

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 614 Session of  
1989

INTRODUCED BY BOWLEY, BLACK, YANDRISEVITS, VAN HORNE,  
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AND FARGO, MARCH 6, 1989

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 29, 1990

## AN ACT

1 Amending the act of December 19, 1984 (P.L.1140, No.223),  
2 entitled "An act relating to the development of oil and gas  
3 and coal; imposing duties and powers on the Department of  
4 Environmental Resources; imposing notification requirements  
5 to protect landowners; and providing for definitions, for  
6 various requirements to regulate the drilling and operation  
7 of oil and gas wells, for gas storage reservoirs, for various  
8 reporting requirements, including certain requirements  
9 concerning the operation of coal mines, for well permits, for  
10 well registration, for distance requirements, for well casing  
11 requirements, for safety device requirements, for storage  
12 reservoir obligations, for well bonding requirements, for a  
13 Well Plugging Restricted Revenue Account to enforce oil and  
14 gas well plugging requirements, for the creation of an Oil  
15 and Gas Technical Advisory Board, for oil and gas well  
16 inspections, for enforcement and for penalties," further  
17 providing for definitions, well permits, well registration,  
18 inactive status, plugging requirements, well reporting  
19 requirements, bonding, the Oil and Gas Technical Advisory  
20 Board, public nuisances, civil penalties, determination of  
21 compliance, unlawful conduct, surcharges for new wells; and  
22 further providing for local ordinances.

23 The General Assembly of the Commonwealth of Pennsylvania  
24 hereby enacts as follows:

25 Section 1. The definitions of "alteration" and "well  
26 operator" or "operator" in section 103 of the act of December

1 19, 1984 (P.L.1140, No.223), known as the Oil and Gas Act,  
2 amended October 9, 1986 (P.L.1431, No.135), are amended and the  
3 section is amended by adding a definition to read:

4 Section 103. Definitions.

5 The following words and phrases when used in this act shall  
6 have the meanings given to them in this section unless the  
7 context clearly indicates otherwise:

8 \* \* \*

9 "Alteration." Any operation which changes the physical  
10 characteristics of the well bore, including stimulation or  
11 removing, repairing or changing the casing: Provided, however,  
12 That, for the purpose of this act only, the term shall not  
13 include:

14 (1) repairing or replacing of casing [with casing of the  
15 same diameter and length in noncoal areas;

16 (2) repairing or replacing of production casing with  
17 casing of the same or smaller diameter and length: Provided,  
18 however, That] if the activity does not affect the depth or  
19 diameter of the well bore, provided that the use or purpose  
20 of the well does not change and provided that the activity  
21 complies with regulations promulgated hereunder. However,  
22 this exclusion shall not apply to production casings in coal  
23 areas when said production casings are also the coal  
24 protection casings and shall not apply when the method of  
25 repairing or replacing the casing would affect the coal  
26 protection casing;

27 [(3)] (2) nor shall it include stimulation [as a normal <—  
28 initial completion procedure nor stimulation used to enhance  
29 additional oil or gas zones within the same well bore.] OF A <—  
30 WELL.

1       \* \* \*

2       "Orphan well." Any abandoned well ~~which has been identified~~ <—  
3 ~~to the department,~~ DRILLED PRIOR TO THE EFFECTIVE DATE OF THIS <—  
4 ACT that has not been affected or operated by the present owner  
5 or operator, and which the present owner, operator or lessee has  
6 received no economic benefit. ~~This definition shall not include~~ <—  
7 ~~any abandoned well which has been transferred in a lease or~~  
8 ~~through other change of ownership of the oil and gas rights by~~  
9 ~~an operator subsequent to the effective date of this act.,~~ <—  
10 EXCEPT ONLY AS A LANDOWNER OR RECIPIENT OF A ROYALTY INTEREST  
11 FROM THE WELL.

12       \* \* \*

13       "Well operator" or "operator." The person designated as the  
14 well operator or operator on the permit application or well  
15 registration. Where a permit or registration was not issued, the  
16 term shall mean any person who locates, drills, operates, alters  
17 or plugs any well, or reconditions any well with the purpose of  
18 production therefrom. In cases where a well is used in  
19 connection with the underground storage of gas, the term also  
20 means a "storage operator."

