texas.

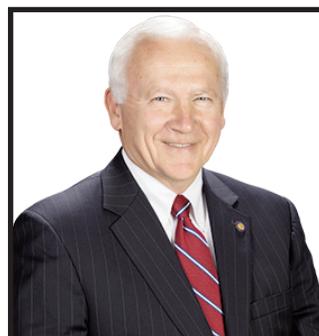
- Pennsylvania is the third-largest coal-producing state in the nation after Wyoming and West Virginia, and it is the second-largest coal exporter to foreign markets after West Virginia.

- In 2021, Pennsylvania ranked second in the nation after Illinois in electricity generation from nuclear power.

- Over half of Pennsylvania households use natural gas as their primary home heating fuel, and the state’s 48 underground gas storage sites—the most for any state—help meet regional heating demand in winter.

- Pennsylvania is the second-largest net supplier of total energy to other states, after Texas.

Yaw noted the IEO would be modeled after Pennsylvania’s Independent Fiscal Office (IFO), which was created by Act 120 of 2010, and Act 100 of 2016. The IFO does not support or oppose any policy it analyzes, and discloses the methodologies, data sources and assumptions used in published reports and estimates.¹



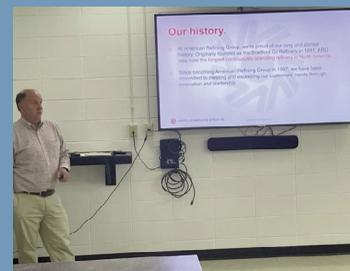
PA Senator Gene Yaw
23rd District

¹ Pennsylvania State Sen. Gene Yaw (Jun 19, 2023) – Yaw Bill Seeks to Create Independent Energy Office in Pennsylvania

PIOGA's Committee Members Tour ARG

On June 14th, PIOGA committee members toured the ARG plant, the oldest refinery in the world, in Bradford, Pa. Both morning and afternoon tours were held. Members had a guided bus tour through the ARG facility - learning about ARG products, processes, and facility management. A BBQ lunch was held at Mystic Water Resort. PIOGA would like to give a big THANK YOU to ARG and all the participants!

Check out some of the event photos and make sure to visit the Photo Galleries section at pioga.org to view all photos from the event!



SIGN UP NOW!

PIOGA's 26th Annual Divot Diggers Golf Outing & Steak Fry

PIOGA's Annual Divot Diggers Golf Outing and Steak Fry will be held August 17th from 8 am - 5 pm at the Tam O'Shanter of PA Golf Course in Hermitage, Pa.

Join us for another year of this well attended, great networking with great prizes event! As always, this year's format will be a 4-person best ball scramble beginning with a shotgun start promptly at 9 am. This event includes 18 holes of golf with cart, lunch at the turn, a delicious steak dinner after golf, free beer and a chance to win LOTS OF GREAT PRIZES!

Everyone MUST sponsor at one of the levels offered to participate and ensure we have a lot of great prizes!

To learn more about the event and to register, visit: <https://pioga.org/event/26th-annual-divot-diggers-golf-outing->



Cybersecurity *Continued from page 13*

Utilizing the NIST cybersecurity framework, your contracted MSSP will conduct an analysis of the organizations control points, network security gaps, internal security controls, and analyze current incident response times. Properly testing and analyzing the organizations network, devices, and vulnerabilities. The contracted MSSP will be in a position to make the necessary recommendations to keep the organization safe. Finally, a plan of action will be put in place to remediate existing gaps within the network. The Security Gap Analysis will protect the organization from the hidden vulnerabilities within the organization.

Reconnaissance

Threat actors will scan an organizations network in order to identify which assets are most vulnerable to attack and provide the most valuable target. It's important to note, that an attack will not occur in any one specific place within the network. An attack can occur anywhere network wide and is included but not limited to malware, backdoors, or data collection. A data breach can open the organization to many different ramifications in the event of a breach.

In May of 2021 a lawsuit was filed against the Pennsylvania Department of Health as well as, Insight Global, whom the PA Dept. of Health had hired to conduct COVID-19 contact tracing. The lawsuit cited failure to implement proper cybersecurity procedures, with some employees creating and using Google email accounts to share sensitive data. The breach saw the private information of approximately 72,000 people, including their COVID-19 exposure history. Data breaches can impact an organizations ability to receive insurance, loans, and can negatively impact customer trust. There are numerous attack angles criminals utilize to exploit vulnerabilities. Below, some of the most common attacks are outlined.

