



UNIVERSITY AT BUFFALO
STATE UNIVERSITY OF NEW YORK

JUL 5 1988

OFFICE OF

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Vice Provost for
Undergraduate Education
544 Capen Hall
Buffalo, New York 14267
(716) 630-2001

June 29, 1988

Robert S. Drew, Chief Administrative Law Judge
NYSDEC, Office of Hearings, Room 409
50 Wolf Road
Albany, NY 12233

Comments on the Draft GEIS on the Oil, Gas, and Solution Mining
Regulatory Program

I offer, for the record, some comments on the Draft GEIS. I have read and reviewed the publication several times as a member of the NYS Oil, Gas, and Solution Mining Advisory Board and have commented extensively on preliminary drafts of the GEIS with particular attention to the details of the text. Many of my earlier comments have been incorporated and all comments have been answered. At this time I do not wish to comment on the details but rather to discuss the overall document in relation to the oil and gas industries and in relation to disputes between the industries, government, citizens, and environmental interest groups. These comments are my own and not those of the Advisory Board.

SUB-1

Commenting on a GEIS involves, inevitably, commenting on the structure and practices of government because it is within the broad administrative practices of governments (including laws, regulations, and practices) that a GEIS is prepared. Clarity requires that the context for the document is clear and that the misperceptions of government by citizens are identified. The tone of the document should illuminate rather than obscure the issues and, as well, the document should be clearly grounded in time and place. I have had the opportunity to read and comment on many EISs and a few GEISs during the past few years. This GEIS is the clearest and most comprehensive that I have read. The context is directly stated for each of the chapters and it will function effectively as a GEIS. In no small measure the quality of the document is due to the interactive process between the DMR and the Advisory Board in the preparation of earlier drafts. As well the quality of the document reflects the quality of the industries which it is designed to support. This GEIS could not have been written until the regulatory and industry aspects were stable and mature. The GEIS looks thoughtfully towards the future with the chapters on the future of the regulatory program. The GEIS is well grounded in the present with its discussion of the geology, economics, and technical practices relevant for understanding the industry.

This document provides support for the continued growth of the industries while insuring that the broader interests of the citizens of New York State are protected. It codifies current practices and will simplify the issuance of drilling permits and determination of the special cases while meeting the requirements of SEQRA. At the same time the GEIS supports the resolution of disputes which will inevitably arise around the activities of the

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Draft GEIS on the Oil, Gas, and Solution Mining Regulatory Program
June 29, 1988, Peter S. Gold

oil and gas industries. The support emerges from the comprehensive attention given to the geological, technical, and economic aspects. Ordinary practices are codified, a common vocabulary is used, and the past practices are evaluated. The result of this attention ought to be that disputes will be more directly and quickly resolved because the assumptions are on the table. There is now a single source for mediation and problem solving.

SUB-2

Earlier in this letter I mentioned the wide context of a GEIS because of its relation to all aspects of government. The "tone" of the document is critical in making it accessible. Generally, the GEIS seems appropriately sensitive to explaining the intricate web of regulation but in a few spots becomes too vague. For example, the discussion of visual impacts and noise impacts appropriately notes the SEQOR mandate to consider such impacts and the temporary quality of the impacts, yet does not clearly seem to discuss the context for evaluating these impacts. It seems to say (but does not clearly say) that most drilling and storage practices are without impact and will not be regulated. It does not say that the hundred year history of drilling provides ample evidence for the protection of vistas in most cases. It does not clearly say that special cases only are of interest. This is mostly an issue of "tone" not substance.

SUB-3

Similarly, the exclusion of state lands, park lands and offshore drilling from this regulatory effort could be more clearly justified with an explanation of the intricacies of regulation and the requirements of other laws for it is those sites which will receive the most critical attention.

SUB-4

Similarly, the oil and gas industries have requested additional regulation of the water well drilling practices to reduce the possibility of contamination from oil and gas activities and to reduce their assumed liability in such cases. This issue might be more clearly discussed and attached to regulatory recommendations.

These issues aside, the GEIS amply conveys the interests and practices of sophisticated industries and regulatory practices. I think that it protects the resources of the State and will help the citizens of the State to regulate the industries. Equally, the GEIS will support the growth of the oil, gas and solution mining industries.

Sincerely,

Peter S. Gold, Ph.D.

cc:Richard Brescia
Toni Calloway
Gregory Sovas

SUB-1

Support for this document is noted.

SUB-2

As stated by the commentator, the visual and noise impacts from most oil, gas, solution mining and underground storage activities are minor and/or temporary. There may be some rare exceptions to this rule when a major project triggers SEQOR thresholds where noise and/or visual impact mitigation might be imposed through permit conditions.