21       \* \* \*

22       Section 2. Section 201(a) and (k) of the act, amended  
23 October 9, 1986 (P.L.1431, No.133), are amended to read:  
24 Section 201. Well permits.

25       (a) No person shall drill a well or alter any existing well,  
26 except for alterations which satisfy the requirements of  
27 subsection (j), without having first obtained a well permit  
28 pursuant to subsections (b), (c), (d) and (e). A copy of the  
29 permit shall be kept at the well site during drilling or  
30 alteration of the well. However, no person shall be required to

1 obtain a permit to redrill a nonproducing well, if:

2 (1) the redrilling has been evaluated and approved as  
3 part of an order from the department authorizing the cleaning  
4 out and plugging or replugging of a nonproducing well,  
5 pursuant to section 13(c) of the act of December 18, 1984  
6 (P.L.1069, No.214), known as the Coal and Gas Resource  
7 Coordination Act; and

8 (2) the redrilling is incidental to the plugging or  
9 replugging operation and the well subsequently is plugged  
10 within 15 days of redrilling.

11 \* \* \*

12 (k) No permit issued pursuant to this section or  
13 registration issued pursuant to section 203 may be transferred  
14 without prior approval of the department. Requests for approval  
15 of such transfer shall be made on forms or in a manner  
16 prescribed by the department. The department shall approve or  
17 deny the transfer request within 45 days of receipt of a  
18 complete and accurate application. The department shall only  
19 have the authority to deny such request for the reasons set  
20 forth in subsection (e)(4) or (5). Approval of the transfer  
21 request shall permanently transfer responsibility to plug the  
22 well under section 210 to the recipient of the transferred  
23 permit or registration.

24 \* \* \*

25 Section 3. Sections 203(a), 204, 210, 212(a) and 213 of the  
26 act are amended to read:

27 Section 203. Well registration and identification.

28 (a) [Within one year from the effective date of this act,  
29 every person owning or operating a well for which no drilling  
30 permit was issued by the department shall register such well on

1 forms or in a manner prescribed by the department, which shall  
2 contain the following information:] Within one year of the  
3 effective date of this amendatory act, every person who is the  
4 owner or operator of a well in existence prior to April 18,  
5 1985, which well has not been registered with the department and  
6 for which no drilling permit has been issued by the department,  
7 shall register such well with the department. Any well owner or  
8 operator who registers a well pursuant to this subsection, and  
9 any well owner or operator who has previously registered a well  
10 pursuant to this act shall, within one year of the effective  
11 date of this amendatory act, identify any abandoned well on  
12 property such well owner or operator owns or leases for which <—  
13 classification as an orphan well is being requested. <—  
14 AND REQUEST  
15 APPROVAL FROM THE DEPARTMENT FOR CLASSIFICATION OF THE WELL AS  
16 AN ORPHAN WELL. Information regarding wells to be registered or  
17 identified shall be provided on forms or in a manner prescribed  
18 by the department and shall include:

18 (1) The name and address of the well operator and, if  
19 the well operator is a corporation, partnership or a person  
20 nonresident of the Commonwealth, there shall be designated on  
21 the well registration application the name and address of an  
22 agent for such operator upon whom notices, orders, process or  
23 other communications issued pursuant to this act may be  
24 served.

25 (2) The well name of such well and the location of the  
26 well indicated by a point on a 7 1/2 minute United States  
27 Geological Survey topographic map or any other location  
28 description sufficient to enable the department to locate the  
29 well on the ground.

30 (3) The approximate date of the drilling, completion of

1 said well and the approximate depth of said well, the  
2 producing horizons, well construction information and  
3 driller's logs, if available.

