THE STATE REVIEW PROCESS

- Meeting the Challenges of U.S. Oil & Gas Development
- Collaboration to Improve the Regulatory Environment

Ground Water Protection Council
2011 Annual Forum
Tuesday, September 27, 2011
State Review of Oil and Natural Gas Environmental Regulations, Inc.

A multi-stakeholder collaborative effort to

- Benchmark state regulatory programs
- Develop recommended state program guidelines
- Establish a review process to evaluate state regulatory programs against those guidelines
STONGER

- Stakeholders
  - States
  - Industry
  - Environmental Organizations

- Supporters
  - IOGCC
  - GWPC
  - Federal agencies (EPA, DOE)
Background

- RCRA definition of solid waste
- Hazardous waste regulated under Subtitle C
- Exemption until EPA study
- Report to Congress — December 1987
- EPA regulatory determination — July 1988
- 3-prong approach
State Review Process

- Established by IOGCC with support from EPA
- Stakeholder involvement
- Guidelines developed
- State reviews against Guidelines
- Guidelines updates and revisions
- Follow-up reviews
Stronger

- Formed June 1999

- Functions:
  - Manage state review process
  - Sponsor new/revised guidelines
  - Develop procedures for reviews, training
  - Assemble review teams
  - Contract administrative/clerical support
  - Settle disputes
State Reviews

- State volunteers, completes questionnaire
- Review team assembled & trained
- In-state interview
- Team drafts report w/findings & recommendations
- Draft distributed for comments
- Final approved by Board, published & posted
Reports

- Executive summary
  - Highlights program strengths
  - Summarizes key recommendations for improvement
- Discussion of program elements
- Findings and recommendations
- Appendix
  - Response to questionnaire (state’s description of its program)
Results

- 21 states reviewed – 94% onshore production
- North Carolina scheduled for October 2011
- 10 states with follow-up reviews – 76% of recommendations satisfied
- 2009 survey – all states implemented some recommendations
  - 33% fully implemented
  - 27% partially implemented
  - 26% outstanding
  - 14% unknown
State Reviews

- Initial Review
- Follow-up Review
- No Review
Hydraulic Fracturing

- Workgroup convened (Aug. 2009)
- Guidelines submitted to STRONGER (Jan. 2010)
- Reviews completed:
  - Pennsylvania
  - Ohio
  - Oklahoma
  - Louisiana
- Reviews underway:
  - Colorado report under review
  - Arkansas scheduled for November 2011
Notes:
• Prior to 1999 and STRONGER, EPA contributed $3.5 million to IOGCC to manage the state review process.
• This summary does not reflect in-kind contributions from states and other stakeholders.
STRONGER Funding Summary

- $3,500,000
- $864,000
- $1,275,000

- EPA/DOE
- API
- EPA 1988-1998
Strengths of Review Process

- All work performed by stakeholder teams
- Guidelines recognize regional differences
- Reviews document program strengths and opportunities for improvement
- Follow-up reviews are conducted
- The process is transparent and timely
Benefits of Review Process

- State control of E&P waste programs
- Improved state oil and gas environmental regulatory programs
- Process for continuing program improvement
- Opportunity to share and promote new or unique concepts and ideas
- Flexible reviews to meet state needs
- Great educational process for all participants
Improve communication among state and federal regulators: Provide continuing annual support to STRONGER (the State Review of Oil and Natural Gas Environmental Regulation) and to the Ground Water Protection Council for expansion of the Risk Based Data Management System and similar projects that can be extended to all phases of shale gas development.

August 2011 Secretary of Energy’s Advisory Board (SEAB) Interim Report on Shale Gas Production recommendations
“STRONGER should be bolstered and increase the scope of its activities. All states with natural gas and oil production should actively participate in STRONGER and use its recommendations to continuously improve regulation. It should be adequately funded, including from the federal government.”

September 2011 National Petroleum Council (NPC) report “Prudent Development: Realizing the Potential of Abundant North American Natural Gas and Oil Resources”