SUB-3

The subject of leasing on State lands is excluded, but the regulation of oil and gas development activities on State lands is not. Offshore drilling was not included with the clear justification that this activity will not be occurring in the near future because of adverse economics. See page 18-8.

SUB-4

We support the regulation of water well drillers. However, this GEIS can only cover our own regulatory program.



Honeoye Storage Corporation
P.O. Box 376
Honeoye, New York 14471
716-228-5161

June 30, 1988

Robert S. Drew
Chief Administrative Law Judge
N.Y.S. Dept. of Environmental Conservation
Office of Hearings Room 409
50 Wolf Road
Albany, New York 12233-0001

Dear Mr. Drew:

We welcome the opportunity to comment on the Draft Generic Environmental Impact Statement on the Oil, Gas, and Solution Mining Regulatory Program. The DEC staff should be commended for their efforts in the preparation of this document.

Enclosed please find comments on behalf of Honeoye Storage Corporation regarding particularly the underground gas storage sections of the Draft GEIS.

This document will have a profound and lasting effect on the oil and gas industry in New York. We urge your careful consideration of our concerns as expressed by these comments.

Thank you.

Sincerely,

John F. Ketz
Vice-President

JFK:da

CC: Gregory H. Sovas (w/enc.)
Division of Mineral Resources

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BUREAU OF RESOURCE
MANAGEMENT & DEVELOPMENT

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DIVISION OF
MINERAL RESOURCES

CR-148

DRAFT GENERIC ENVIRONMENTAL IMPACT STATEMENT, JANUARY 1988

COMMENTS BY HONEOYE STORAGE CORP.

June 30, 1988

GENERAL

HSC-1

It is inappropriate for the Draft GEIS to include recommendations for changes to existing rules and regulations. The purpose of the document is to review the current program for regulating the oil, gas and solution mining industry. It should not be used as a forum for proposed and probably controversial new rules, regulations and mitigation measures.

HSC-2

The Draft GEIS makes considerable reference to contractual arrangements between operators and landowners. These arrangements are privately negotiated and not within the scope of state regulation or protection of the environment. In many years of dealing with landowners in relation to drilling, production and storage, we have found that they do not need, and in fact would not welcome, interference by regulatory authorities.

CHAPTER IV HISTORY

B. Oil and Gas History

4. Underground Gas Storage Fields

HSC-3

P. 4-3

The description of total storage capacity and amount of working gas and cushion gas in storage as of the end of 1986 could be misconstrued by those not familiar with storage operations. This should be clarified to show that the difference in total storage capacity (177.5 Bcf) and the sum of working gas (55.4 Bcf) plus cushion gas (85.5 Bcf) is not unused capacity but is, in fact, due to working gas withdrawn from the reservoir during the early part of the withdrawal cycle. See additional comment under Chapter XIV, Section I, page 14-25.

CHAPTER XIV UNDERGROUND STORAGE

B. Storage Site Selection and Formation Evaluation

HSC-4

P. 14 - 5 & 6

The reference to potential earthquake damages is included under Conventionally Mined Storage Caverns but the text

HSC-1

Many of the proposed changes to the rules and regulations are part of the existing regulatory program as guidelines and permit conditions. See Topical Response Number 5 on Reasons for Including Proposed Regulations in the GEIS.

HSC-2

Landowner/operator contracts are discussed in the GEIS for public information purposes. The fact that landowners are encouraged to contact DEC for information on environmental regulations that may affect their lease cannot be construed as DEC interference. However, in environmentally sensitive areas, the DEC can attach permit conditions as necessary regardless of the existence of private lease agreements. See Topical Response Number 6 on Surface/Minerals Owner Lease Conflicts.

HSC-3

Observation noted. Beginning with the 1987 gas storage report, the DMN staff calculated unused storage capacity by subtracting the volume stored from the total storage volume.

seems to be applicable to all underground gas storage operations. This should be clarified.

Potential earthquake damage in New York State to a storage field in a depleted gas reservoir is so remote that the issue borders on the ludicrous. Even the State of California has never documented any damage to underground gas storage facilities from an earthquake (telephone conversation with Mr. Mefferd, Supervisor, California Division of Oil and Gas, Sacramento, on June 3, 1988).

C. Applying For An Underground Storage Permit

P. 14 - 8

Line 1, 1st sentence. This sentence attempts to describe how well pressures help to determine storage field boundaries. It is incorrect and misleading and should be deleted.