Ransomware

According to IBM, the total cost of a ransomware attack costs on average \$4.5 million. Threat actors gain access to an organization's

networked drives and encrypt them, threatening to wipe the drives unless the organization agrees to pay. There are dangers and benefits to paying the ransomware, however, after you pay the money you risk the attackers wiping the network drives anyway. Conversely, if an organization does not pay, the business may experience permanent data loss and long-term business interruption. Another factor to keep in mind, it can take an organization up to forty-nine days to identify and respond to the ransomware breach and several days further to restore the systems once the decryption key has been obtained.

Stolen Credentials

Once credentials are stolen, threat actors can use them to gain access to sensitive information, including PII (Personal Identifiable Information). Typically, PII and banking information are the most valuable to criminals. On average, SSN's are sold for \$15 on the dark web and \$1,000 for stolen identities. Banking credentials are typically sought to wire money from businesses accounts directly into accounts controlled by criminals. Staff training is very important in the case of banking access within the organization, as they may be the last frontier between an organization's funds and the illegally initiated wire. Transactions with larger funds will trigger banks to contact their clients and authorize the transaction. Employees responsible for banking require the correct training to identify and halt non- authorized transactions. In order to ensure secure credentials, organizations are implored to offer proper training for the use of Multi-Factor Authentication.

Another proactive step that organizations can take is the use of corporate password manager.

The great benefit is that password access is controlled, and no singular person has access to all password(s) at any given time. When someone needs to access a file, they will request the password from the vault. Upon log-out the password manager will automatically refresh the password.

Password Management

The earlier discussion of stolen credentials brings us to the second common attack angle: a lack in password management. Poor corporate password management can lead to major risk factors when protecting an organization's data. A simple way to help mitigate this problem is Multi-Factor Authentication (MFA). MFA is a safety net to ensure that the individual(s) attempting to gain access to the server are who they're purported to be. During MFA Authentication, users enter their username and password and attempt to log in. A temporary code is then provided to the user, in the form of an email or text message, and they're given thirty-seconds to input the code. If the code is inputted correctly, the user is authenticated and allowed to proceed with the login process. The 24/7- 365 continuous monitoring of core assets is a must in the current threat landscape, therefore, the importance of MFA cannot be stressed enough.

Phishing

Anyone who used AOL in the early 200's remembers the "Love Bug". Hackers would send an email with, "ILOVEYOU" as the subject and the email would inform the recipient that their secret admirer wanted to reveal themselves. It is estimated that at least forty-five million computers were hit due to the attack. Today phishing has evolved into a more complicated issue. Phishing can come in the form of what looks like a legitimate email from a company or business that a user might be associated with. An example of recent phishing attempts comes in the form of Microsoft © 365 emails in which the user is asked to provide their password in order to help fix an issue on their device. In an event close to home, Highmark Health Network experienced a breach through a phishing email after an employee clicked on a suspicious link. This led to a breach in data for approximately three-thousand patients.

While these scams are easy to spot for well-seasoned IT-Staff, an untrained accountant or production manager, or even a healthcare worker can often not differentiate real from fake, due to the level of email sophistication.

Protect

While threat actors can attack a business of any size, Energy Organizations always form a solid target, as they often host royalty databases containing PII or form a part of critical infrastructure for i.e. delivery of natural, electricity, etc. The interruption of daily businesses for an energy company can cause devastating loss of production data and revenue. Organizations need to select the right security product for their business environment. At a minimum, the security product needs to contain any impact to an organization's day to day business in the event of an attack. Organizations should encrypt sensitive data to decrease threat actors from accessing data/information from servers, the data will be encrypted and unreadable. Updating software to current industry standards will lead to less staff being dedicated to constant cybersecurity issues/updates. Benefits will include less upfront investment with more return on investment (ROI) overall.

Secondly, patching is a must for organizations who want to protect their devices on their network. Patches should be applied as soon as they become available from vendors. This is imperative as the longer it takes to patch the system, the longer you're vulnerable to an attack. Coordinated patching is always the best practice along with ensuring priority patches are applied as soon as available. Investing in an external automated patch provider can help organizations suffering from staffing issues.

Extended Detection and Response (XDR) offers organizations advanced protection. Advanced XDR deploys an agent to a device and utilizes AI driven technology to monitor activity on the device. This will eliminate constant updates to Traditional Anti-Virus Software. With the use of AI malicious activity will be detected in real-time. Some XDR products have advanced capabilities to provide organizations freedom from ransomware by rolling back devices to their pre-infection state. Organizations will have the ability to configure automated system remediation for fast threat incident response.

Continued on page 18

Cybersecurity *Continued from page 17*

Through the advanced capabilities of XDR, organizations can monitor processes before, during, and after execution to prevent new threats from slipping in.

