

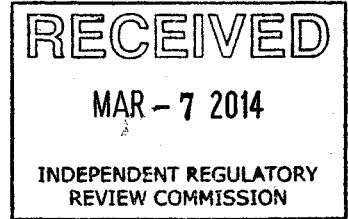
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Environmental Quality Board Comments

January 16, 2014 - Mechanicsburg, PA.

January 23, 2014 – Indiana, PA.

Gary Hovis, PIPP President



Thank you for the opportunity to present the following remarks from the perspective of the Shallow Conventional Oil & Gas Industry of Pennsylvania.

The PIPP organization, Pennsylvania Independent Petroleum Producers, was founded in 1985 (29 years ago) in response, at that time to the state's legislative Act 223. We represent the small and medium sized producer of conventional shallow oil and gas wells.

Title: Penn Grade crude.

Most people think that crude oil was first discovered near Titusville, PA on August 27th of 1859 by Colonel Edwin Drake in a well drilled to 69 ½ feet deep, and it was a brand new mineral for the white man's use.

However, crude oil had been seeping up through crevices in the ground for eons before the white man came to America. The local Indians would skim it off the surface of the water (using blankets) on Oil Creek, and then use it for medicinal purposes. So it wasn't just coincidence that Col. Drake decided to drill for oil where he did.

Penn Grade Crude that is also produced in the western tier of New York, parts of eastern Ohio, of course western Pennsylvania, and in West Virginia is unique. This crude is a paraffin based medium in comparison to crude oil found throughout the rest of the U.S. and around the world, which is mainly an asphalt (or tar base) crude.

In addition to excellent motor oils, lubrication greases, gasoline, kerosene, and diesel fuel; Penn grade Crude generates over sixty different products, many of which are found in our homes and everyday lives. These include, waxes, furniture polishes, hand & skin lotions, cosmetic creams, and wax uses in food items such as M & M's & Hershey's candies to dilute and soften the chocolate, and many other products including a wide range of plastic resins (polyethylene, polypropylene, urethane, nylons, PETs, and polycarbonates).

Left on the ground, Penn Grade Crude will breakdown and disappear over time. This is not true for the asphalt based crudes found around the world and imported into our country. These have a tendency to turn into tar when left out in the sun.

In the early days of our country, most homes were heated with fire wood readily available from the surrounding forests. On the plains where trees were seldom seen, buffalo dung became a readily available source of fuel. As time progressed and demand for nighttime lighting around towns and cities increased, and man came up with the idea of using whale oil for burning in street lights. This became quite an industry, but at the expense of killing off large numbers of whales around the world. Today many of these are endangered species. Of course for home lighting, the primary light source was candles made from animal fat. Today these candles are made from the waxes of Penn Grade Crude.

So where does this leave us for the future? Wind and solar power can supplement major energy sources, but are problematic and inconsistent. Hydro power can also supplement, but is not the total answer. Problems and concerns come with Nuclear power which was once considered the solution of our future energy needs. A big problem there is the challenge of what to do with the spent fuel.

This leaves us (an industrial nation) with few options for the near future;

- a. Low sulfur coal,
- b. Fuel oil,
- c. And one of the greener energies, Natural Gas as a variable answer for the for-seeable future.

Unless of course, we want to return to using firewood and buffalo dung?