P. 14 - 10

Paragraph 2. The mandated application fees appear to be excessive. Perhaps the DEC should work toward a lowering of these fees to encourage and facilitate underground storage activities. The storage segment of the oil and gas industry is also subject to all other fees such as for drilling permits. Consideration should be given to the public interest since all of these costs are ultimately recovered from the consumer.

I. Operation of the Storage Facility

1.b. Segments of a Gas Storage Reservoir

P. 14 - 25

Refer to comments under Chapter IV, p. 4-3. It is misleading to refer to "unused capacity" as is done here. Unused capacity should be defined as that portion of the reservoir, if any, available for additional storage when the storage field volumes are at their highest levels at the end of the injection cycle.

c. Operation of a Gas Storage Reservoir

p. 14 - 29

Paragraph 1, line 8. Reference is made to a technical report in the appendix which further describes monitoring of gas storage volumes. Please identify this report.

HSC-4

The commentator is correct in stating that the potential for earthquake damage to a storage field in a depleted natural gas reservoir is much less than that for a mined cavern.

Assessment of the potential earthquake damages (as is suggested in the GEIS) is made on almost all projects in California. There has been no documented earthquake damage to underground storage facilities because the facilities are designed to mitigate that potential with such measures as downhole well safety valves, adequate flexure in surface connections and lines, and anchored storage tanks. In New York State the potential for earthquake related impacts is much lower than in California, but it is probable that a new storage project will require both a SEQR statement and public hearings. It is our experience that this issue must be addressed to allay public fears. The operator can avoid public concern and opposition to a proposed storage project by considering this subject before it is perceived by the public as an issue which has not been adequately addressed. See response to I-451.

HSC-5

Correction noted; this sentence will be deleted.

HSC-6

The storage fees are contained in legislation and were established to cover some of the costs borne by the State in the review of the project. These fees represent a small amount of a project's total cost.

HSC-7

See response to I-467.

HSC-8

This report was not included in the Appendix, but revisions to the text failed to reflect this exclusion. These sentences should have been deleted.

HSC-5

HSC-6

HSC-7

HSC-8

CHAPTER XVIII ECONOMICS

D.3 Gas Storage Benefits

HSC-9

p. 18 -13 & 14

Additional economic benefits from storage operations derive from their relative stability, continuity and long-term operations. Employment is stable, making a substantial contribution to generally rural areas where the fields are normally located. Indirect benefits inure in the area of local and state payroll and sales taxes. Construction and maintenance materials are purchased locally when feasible. Local governments and school districts are recipients of property taxes levied on real property owned by the storage field operators. Landowners are compensated, usually based on the number of surface acres within the storage field boundaries. In the case of depleted reservoirs, this compensation is in addition to royalties received as the gas and/or oil was sold during the producing phase of the field.

HSC-9 Comment noted.

HSC-10 Add "between the tubing and casing or wellbore".

HSC-11 Correction noted; add "and/or gas".

HSC-12 Correction noted. See response to I-681.

GLOSSARY OF TECHNICAL TERMS

HSC-10

Annular Space: Also the space between tubing and casing or wellbore

HSC-11

Pool: 1. Contains oil and/or gas

HSC-12

Strippers: Also refers to gas wells producing a small amount of gas (NGPA Section 108)

PENNZOIL PRODUCTS COMPANY

EXPLORATION AND PRODUCTION DIVISION • 34 BOYLSTON STREET • BRADFORD, PA 16701 • (814) 368-6142

A. L. RICHMOND
District Manager

July 6, 1988

NEW YORK STATE
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Office of Hearings
Room 409
50 Wolf Road
Albany, NY 12233

ATTN: Mr. Robert S. Drew
Chief Administrative Law Judge

Dear Judge Drew:

By this letter, Pennzoil Company wishes to express formal support for the comments submitted by the Independent Oil and Gas Association of New York on the draft Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program.

Representatives of Pennzoil were part of the committee which developed the IOGA comments and had extensive input to them.

Very truly yours,

PENNZOIL PRODUCTS COMPANY
EXPLORATION AND PRODUCTION DIVISION



A. L. Richmond
District Manager

ALR:ms

cc: Richard Brescia
Gregory Sovas

PPC-1

The commentator's support for the Independent Oil and Gas Association (IOGA) submission is noted. Please refer to the response to that submission.

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JUL 14 1988
OFFICE OF HEARINGS

PPC-1



National Fuel

July 6, 1988

The Honorable Robert Drew
Chief Administrative Law Judge
New York State Department of
Environmental Conservation
50 Wolf Road
Albany, NY 12233

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JUL 8 1988
OFFICE OF RECORDS

RE: G.E.I.S. Comments.