How does XDR benefit an organization?

Gone are the days when organizations were installing anti-virus (AV) solutions and ensure that the AV software was kept up to date. In today's ever evolving threat-landscape, so do the tactics morph. Organizations must now partake in the multi-layered security approach discussed earlier, including asset management, patching, Staff Training, and XDR. (Extended Detection and Response) Extended Detection and Response will minimize an organizations downtime caused by threat events, saving time and money. Some XDR products use advanced artificial intelligence to detect and prevent current and emerging threats using continuous monitoring and applying continuous updates to the platform.

What about Ransomware?

Some XDR resources offer forensic analysis which will allow for an understanding of the ransomware campaign that was used against the organization. It will detect at risk devices on the network by looking for out-of-date software, mis-configurations, default passwords, operating system flaws, and open service ports.

Detect

Cybersecurity threats can happen any time, day or night. An organization should be set to receive alerts of suspicious activity as soon as it is detected. Continuous monitoring can't be stressed enough, if an organization isn't receiving real-time notification of a breach detected, the threat actors will have come and gone with whatever data they were looking for. When thinking of threat actors, nine times out of ten we think of external threats that can cause harm to an organization. There are, however, times when the threat is located internally within the organization. It is imperative that procedures are put into place that will monitor information flow and institute "need to know" user access.

On June 26, 2023 a class-action lawsuit was filed against a Scranton, Pennsylvania-based cardiology group, due to a data breach that compromised sensitive information of more than 181,000 patients. Great Valley Cardiology was hacked in February of 2023; however, the breach was not discovered until April 13. Immediate detection and notification would have allowed time to ensure that the systems attempting to be accessed were secured. Continuous monitoring systems, internal access control, incident response planning, and voluntary reporting is a critical driver in responding effectively to a data breach.

Respond

How an organization responds to a breach or attempted breach will ensure fast damage control and in the impact. First organizations need to ensure Response Planning process are executed during and after an incident. Second, the designated staff is managing communications during and after an event with stakeholders, law enforcement, external stakeholders as appropriate. Third, typically an analysis is conducted by a third-party to ensure effective response and support recovery activities including forensic analysis, and determining the impact of incidents. Additionally, mitigation activities are performed to prevent expansion of an event and to resolve the incident. Finally, the organization implements improvements by incorporating lessons learned from current and previous detection/response activities

Can a threat actor be identified during an attack?

With the correct protection, yes, threat actors can be lured into identifying themselves. This can occur in real-time while the attempted attack on information on the organizations sever is taking place. With real-time notification of the breach (or attempted breach) an organization can be made aware of network traffic, file servers, and any lockouts. The event and what response is being taken to contain the event should be addressed by the incident response plan discussed above. The importance of using the correct response tools will allow an organi-

zation to stop an attack at any phase. The impact of an attack will be dependent on how quick the response came.

Recovery

Without the correct protection and services, recovering from a breach could be substantial.

According to IBM, in 2022 the global average cost of a data breach cost upward of four-million dollars. Within the United States, however, the average breach cost was approximately nine-million dollars. This loss in revenue is an accumulation of loss of business due to the diminished consumer trust and costs associated with a breach post event. With the proper services in place, organizations would be able to recover features such as, full image recovery and virtualization, archiving, and automated testing.

An organization with a planned-out recovery plan will experience timely recovery to normal operations, and a reduced impact from a cybersecurity incident. A recovery plan includes but is not limited to ensuring the organization implements Recovery Planning processes and procedures to restore systems and/or assets affected by cybersecurity incidents. The implementation of improvements based on lessons learned and reviews of existing strategies. Lastly, management needs to ensure that internal and external communications are coordinated during and following the recovery from a cybersecurity incident. Cyber threat-actors are not biased, business both large and small are susceptible to a breach. Organizations need to continue to evolve at the same pace of that of cyber-threats. This evolution will come in the form of updating an organizations security services to the more current and modern products available.

As discussed earlier in the article, an organization gains a better understanding of the risks associated with cybersecurity when they're able to identify the risks themselves. The understanding of the risks as well as the resources available to identify those risks will allow the organization to focus and prioritize strengthening the identifiable weaknesses. Business should note that not all resources come in the form of prod-

ucts. Organizations need to invest in staffs training, and assess whether their internal IT-Team can be improved by the third-party, such as an MSSP. Through an MSSP the best response action will be presented in occurrence of the threat event, and the notification process to management notifies the organization as to what steps were taken and how and when the event was contained

Coupled with the quick response time, recovery with the resources of an MSSP will provide a quick turnaround, forensic analysis, and incident response. Through the use of services such as Extended-Detection and Response (XDR), organizations are empowered with tools such as, forensic analysis, detection of out-of-date software, misconfigurations, and system flaws. Further, organizations will benefit from decreased or no down-time, and quick critical businesses recovery. Generally, organizations arming themselves with the correct products and resources, will find themselves with improved business processes and solid ROI on security services. ■

Want to learn more about Cybersecurity and how to manage your threat landscape?