4 (4) An indemnity bond [or], an alternative fee in lieu  
5 of bonding OR SUCH OTHER EVIDENCE OF FINANCIAL SECURITY <—  
6 SUBMITTED BY THE WELL OPERATOR AND DEEMED APPROPRIATE BY THE  
7 DEPARTMENT AND satisfying the requirements of section 215 ~~or~~ <—  
8 ~~such other evidence of financial security submitted by the~~  
9 ~~well operator and deemed appropriate by the department:~~  
10 Provided, however, That no bond, alternative fee or other  
11 evidence of financial security shall be required for  
12 identification of an orphan well.

13 (5) A registration fee of \$15 per well[, except that the  
14 department may establish] or a blanket registration fee [not  
15 to exceed \$250 where] of \$250 for multiple well registration  
16 applications which are submitted simultaneously [for wells  
17 that are part of the same development project. The blanket  
18 registration fee shall bear a reasonable relationship to the  
19 administrative costs associated with processing such multiple  
20 well registration applications]. The registration fee shall  
21 be waived for a period of one year from the effective date of  
22 this amendatory act, and no fee shall be charged for  
23 identification of an orphan well.

24 (a.1) Well owners or operators who discover abandoned wells  
25 on property purchased or leased by them after expiration of the  
26 one-year period provided in subsection (a) shall identify such  
27 well to the department within 60 days of discovery and advise  
28 the department if THAT they are seeking classification of such <—  
29 well as an orphan well. No fee shall be required for such  
30 identification.

1     (a.2) Persons who are not well owners or operators and who  
2     discover an abandoned well on property owned or leased by them  
3     shall identify such well to the department within 60 days of  
4     discovery and advise the department if THAT they are seeking <—  
5     classification for such well as an orphan well. No fee shall be  
6     required for such identification.

7     ~~(a.3) Persons who, as a result of litigation or enforcement~~ <—  
8     ~~proceedings initiated pursuant to this act, are determined to be~~  
9     ~~the owner of a well shall comply with the requirements of~~  
10    ~~subsection (a), including payment of any applicable registration~~  
11    ~~fee, within 30 days of the decision on ownership.~~

12     \* \* \*

13    Section 204. Inactive status.

14     (a) Upon application, the department [may] shall grant  
15    inactive status for a period of ten years for any permitted or  
16    registered well [which satisfies] provided the following  
17    requirements are met:

18       (1) the condition of the well is sufficient to prevent  
19       damage to the producing zone or contamination of fresh water  
20       or other natural resources or surface leakage of any  
21       substance;

22       (2) the condition of the well is sufficient to stop the  
23       vertical flow of fluids or gas within the well bore and  
24       [which] is adequate to protect freshwater aquifers, [if]  
25       unless the department determines the well poses a threat to  
26       the health and safety of persons or property or to the  
27       environment;

28       (3) [the applicant certifies that the well is of future  
29       utility and presents a viable plan for utilizing the well  
30       within a reasonable time] the operator anticipates future use

1 of the well; and

2 (4) the applicant satisfies the bonding requirements of  
3 section 215, except that the department may require  
4 additional financial security for any well on which an  
5 alternative fee is being paid in lieu of bonding under  
6 section 215(d).

7 (b) The owner or operator of any well granted inactive  
8 status shall be responsible for monitoring the mechanical  
9 integrity of such well to insure that the requirements of  
10 subsection (a)(1) and (2) are met and shall report the same on  
11 an annual basis to the department in a manner and form as the  
12 department shall prescribe by regulation.

13 [(c) Approval of inactive status under this section shall be  
14 valid for a period of five years unless renewed pursuant to the  
15 requirements of this section. The department shall have the  
16 right to revoke such status and order the immediate plugging of  
17 said well if it is in violation of this act or any other  
18 statute, rule or regulation administered by the department or  
19 upon receipt by the department of notice of bankruptcy  
20 proceedings by the permittee.]