Dear Judge Drew:

We of National Fuel Gas Supply Corporation and Penn-York Energy Corporation support the comments submitted by I.O.G.A. of New York on the Generic Environmental Impact Statement which was drafted by N.Y.S.D.E.C.

We enclosed additional comments by James. J. Pfeifle, a staff Engineer from National Fuel Gas Supply Corporation.

Mr. Pfeifle and myself were members of the study committee which drafted the comments submitted by I.O.G.A. of New York.

In addition to this support and these comments, we would like to encourage the D.E.C. to incorporate within the G.E.I.S. some regulations that would protect gas storage operator's rights. I enclose information on legislation from Michigan and Indiana.

Very truly yours,

R. Michael Sexton, Manager
Gas Storage, Engineering &
Administration

RMS/bjh

Enclosures

cc: J. R. Lockwood
Mary Mietus (IOGA)
J. J. Pfeifle
J. I. Sharpless
Ron Tansky
Tom Thrasher

NATIONAL FUEL GAS SUPPLY CORPORATION
Erie, Pennsylvania

July 6, 1988

TO: R. M. Sexton

FROM: J. J. Pfeifle

Listed below are my comments on the Draft GEIS Section 14
Underground Gas Storage:

NF-1

1. Requiring operators to plan for potential earthquakes is extreme as far as environmental impacts are concerned. National Fuel would not plan a storage field in any potential earthquake zone. (Page 14-6).

NF-2

2. Review of the State Geologist on the storage permit should be more of a cursory review. The technical opinion of the Operator's Geologist and the State's Geologist may differ, and it is hoped that this would not become a major problem in the review process. (Page 14-11).

NF-3

3. Request a determination of what a major modification of a storage project is. (Page 14-11).

NF-4

4. Why are the ingredients of the mud system required? It is not part of the existing regulation for the drilling of any other wells. (Page 14-15).

NF-5

5. The appearance of a storage facility is no more visually affected than any other industry in New York State. In most storage fields, the only visible items are the wellhead assemblies and bridle connections. (Page 14-22).

NF-6

6. The gas loss section should be deleted in its entirety. It is a too simplistic approach to a very complex problem. Presently the IRS is the lead agency for gas losses since a company must declare these as deductions. (Page 14-28).

NF-7

7. It should not be required for an operator to get a storage abandonment permit. Upon abandonment of the storage field, the gas will be withdrawn as if the field were a production field. The storage will not be completely abandoned until 30 or 40 years later. Therefore, requiring a review of the abandonment is redundant because the abandonment of the wells and facilities would be required when the field ceases production. (Page 14-36).

JJP/ljw

NF-1

The text suggests that the operator be required to assess the potential earthquake danger. In New York State this potential is low. See response to I-451.

NF-2

Review of proposed storage projects by the State Geologist is not cursory, and it is required under law [ECL 23-1301.1]. This required review has caused no problems to date.

NF-3

See responses to I-22 and I-23.

NF-4

Drilling mud is not routinely used in New York, but where it is used most commonly (e.g. drilling the surface hole in the unconsolidated sediments of aquifers) the DMN specifies a non-hazardous freshwater based mud type. This proposed requirement is not meant to restrict the mud type as is done for aquifer drilling. Information on the mud composition and disposal method is necessary for complete environmental assessment of a major project which is the likely classification of a new storage field under SEQR regulations. See response to I-462.

NF-5

Compressors are also likely to have a visual impact. Visual assessment is required by SEQR. See response to I-464.

NF-6

The Department of Environmental Conservation has the overall responsibility to monitor underground storage operations in the State. See response to I-470.

NF-7

There are several reasons for this proposed requirement. The operational report and summary are necessary to determine the amount of native gas in place for protection of correlative rights. Storage rights can be and sometimes are leased independently of mineral rights. People can be forced to lease storage rights through condemnation proceedings, but still retain their rights to the native gas that is in place at the initiation of the storage project. The Department is also concerned about the reservoir or cavern integrity at abandonment, proper well plugging, and final surface restoration.

**BOARD of
PUBLIC
UTILITIES**

ELECTRIC, WATER AND
DISTRICT HEAT DIVISION
MUNICIPAL BUILDING
P. O. BOX 700
JAMESTOWN, NEW YORK 14702-0700
(716) 483-7583

July 6, 1988

Mr. Robert Drew
Chief Administrative Law Judge
50 Wolf Road
Albany, New York 12233-6500

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Dear Mr. Drew:

We appreciate this opportunity to review and comment on the "Generic Environmental Impact Statement on Oil, Gas and Solution Mining Regulatory Program". As you know, considerable effort was made by the City of Jamestown, Board of Public Utilities in 1982 to promote greater safety standards for aquifer drilling. The positive results of those efforts were apparent in 1982 and are again reflected, for the most part, in the GEIS. Never-the-less several concerns remain that have significant implications on long term aquifer protection.