CUSTOS IQ and PIOGA have partnered for a Lunch and Learn for all members. The Lunch and Learn will be held August 16th from 12:30-1:30 pm. Join the meeting in person or virtually - a pizza lunch will be provided to members who join in-person at the PIOGA office.



PIOGA Market Development Committee Update

PIOGA's Market Development Committee has a NEW CO-CHAIR!

Gene Pietrowski (Blackrock Resources, LLC) is the new co-chair of the Market Development Committee. Pietrowski will be joining Joseph O'Donnell (Eastern Energy Field Services, Inc.) to co-chair the committee.

PIOGA would like to say a big THANK YOU to David Marks for serving as the Committee Chair for the past four years. Marks recently decided to step down as the Committee Chair.

PIOGA's Market Development Committee

The mission of the Committee is to advocate for the sustainable production and responsible development and use of PIOGA member resources. The Committee is responsible for monitoring developments at the Pennsylvania Public Utility Commission and Federal Energy Regulatory Commission; reviewing pipeline and LDC tariffs; reviewing pipeline open seasons affecting the movement of natural gas; recommending and managing interventions in rate cases; and developing producer policy positions on natural gas marketing matters.

The Committee meets the second Wednesday of each month from 9am – 10:30 am. For more information on the Committee or to join, please contact Deana McMahan at deana@pioga.org.



Pietrowski



O'Donnell



Marks

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PA Senate confirms Rich Negrin to be DEP Secretary

The state Senate confirmed Gov. Josh Shapiro's pick to oversee the commonwealth's environmental issues.

Rich Negrin won wide, bipartisan support in his nomination to be Secretary of the Department of Environmental Protection. There were 48 yes votes, one no (from Republican Doug Mastriano of Franklin County) and one senator absent.

The Shapiro Administration says Negrin is the first Latino DEP Secretary.

Negrin is a former Philadelphia deputy mayor. The administration touts his management track record as a positive for the agency.

In a hearing on his nomination (6.26.23), senators asked Negrin about his position on a 2020 grand jury report—released by then-Attorney General Shapiro—that found DEP failed to protect public health during the fracking boom and recommended new safety standards for drillers.

One of the recommendations, for which legislation has been introduced this session, was to increase the set-back of all oil and gas wells to 2,500 feet from any home or business, up from 500 feet. The set-back would be more for schools and hospitals.

Sen. Gene Yaw (R-Lycoming), chair of the Senate Environmental Resources and Energy Committee, said that would be a virtual ban on the industry.

"If it's your intent to ban drilling, then let's say we're going to ban drilling," Yaw said.

Negrin said he doesn't have a position on the recommendations. He said he has a team reviewing the report and the science around fracking and health effects. He added he does not see DEP as an advocate.

"It is my obligation, I think, as Secretary of DEP to be an honest broker around impacts on the environment when I get pulled in as a stakeholder," Negrin said.

Negrin assured senators the administration is committed to an "all of the above" energy strategy, and that he is open to carbon capture and hydrogen projects if they can benefit Pennsylvania and

the environment.

Negrin said he has been busy since taking on the secretary job in an acting capacity. A Norfolk Southern train carrying toxic chemicals derailed near the Pennsylvania-Ohio border in February. The next month, the department responded to an 8,000-gallon chemical spill in the Delaware River.

He said DEP will continue to monitor those communities, and public engagement across the state will be a priority going forward.

"We need to be embedded in these communities. All of them – poor, rural communities across Pennsylvania; communities of color. We need to be embedded and helping manage that outreach and those community pieces so that we're better at it; so that we don't just parachute in when there's an issue," Negrin said.

Negrin noted that he's been advancing his plan to improve DEP's permitting system, but it will take new technology—and more money in next year's budget—for the agency to operate at the level he's shooting for. He noted DEP's eFACTS system is 35 years old.

"Permitting is the role and responsibility that gives me oversight to make sure that we can either mitigate or totally eliminate any potential environmental harm. The faster I can do that, the better that is for the environment," Negrin said.

DEP regulates air and water pollution, mining, oil and gas, and is mainly responsible for the state's climate change policies.

The agency has faced criticism from all sides—from environmentalists for not doing enough to stop pollution, and from industry backers who say the agency can't move fast enough to accommodate business.

