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July 18, 2016

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**Re: Transcontinental Pipe Line Company's Chapter 105 Water Obstruction and Encroachment Permit Applications E58-315, E40-769, E54-360, E66-160, E36-947, E38-195, E19-311, and E49-366.**

Dear Program Managers:

Seneca Resources Corporation ("Seneca") submits these comments on the above-referenced applications in response to comments submitted to the Department on or about May 31, 2016 by the Allegheny Defense Project, Appalachian Mountain Advocates, Clean Air Council, Lower Susquehanna Riverkeeper, and Sierra Club (collectively referred to herein as the "Commenters") regarding Seneca's operations in its Eastern Development Area on acreage leased to Seneca by the PA Department of

Conservation & Natural Resources (“DCNR”).

Seneca is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is the exploration and production subsidiary of National Fuel Gas Company. Seneca explores for, develops and produces natural gas and oil reserves in California, New York and Pennsylvania, including the Marcellus and Utica Shales and is a customer of Transcontinental Gas Pipe Line Company, LLC (“Transco”). Seneca owns/leases approximately 780,000 net acres of oil and natural gas interests in the Commonwealth of Pennsylvania and will be a Shipper on the Atlantic Sunrise Project. By managing the project as described in its FERC application, Transco will minimize environmental impacts by maximizing use of existing facilities and right of way corridors, avoiding duplication of facilities, limiting impacts on landowners, reducing project construction costs, and limiting the earth disturbance necessary to accomplish this increased pipeline capacity in Appalachia.

In their comments, the Commenters accuse the oil and gas industry of “encroaching on Pennsylvania’s public lands.” *Black’s Law Dictionary*, abridged 6<sup>th</sup> edition, defines the term “encroach” as:

“To enter by gradual steps or stealth into the possession or rights of another; to trespass or intrude. To gain or intrude unlawfully upon the lands, property, or authority of another.”

So it seems that the Commenters are characterizing Seneca and other operators as trespassers upon property of the Commonwealth. This couldn’t be any further from the truth. Despite its accusations of encroachment and allegations of forest fragmentation, the Commenters avoid stating the obvious truth that the Commonwealth itself, acting through the DCNR, voluntarily sought an oil and gas operator via public bid to develop its oil and gas properties. Seneca was a successful bidder and was granted oil and gas development rights by virtue of express leases

approved and executed by the Commonwealth. Presumably, if the DCNR believed that entering into these leases was going to result in undue harm to its property and be contrary to its mission, it would never have initiated a bid process to lease its oil and gas properties and it would not have entered into the leases for those properties. Hence, Seneca is greatly offended by the Commenters' veiled accusations that Seneca is unlawfully conducting oil and gas operations on State land. On the contrary, Seneca has express legal rights as authorized by and agreed to by the Commonwealth to conduct oil and gas operations on DCNR Tracts 001, 007, and 595. Seneca's and the Commonwealth's interests are aligned as to these leases and both parties desire to fully develop the properties to maximize the value therefrom in an environmentally safe and efficient manner.

The Commenters also infer that if Transco does not construct the Atlantic Sunrise Project, then Seneca would not be pursuing oil and gas development related to its DCNR leases. This is absolutely untrue. Seneca certainly supports timely authorization of and construction of the Atlantic Sunrise Project, however, Seneca will continue its oil and gas development on its DCNR leases whether that pipeline project is ultimately constructed or not.

Relying on the maximum allowed well pads and disturbed acreage set forth in DCNR's leases, the Commenters predict that the Atlantic Sunrise Project will result in highly fragmented forests and significant negative impacts on public recreation in the future. In support thereof, they cite to a DCNR document titled *Impacts of Leasing Additional State Forest for Natural Gas Development* for the proposition that DCNR itself has concluded that additional development would significantly damage state forests. Reality counters the Commenters generalized assumptions. The document to which the Commenters cite is an undated Power Point document. Presumably this document was created after DCNR entered into its leases with Seneca but before

Governor Wolf's moratorium on future leasing. *See*, PA Executive Order 2015-03 (January 29, 2015). Notably, the Commenters conveniently ignore and fail to highlight in their comments that the DCNR Power Point document is a discussion of the potential impacts of **additional** oil and gas **leasing** rather than addressing additional development related to existing oil and gas leases. Obviously, Seneca's development activities on DCNR properties only concern Seneca's existing DCNR leases so the DCNR Power Point document has no relevance to Seneca's current and future operations on the DCNR leases. Also, the Commenter's quote of the DCNR's conclusion at page 39 of their comments is misleading and erroneously implies that DCNR has concluded that all development should be precluded, when, in fact, the document provides absolutely no opinions and conclusions regarding existing DCNR leases. Furthermore, despite the Commenters' predictions of significant negative impacts from Seneca's oil and gas development, Seneca notes that it has already developed approximately 50% of its DCNR lease acreage and has done so by using only a small fraction of the maximum well pads and surface disturbance allowed under the DCNR leases. The Commenters' fears that "Seneca could disturb much more acreage than is needed," are similarly unwarranted as Seneca is required, per the lease terms, to cooperate with and collaborate with DCNR regarding surface disturbance activities.

The benefits of the Atlantic Sunrise Project will outweigh its impacts. Transco's Construction and implementation of the Atlantic Sunrise Project will allow Pennsylvania operators to access markets along the eastern United States. As evidence of the domestic market demands and need for this project, Seneca has already entered into long-term natural gas sales contracts for 100% of its reserved firm capacity (189,405 Dth/day) on Atlantic Sunrise. Both natural gas and electric consumers are reliant upon these natural gas sales transactions. In addition, construction of the Atlantic Sunrise Project will provide residential, commercial and

industrial customers in markets all along the Transco pipeline system with greater access to the competitively priced and abundant volumes of natural gas from the Marcellus and Utica Shales. Because the Atlantic Sunrise Project impacts a wide range of parties and commercial arrangements, timely approval and construction of the Atlantic Sunrise Project is in the public interest.

Seneca thanks the Department for its diligent efforts regarding this important matter and respectfully requests that the Department enter these comments into the record for the above-referenced permit applications and that the Department approve, without modification or delay, the permit applications.

Best regards,

A handwritten signature in blue ink that reads "Christopher M. Trejchel". The signature is written in a cursive style with a prominent flourish at the end of the last name.

Christopher M. Trejchel  
*Assistant General Counsel*