BPUJ-1 | The most significant threat to the Jamestown aquifer from oil and gas development activities are a general lack of adequate waste fluid disposal options available to the operators. At the present time, it appears disposal wells (3 in the entire state), road spreading (which should not be reviewed as a disposal activity), occasional acceptance of fluids at local sewage treatment plants, and out-of state facilities are the only options. With so few options, disposal short-cuts are inevitable and it is the long-term addition of waste fluids to the aquifer that remains a serious concern. This concern was expressed in 1982 and is reinforced here.

BPUJ-2 | The suggested revision to permit requirements on page 10-11 of the GEIS to require operators to have an approved brine disposal plan prior to drilling a well is a positive step. However, it is strongly suggested this revision be expanded to include a required manifest system of waste fluids produced and disposal activities in aquifer areas.

Again we thank you for this opportunity to comment.

Respectfully submitted,

BOARD OF PUBLIC UTILITIES


R. James Gronquist, P.E.
General Manager

BPUJ-1

We agree that the lack of disposal facilities is a major problem and that this situation encourages disposal short-cuts. However, the siting of disposal wells and treatment facilities in New York State has been hindered primarily by adverse public opinion. The DEC will continue to prosecute operators caught illegally disposing of brine. DEC staff has closely examined the chemistry of New York brines with respect to their suitability for roadspreading. Some local governments such as Chautauqua County have by-passed New York State's efforts to ensure that the brines used for roadspreading are suitable, and have exacerbated the disposal problem for in-state producers by purchasing out-of-state brines for roadspreading.

BPUJ-2

A permit system for the transportation produced brines is a requirement under the Part 364 regulatory program which has been in place several years, and applies to transported production brine and other industrial waste from all areas of the State, not just those brines produced in aquifer areas.



STATE OF NEW YORK
DEPARTMENT OF AGRICULTURE AND MARKETS
1 WINNERS CIRCLE - CAPITAL PLAZA
ALBANY, NEW YORK 12235

ASSISTANT COMMISSIONER
MARKETING AND PROMOTION
518 437-0129

July 6, 1988

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JUL 8 1988

OFFICE OF HEARINGS

Honorable Robert Drew
Chief Administrative Law Judge
Office of Hearings
NYS Dept. of Environmental Conservation
50 Wolf Road
Albany, NY 12233

Re: Draft Generic Environmental Impact Statement on the
Oil, Gas and Solution Mining Regulatory Program

Dear Judge Drew:

I wish to thank you for the opportunity to review the Draft
Generic Environmental Impact Statement (GEIS) on the Oil, Gas and
Solution Mining Regulatory Program.

It is evident that a tremendous amount of constructive interdisciplinary effort has been put into the development of the three volumes comprising the current Draft. This Department's review generally concludes that it is comprehensive in its inclusion of the interrelationships of oil, gas and solution mining activities with the associated components of the environment. Chapter VI, "Environmental Resources," provides a sound base of information on components of the greater resource base which interrelate with the subject activities and which can be impacted unless the appropriate steps are employed to assess or mitigate such effects.

NYAM-1

Ultimately, our greatest concern relative to the development and content of the final version of the GEIS is that it fully and capably enables the development and productive utilization of the subject finite resources (oil, gas and solution minerals) at the least possible short and long term expense of the surface resources and their utilization. In Table 3.2, page 3-9b of the Draft, major types of potential impacts from gas and oil site construction, drilling, production, plugging and abandonment are identified. That table's relatively low level of impacts ("none

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Honorable. Robert Drew
page 2
July 6, 1988

NYAM-1 The DEC's comprehensive program of permit application review which consists of a specifically tailored environmental assessment questionnaire, multiple site inspections, site-specific permit conditions and reclamation timetables do adequately assure that environmental impacts are minimal. We consider our regulatory program to be quite solid and not "delicately hinged".

or minor") designated for interference with agricultural operations, erosion, burial, contamination brine or oil spill (affecting soil, crops, livestock or water), are delicately hinged on that table's supplementary explanation:

Minor interference with agriculture may occur during site construction and drilling. Major long-term interference unlikely with regulatory restrictions. Also topsoil loss or pollution could occur, but serious long-term impacts are unlikely because of remediation requirements.