DEP has shrunk over the last decade as its budget was cut.

Negrin said he doesn't know yet if he has enough staff to provide effective oversight. ■



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Seeking Ideas and Topics for PIOGATech

Do you have a timely topic that you would like featured in a future PIOGATech? Would your company be interested in hosting a future PIOGATech? Please submit a brief description to Deana McMahan at deana@pioga.org

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Sources

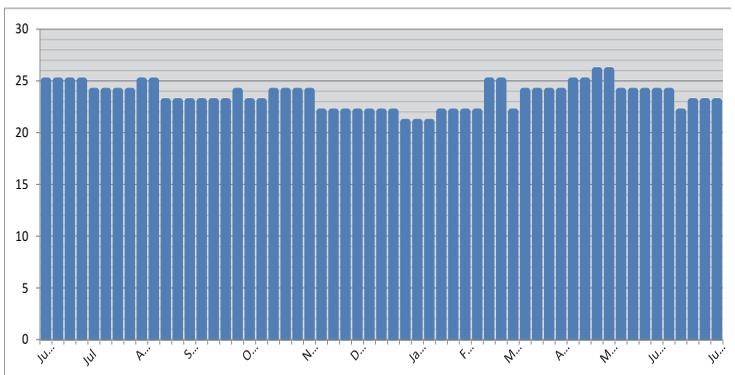
American Refining Group:
www.amref.com/Crude-Prices-New.aspx
 Ergon Oil Purchasing: www.ergon.com/crudeoil
 Gas futures: quotes.ino.com/exchanges/?r=NYMEX_NG
 Baker Hughes rig count: bakerhughesrig-count.gcs-web.com/na-rig-count
 NYMEX strip chart: Mid American Natural Resources
 Basis futures values: BHE Eastern Energy Field Services

Natural Gas Futures Closing Prices

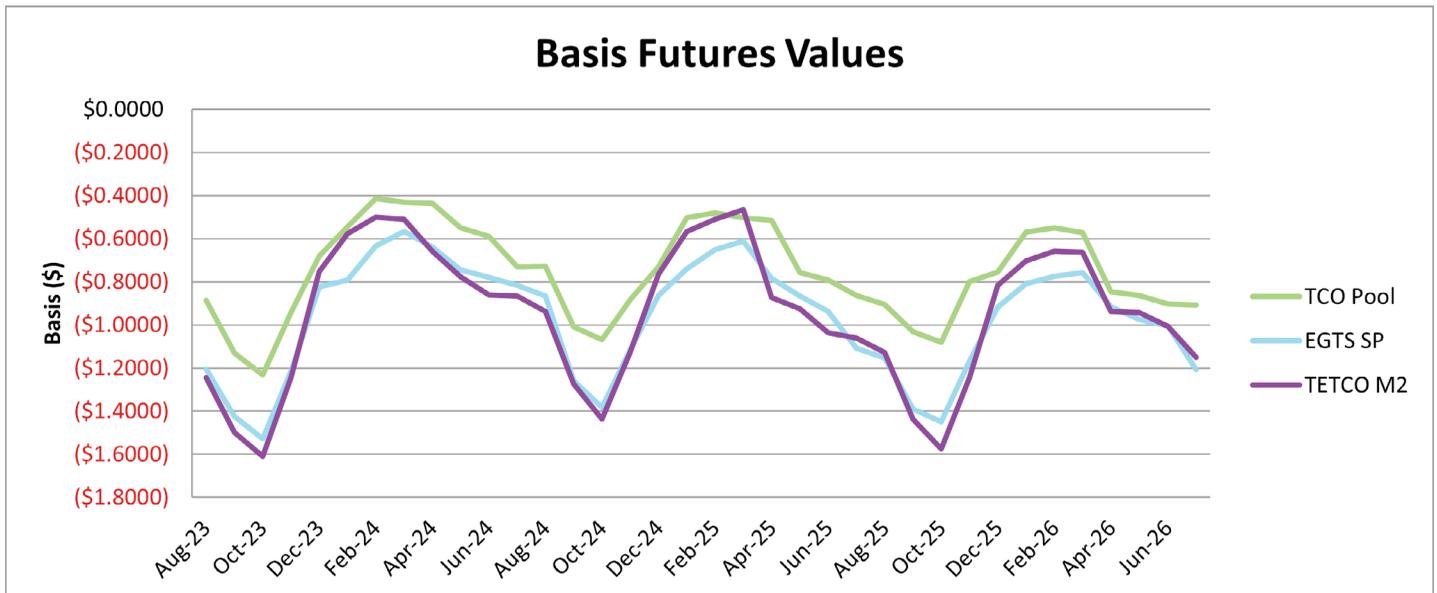
August 2023	2.635
September	2.623
October	2.711
November	3.120
December	3.556
January 2024	3.800
February	3.726
March	3.466
April	3.173
May	3.141

