



September 28, 2017

Woody Thrasher, Secretary  
West Virginia Department of Commerce  
State Capitol Complex  
1900 Kanawha Boulevard East  
Building 3, Suite 600  
Charleston, West Virginia 25305

RE: Comments on the West Virginia State Energy Plan

Dear Secretary Thrasher:

Good afternoon. My name is Charlie Burd and I am the Executive Director of the Independent Oil & Gas Association of West Virginia. Thank you for affording me the opportunity to provide comments regarding the State Energy Plan.

It is encouraging to see that the state of West Virginia is focused on a comprehensive energy plan. My comments will focus on the Fossil Fuel portion of the Energy Plan. West Virginia is, and has been, an energy producing state throughout its history. Today our state has the opportunity to become both a leading producer of energy and the desired location for industries that will be attracted to low cost, abundant West Virginia natural gas. We have the chance to create wealth from that energy production, spur major economic growth, and create enough employment opportunities to retain our young people, and attract the industries needed to move our state forward.

The state energy plan states: “The State of West Virginia’s 2018-2022 State Energy Plan will provide analysis and make policy recommendations to guide the state in reliably meeting its future energy needs in a cost-effective and sustainable manner while fostering an innovative clean energy economy.”

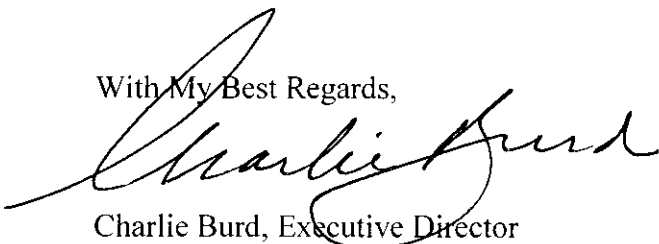
The best hope for job creation and economic diversification in West Virginia is the development of our natural gas industry. We are fortunate to sit on top of the largest natural gas field in the nation and one of the largest natural gas fields in the world. The drilling of additional oil and natural gas wells, the development of pipeline infrastructure and support for the Appalachian Ethane Storage Hub are essential in realizing our state’s potential. Therefore, recommended policy initiatives in the plan should include:

- Updating our outdated mineral development laws utilizing the concept of cotenancy. West Virginia is one of only three states that does not have some type of mineral efficiency statute that applies to all oil and gas bearing formations.
- Encouraging and supporting pipeline infrastructure projects.
- Implementing property tax reform measures that allow for the deduction of actual expenses incurred in the production of oil and gas and severance tax reform measures that encourage the development of wells in distressed natural gas service areas
- Updating the deep well spacing laws. Current law was promulgated in 1972 and is applicable to vertical wells. When drafted in 1972 deep well spacing laws did not contemplate the drilling of horizontal wells.
- Supporting the concept of bypass which would allow end users of large volumes of natural gas to buy directly from a natural gas producer or pipeline operator. Bypass would facilitate competition and reduce energy costs for the end user.
- Evaluating the state economic development policies for the purpose of assuring that West Virginia is poised to attract ethane crackers; downstream plastics manufacturing; new chemical manufacturing facilities; expansion of existing chemical industry installations; and capturing the full potential represented by the production of natural gas and the Appalachian Ethane Storage Hub.
- Developing policies, including drafting and introduction by the Administration, of such legislation as may be beneficial to encourage the development of natural gas fired power plants in West Virginia consistent with the level of development in our neighboring states of Ohio and Pennsylvania, each having in excess of 20 such gas fired power plants while West Virginia has but two.

If enacted the above policies will result in the drilling of additional wells, reduce administrative burdens hampering development, create thousands of jobs, and attract manufacturing industries. The obvious benefits are increased tax revenues on both the state and county levels, the cessation of the outmigration of our talented young people and the revitalization of the economy in West Virginia.

Again, thank you for your time and the opportunity to speak before you today.

With My Best Regards,

A handwritten signature in cursive script that reads "Charlie Burd". The signature is written in black ink and is positioned above the typed name and title.

Charlie Burd, Executive Director