The Draft's references to "interference unlikely with regulatory restrictions" and "impacts...unlikely because of remediation requirements" are the key which enables the GEIS designation of "none or minor" impact rather than "serious or major" impact concerning agriculture. In essence, the fullest capability of DEC to adequately review and assess each situation, as well as to proscribe such restrictions or requirements where warranted, is necessary.

NYAM-2

Our review and subsequent cross referencing of Draft chapters III and VIII reveal a latently vulnerable aspect concerning the comprehensive environmental review and permitting of gas (and oil) applications relative to potentially affected agricultural lands. First, for background, I will note that the siting of a well and its associated access road have basic bearing on which portions of farmland will be affected. This can range from tillable cropland or rotation land and active livestock grazing areas to abandoned farmland, unmanaged woodlands or brushlots.

Generally, the least adverse impact to the viable agricultural resource base from well and access road siting occurs from a combination of warranted measures including the potential language of a lease, and permit requirements. Although Chapter VIII on pages 8-27 and 28 gives due consideration to "lease terms" and the acknowledgement of verbal requests of farm operators, the Draft's suggestion of a variety of worthwhile lease provisions which a landowner and lessee may (or may not) incorporate into a lease, may infer more provisions than are actually incorporated. Individual leases which are executed in such a manner may address and thereby help control some potentially long-term environmental impacts. In context, it should be noted that specific siting restrictions and road locations in a lease document are only potentials, depending on the individually appended concerns. They should not be interpreted

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Honorable Robert Drew
Page 3
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as uniform provisions sufficient for meeting the environmental resource concerns of agriculture. That is why the regulatory review, assessment and pre-drilling site inspection process and the ability to attach conditions to permits are all necessary.

In assessing this section of the Draft, however, it is important to refer directly to the statement at the end of item No. 6, (page 8-28):

Erosion, sedimentation and general agricultural issues (emphasis added) have been added to the Pre-Drilling Environmental Assessment Form so that these issues will be addressed on a consistent basis.

New York State Agriculture and Markets firmly supports that addition of the agriculture issues to the Environmental Assessment Form (see Draft Appendix 5) for the reason quoted above. The reviews and assessments undertaken with that improved form, prior to permitting, have appropriately included candidate sites and roads of one acre involving an agricultural area. When this portion of Draft chapter VIII concerning the Environmental Assessment Form (EAF) is cross referenced with statements about agriculture and acreage thresholds for an EAF, in chapter III, questions concerning ambiguity, reader interpretation, and potential administrative policy conflict arise. Beginning on page 3-2 of the Draft is a discussion on "SEQR Requirements." The Draft states:

This GEIS satisfies SEQR requirements for all these standard operations when they conform to the thresholds described in Table 3.1. However, permits for the following types of projects will continue to require detailed site-specific environmental assessments:

1. Oil and gas drilling permits in Agricultural Districts if more than two and one-half acres will be altered including the access road.

On Draft page 3-8 under "Size of Project" is the following:

Ordinarily, physical disturbance for the drilling of an oil and gas well will affect a maximum of two acres, and many routine oil and gas wells encompass one acre or less.

NYAM-2 Support for retention of our Environmental Assessment Form (EAF) which addresses agricultural issues is noted.

NYAM-3 Table 3.1 which explains SEQR thresholds (In Agricultural Districts, it is greater than two and one-half acres.) does not conflict with page 3.8 which explains that the physical disturbance necessary for drilling a well is usually below the two and one half acre threshold.

NYAM-3

Honorable Robert Drew
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NYAM-4 The EAF in Appendix 5 is, and will continue to be, required for all wells, regardless of the number of acres disturbed. The additional environmental assessment referred to in Table 3.1 is the standard agency long form that would be required along with the Division of Mineral Resources EAF when SEQR thresholds are triggered.

NYAM-4

The statements in chapter VIII page 8-28, regarding the agricultural items added to the EAF are highly warranted. However, when cross-referenced with the above noted statements in Draft chapter III, it suggests that the improved EAF will not be required as presented. Regardless of a change in the SEQR threshold for Type I projects being increased from 1.0 (one) up to 2.5 (two and one half) acres in an Agricultural District (see Draft page 3-3), New York State Agriculture and Markets maintains that a thorough review and assessment for potential impacts of siting and developing an access road and well in an agricultural area are extremely critical, and the means for accommodating such reviews through an EAF must be continued at least at the level of 1.0 (one) acre, or even less, due to the special sensitivity of viable cropland, rotation land and grazing areas to the subject well development activities. The identification of such sensitivities is one of the things that this GEIS is all about. Again, summarizing the vulnerability of agriculture, it is not the issue of well size and access road size "within" farmland which is critical; but rather, it is the "component" of that farmland in which the site and road are ultimately located and used which will minimize or multiply the impacts to the viable cropland, rotation land and livestock areas.