Prices as of July 9, 2023

Pennsylvania Rig Count



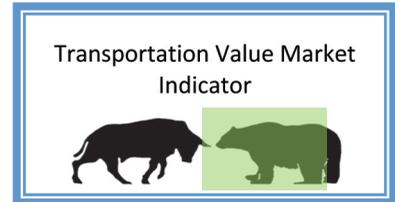
Basis Futures Values



Northeast Pricing Report — June 2023

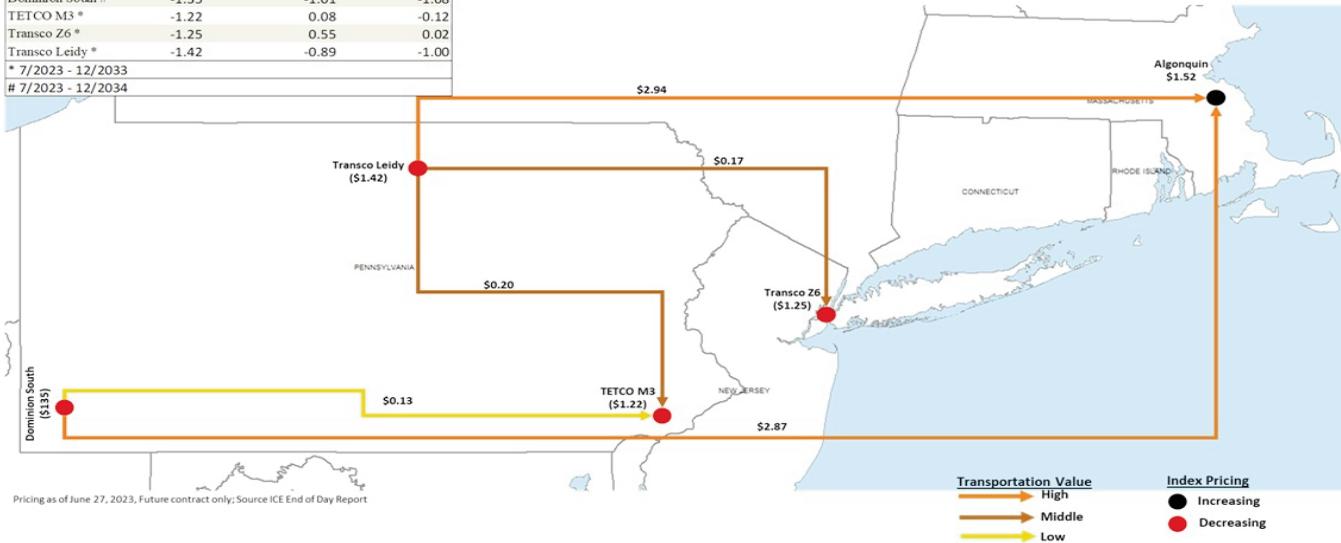
The Northeast basis market continues to fall, with the exception of Algonquin. For the front month trading period every other trading point dropped another \$0.35 and \$0.48 per MMBtu, while Algonquin rose \$1.35 per MMBtu. That trend was consistent across all trading terms. For the one-year trading period, all basis points decreased between \$0.04 and \$0.35 per MMBtu while Algonquin grew by \$0.04 per MMBtu. For the full-term trading term, all basis locations fell between \$0.01 and \$0.41 per MMBtu. Algonquin was the lone basis point which increased by \$0.01 per MMBtu.

Transportation values continue to increase in value. Dominion South and Transco Leidy to Algonquin increased by \$2.87 and \$2.94 per MMBtu. All the other transportation routes improved as well, albeit slightly. Transco Leidy to Transco Z6 increased by \$0.17 per MMBtu. Dominion South to TETCO M3 rose by \$0.13 as well, while Transco Leidy to TETCO M3 increased at \$0.20 per MMBtu. The only transport route that decreased was TETCO M3 to Transco Z6, which lost \$0.03 per MMBtu.

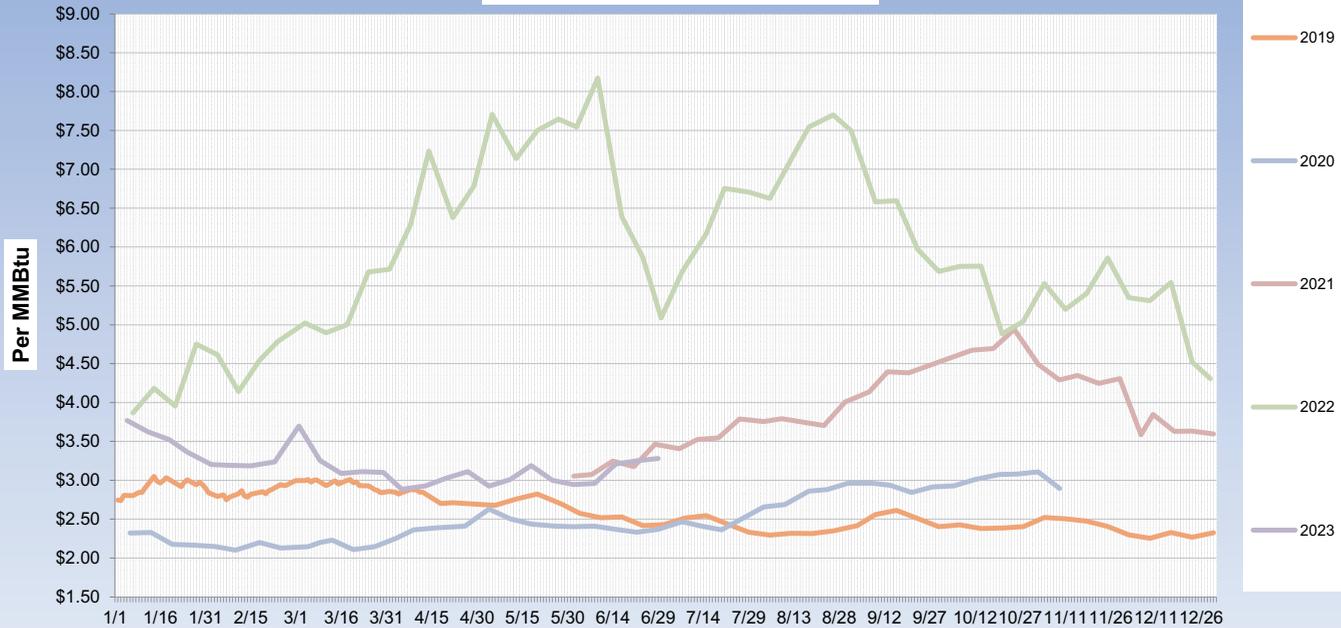


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Location	Natural Gas Basis Future Pricing (\$/MMBtu)		
	7/2023	7/2023-6/2024	7/2023-12/2028
Algonquin	1.52	3.360	2.870
Dominion South #	-1.35	-1.01	-1.08
TETCO M3 *	-1.22	0.08	-0.12
Transco Z6 *	-1.25	0.55	0.02
Transco Leidy *	-1.42	-0.89	-1.00



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Spud Report: June



The data show below comes from the Department of Environmental Protection. A variety of interactive reports are available by going to the Office of Oil and Gas Management page at www.dep.pa.gov and choosing Report from the menu. The table is sorted by operator and lists the total wells reported as drilled last month. **Spud** is the date drilling began at a well site. The **API number** is the drilling permit number issued to the well operator. An asterisk (*) after the API number indicates a conventional well.