NYAM-5

On pages 3-3 and 3-4 the Draft notes:

The threshold for an Agricultural District calls to question the need for further mitigating measures that may be needed beyond the current permit conditions. * * * * Further- more the location of a well in an Agricultural District or other agricultural region does not mean that the well will be located on viable farmland. Some of the acreage in Agricultural Districts is unproductive, fallow, brushland or pasture unsuitable for growing crops at present time.

With exception only to the generalized reference to "pasture," which is equally deserving of precautionary review and adequate measures if developed as a well site, New York State Agriculture and Markets Department agrees that further measures for ensuring agricultural mitigation, including the minimization of sitings on the viable lands, are needed, beyond some of the current permit conditions and beyond the coverage of the GEIS. This is particularly relevant since the Draft in our opinion, is suggesting the abandonment of EAF information as a

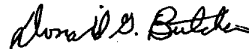
NYAM-5 Support for our proposal to retain the EAF is noted.

Honorable Robert Drew
Page 5
July 6, 1988

consistent approach concerning affected agriculture for all sites less than 2.5 (two and one-half) acres in size. Further, New York State Agriculture and Markets agrees that simply by locating a well within an agricultural district does not mean it will be located on the viable cropland, rotation land (and livestock areas). This leads to our suggestion that for the final GEIS to meet its basic objective as an acceptable and useful document of policy, direction and method, the areas of ambiguity and potential conflict in the narrated intent should be cooperatively resolved by the combined efforts of this agency and the Department of Environmental Conservation for purposes of endorsing a final GEIS. The importance of individual siting reviews and the fine-tuning of the ultimate locations is critically important. This need is made more evident when recognizing the Draft's statements counter to the evaluation of "cumulative impacts" (pages 3-9 and 10) in support of the mutual environmental exclusiveness of each well, independently. It is this Department's belief that any well site and access road development which could affect any of the above noted viable agricultural portions of farmland within an agricultural region should be reviewed in the manner provided for by the present EAF or one that is especially developed and applied. In addition, for any such areas, the respective items which are proposed in the Draft EIS either as "recommended mitigation practices" or "requirements" should be admitted and applied as requirements.

We feel strongly that these changes are necessary to help assure the environmental protection of the viable components of the agricultural segment of the resource base. If the Department of Environmental Conservation believes additional information is needed to clarify this approach we are prepared to assist in any way we can.

Sincerely,



Donald G. Butcher
Commissioner

tr

CR-160

AMO HOUGHTON
341- District, New York



Congress of the United States
House of Representatives

July 5, 1988

Robert S. Draw
Chief Administrative Law Judge
New York State Department of Environmental Conservation
Office of Hearings
50 Wolf Road, Room 409
Albany, New York 12233

Dear Sir:

MCAH-1


I have been contacted by a number of constituents who, directly or indirectly, are involved in the New York State oil and gas industry. They have voiced their concerns about the Generic Environmental Impact Statement (GEIS). I understand that the basic function of the GEIS is to assess the environmental impact of an entire regulatory program and to suggest changes that may be necessary to strengthen that program. I feel that it is worthy to take steps to guarantee a safe environment as well as honest business practices. I agree with you and understand your desire to introduce aspects of the GEIS which will ensure this. However, I believe that the DEC, as well as the EPA, have already taken such steps with existing regulations, and, therefore, the GEIS is unnecessary and I oppose its introduction.

MCAH-2

After reviewing concerns from constituents and information from the DEC-DMR about the GEIS, it appears that such a proposal would do more harm than good for the industry, as well as for the economy. Many of the proposed regulations of the GEIS are already implemented by the DEC and the EPA, thus creating a waste of time and money. The additional regulations under the GEIS would only serve to unduly regulate this industry, creating further hardships by increasing costs and reducing production output. This could ultimately result in layoffs and unemployment, creating problems for the area economy. In fact, many of those involved in the industry feel that the introduction of the GEIS would mean the death of the oil and gas industry in New York State within five years.

As I stated before, I feel strongly about the well-being of this industry, as well as the economic well-being of this region. I'd like to think that we can work to help this industry, save it, and let it recover its existing reserves, instead of smothering it with overregulation. Considering the consequences that may develop from the introduction of the GEIS, I hope my concerns and the concerns of others are given serious consideration as the DEC-DMR reviews this proposal.

Sincerely,


Amo Houghton
Member of Congress

AH/lgp

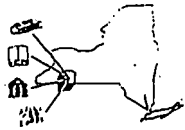
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CR-161

MCAH-1 The GEIS is a necessary legal requirement. The GEIS was prepared by DEC in order to meet the legal requirements of the State Environmental Quality Review Act (SEQRA), Article 8 of the Environmental Conservation Law, requiring government agencies to analyze the environmental, social and economic impacts of their actions.

MCAH-2 It is the State's position that long-term environmental protection cannot be sacrificed for short term cycles of monetary gain or loss. The current hardships being suffered by the oil and gas industry are primarily the result of low oil and gas prices. Adverse economics are causing the death of stripper well production industry throughout the United States, and stripper wells are being abandoned by the thousands.

As mentioned many times in the GEIS most of the proposed regulations are part of the current regulatory program. These environmentally necessary requirements have been implemented as guidelines and permit conditions. A major exception to current implementation is the body of proposed regulations in Chapter 11 on plugging and abandonment. The proposed regulatory revisions to the plugging and abandonment requirements are critical for adequate environmental protection. New York State has about the least stringent plugging and abandonment regulations in the nation, and 15-foot untested cement plugs are not considered adequate by either EPA or industry experts.



ALLEGANY COUNTY
Office of
ECONOMIC DEVELOPMENT

DANIEL L. McLAUGHLIN
Director

July 7, 1988

Mr. Robert S. Drew
Chief Administrative Law Judge
NYS Dept. of Environmental Conservation
Office of Hearings
50 Wolf Road, Room 409
Albany, NY 12233

JUL 11 1988

OFFICE OF HEARINGS

Dear Mr. Drew:

I am writing this letter to request that the New York State Department of Environmental Conservation-Division of Mineral Resources heed the requests of the New York State Oil and Gas Association as they apply to the Generic Environmental Impact Statement (GEIS). The purpose of the GEIS is to provide a set of regulatory guidelines for which the oil, gas and mining industry of New York State shall operate.

The contention of the members of NYSOGA is that if the GEIS is adopted without the input provided by its members, the industry will die in New York State. According to the experts in this industry, the regulations are inappropriate and impossible to comply with. It is my concern that if the industry is forced to cease operations in NYS, that hundreds of jobs will be lost due to a bureaucratic regulatory vehicle designed to cause disinvestment. It is also noteworthy, that the state has witnessed the mass exodus of over 300,000 jobs in the late 1970's and early 1980's due to an intollerable business environment which did not allow for competitiveness.

Currently, through the direction of Governor Cuomo and Vicent Tese, and the restructuring of the Department of Economic Development, New York State's philosophy is to provide a business environment for competitiveness reduced operating costs, and growth into the year 2000.

It is not my mission to cite examples of changes in the document to which the industry has already expertly testified. However, it is important that the DEC-DMR recognize that by implementing the GEIS document, a path is being laid for the demise of a very viable industry in New York State. It should be recognized that the industry is plagued by external forces which make it difficult to compete and survive. There should not be a state policy which augments the already ominous operating climate.

ACED-1

Each comment received on the draft GEIS is thoroughly evaluated. Comments from the regulated community are given serious consideration, but the days of industry self-regulation have past. In addition to providing regulatory guidelines, the GEIS serves as public reference document and fulfills requirements mandated by SEQRA.

ACED-2

New York State has never designed regulations to cause industry disinvestment. Many of the regulatory proposals made in the GEIS are already imposed as permit conditions and the majority of operators have been able and willing to comply. Moreover, many of the regulatory proposals made in the GEIS have industry support. The current oil and gas industry woes are due more to adverse economic conditions than to over-regulation. In addition, it is the State's position that long term environmental protection cannot be sacrificed for short term cycles of monetary gain or loss.

ACED-1

ACED-2

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Mr. Robert S. Drew
July 7, 1988

I urge you to view the oil industry as a vital source of employment to the Southern Tier of Western New York and I suggest that the DEC-DMR do everything in its power to provide for a proper business climate in which the oil industry may survive.

New York State has made a great comeback in its industrial policy in the last four years. I am confident you would wish this resurgence to continue by supporting an industry that is begging for your help to survive.

Very truly yours,



Daniel A. McLaughlin
Director

DMcL:dn

xc: Honorable Governor Mario Cuomo
Commissioner Vincent Tese
Honorable Senator Jess Present
Honorable Assemblyman John Hasper
Honorable Amory Houghton, Jr.
Mary Merites, Director of IOGANY
Gregory Sovas, Director NYS DEC Division of Mineral Resources