Operator	Wells	Date	API#	County	Municipality	Operator	Wells	Date	API#	County	Municipality
Bercat Oil Co LLC *		8/5/23	123-48698	Warren	Mead Twp	KCS Energy Inc *		6/30/23	123-48705	Warren	Watson Twp
Cameron Energy Co *	4	6/12/23	083-57550	McKean	Hamilton Twp	Lindell & Maney LLC *	4	6/16/23	123-48610	Warren	Brokenstraw
		6/23/23	083-57549	McKean	Hamilton Twp			7/3/23	123-48611	Warren	Brokenstraw
		7/6/23	083-57552	McKean	Hamilton Twp			7/20/23	123-48612	Warren	Brokenstraw
		7/30/23	083-57553	McKean	Hamilton Twp			7/25/23	123-48608	Warren	Brokenstraw
Chesapeake Appalachia	12	7/27/23	015-23863	Bradford	Asylum Twp	Minard Run Oil Co.	3	6/17/23	053-31019	Forest	Jenks Twp
		7/28/23	015-23861	Bradford	Asylum Twp			7/2/23	053-31016	Forest	Jenks Twp
		7/29/23	015-23862	Bradford	Asylum Twp			6/21/23	053-31020	Forest	Kingsley Twp
		6/19/23	015-23859	Bradford	Terry Twp	PennEnergy Resources	6	6/1/23	005-31469	Armstrong	North Buffalo
		6/20/23	015-23860	Bradford	Terry Twp			6/2/23	005-31470	Armstrong	North Buffalo
		6/7/23	015-23810	Bradford	Wilmot Twp			6/3/23	005-31472	Armstrong	North Buffalo
		6/8/23	015-23812	Bradford	Wilmot Twp			6/4/23	005-31441	Armstrong	North Buffalo
		6/9/23	015-23811	Bradford	Wilmot Twp			6/5/23	005-31468	Armstrong	North Buffalo
		6/10/23	015-23813	Bradford	Wilmot Twp			6/6/23	005-31471	Armstrong	North Buffalo
		6/11/23	015-23814	Bradford	Wilmot Twp	Pennhills Resources LLC	2	7/24/23	053-30999	Forest	Howe Twp
		7/18/23	015-23852	Bradford	Wyalusing Twp			8/3/23	053-31000	Forest	Howe Twp
		7/19/23	015-23851	Bradford	Wyalusing Twp	R & N Resources LLC *	2	6/29/23	123-48703	Warren	Conewango
CNX Gas Co LLC	5	7/4/23	129-29224	Westmoreland	Bell Twp			7/22/23	123-48702	Warren	Conewango
		7/5/23	129-29223	Westmoreland	Bell Twp	Range Resources	2	8/6/23	125-29065	Washington	Smith Twp
		7/15/23	129-29227	Westmoreland	Bell Twp			8/7/23	125-29066	Washington	Smith Twp
		7/16/23	129-29225	Westmoreland	Bell Twp	Snyder Bros Inc.	9	6/22/23	005-31464	Armstrong	Boggs Twp
		7/17/23	129-29226	Westmoreland	Bell Twp			6/25/23	005-31465	Armstrong	Boggs Twp
Coterra Energy Inc	11	6/13/23	115-23082	Susquehanna	Bridgewater			6/26/23	005-31466	Armstrong	Boggs Twp
		6/14/23	115-23083	Susquehanna	Bridgewater			6/27/23	005-31467	Armstrong	Boggs Twp
		6/15/23	115-23084	Susquehanna	Bridgewater			7/1/23	005-31457	Armstrong	Boggs Twp
		7/7/23	115-23067	Susquehanna	Bridgewater			7/23/23	005-31473	Armstrong	Boggs Twp
		7/8/23	115-23068	Susquehanna	Bridgewater			8/1/23	005-31475	Armstrong	Boggs Twp
		7/9/23	115-23069	Susquehanna	Bridgewater			8/2/23	005-31474	Armstrong	Boggs Twp
		7/10/23	115-23070	Susquehanna	Bridgewater			8/4/23	005-31477	Armstrong	Boggs Twp
		7/11/23	115-23071	Susquehanna	Bridgewater	SV ABS Interest Wetmore *	2	6/18/23	083-57633	McKean	Wetmore Twp
		7/12/23	115-23072	Susquehanna	Bridgewater			6/28/23	083-57634	McKean	Wetmore Twp
		7/13/23	115-23073	Susquehanna	Bridgewater	Whilton Brooks A *	2	6/24/23	123-48798	Warren	Glade Twp
		7/14/23	115-23074	Susquehanna	Bridgewater			7/26/23	123-48799	Warren	Glade Twp
Curd Josh C.		7/21/23	031-25799	Clarion	Beaver Twp	Wilmoth Interests Inc. *		7/31/23	123-48679	Warren	Sheffield Twp

	June	May	April	March	Feb..
Total Wells	68	40	36	55	41
Unconventional Gas	45	19	30	41	33
Conventional Gas	1	0	0	0	0
Oil	17	14	6	14	8
Combination Oil/Gas	5	0	0	0	0

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Earn a credit equal to 10% of the dues of every new PIOGA member you bring in, and use the credits toward reducing your own dues, event fees, advertising and more.

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Calendar

PIOGA events

Information: www.pioga.org > PIOGA Events

26th Annual Divot Diggers Golf Outing & Steak Fry

August 17. Tam O'Shanter of PA Golf Course

PIOGATech - Environmental

August 24. Venue: TBD

Birds & BBQ Clay Shoot

September 14. West Penn Sportsmen's Club

Other events

2nd Annual Marcellus Shale Water Business Update/Conference. August 9 at The Westin, Pittsburgh. **PIOGA has partnered with Oilfield Water Connection - allowing all PIOGA members to receive a 15% discount! Use promo code PIOGA when registering.**

<https://oilfieldwater.com/pa2023/>

Gas & Oil Association of WV Summer Meeting. August 13-15 - White Sulphur Springs, WV.

<https://gowv.com/events/calendar-of-events/#>

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