21 ~~(c) Any well granted inactive status pursuant to subsection~~ <—  
22 ~~(a) shall be returned to active status within ten years of the~~  
23 ~~date inactive status was granted: Provided, however, That an~~  
24 ~~owner or operator may request an extension of inactive status,~~  
25 ~~which request may be granted on a year to year basis if the~~  
26 ~~operator continues to meet the requirements of this section. An~~  
27 ~~operator who is granted inactive status for a well which is~~  
28 ~~returned to active status prior to expiration of the ten year~~  
29 ~~period set forth in subsection (a) shall notify the department~~  
30 ~~that the well has been returned to active status and shall not~~



1 ~~be permitted to apply for another automatic ten year period of~~  
2 ~~inactive status for such well; provided, however, that the~~  
3 ~~operator may request that the well be returned to inactive~~  
4 ~~status, and the department may grant such request on a year to~~  
5 ~~year basis if the operator continues to meet the requirements of~~  
6 ~~this section. The department shall approve or deny a request to~~  
7 ~~extend a period of inactive status or to return a well to~~  
8 ~~inactive status within 30 days of receipt of such request;~~  
9 ~~provided that such request shall not be unreasonably denied. If~~  
10 ~~the department issues an order denying a request to extend the~~  
11 ~~period of inactive status or to return a well to inactive~~  
12 ~~status, a well owner or operator aggrieved thereby shall have~~  
13 ~~the right to appeal the order to the Environmental Hearing Board~~  
14 ~~within 30 days of receipt of the order. During the period of any~~  
15 ~~such appeal, the well in question shall be granted inactive~~  
16 ~~status, provided the owner or operator thereof continues to meet~~  
17 ~~the requirements of this section for such well.~~

18 (C) ANY WELL GRANTED INACTIVE STATUS PURSUANT TO SUBSECTION <—  
19 (A) SHALL BE PLUGGED IN ACCORDANCE WITH SECTION 210 OR RETURNED  
20 TO ACTIVE STATUS WITHIN TEN YEARS OF THE DATE INACTIVE STATUS  
21 WAS GRANTED, UNLESS THE OWNER OR OPERATOR APPLIES FOR AN  
22 EXTENSION OF INACTIVE STATUS WHICH MAY BE GRANTED ON A YEAR-TO-  
23 YEAR BASIS IF THE DEPARTMENT DETERMINES THAT THE OWNER OR  
24 OPERATOR HAS DEMONSTRATED HIS ABILITY TO CONTINUE TO MEET THE  
25 REQUIREMENTS OF THIS SECTION, AND THE OWNER OR OPERATOR  
26 CERTIFIES THAT THE WELL WILL BE OF FUTURE USE WITHIN A  
27 REASONABLE PERIOD OF TIME. AN OWNER OR OPERATOR WHO HAS BEEN  
28 GRANTED INACTIVE STATUS FOR A WELL WHICH IS RETURNED TO ACTIVE  
29 STATUS PRIOR TO EXPIRATION OF THE TEN-YEAR PERIOD SET FORTH IN  
30 SUBSECTION (A) SHALL NOTIFY THE DEPARTMENT THAT THE WELL HAS

1 BEEN RETURNED TO ACTIVE STATUS AND SHALL NOT BE PERMITTED TO  
2 APPLY FOR ANOTHER AUTOMATIC TEN-YEAR PERIOD OF INACTIVE STATUS  
3 FOR SUCH WELL. THE OWNER OR OPERATOR MAY MAKE APPLICATION TO  
4 RETURN THE WELL TO INACTIVE STATUS, AND SUCH APPLICATION MAY BE  
5 APPROVED ON A YEAR-TO-YEAR BASIS IF THE DEPARTMENT DETERMINES  
6 THAT THE OWNER OR OPERATOR HAS DEMONSTRATED AN ABILITY TO  
7 CONTINUE TO MEET THE REQUIREMENTS OF THIS SECTION, AND THE OWNER  
8 OR OPERATOR CERTIFIES THAT THE WELL WILL BE OF FUTURE USE WITHIN  
9 A REASONABLE PERIOD OF TIME. THE DEPARTMENT SHALL APPROVE OR  
10 DENY AN APPLICATION TO EXTEND A PERIOD OF INACTIVE STATUS OR TO  
11 RETURN A WELL TO INACTIVE STATUS WITHIN 30 DAYS OF RECEIPT OF  
12 SUCH APPLICATION, AND SUCH APPLICATION SHALL NOT BE UNREASONABLY  
13 DENIED. IF THE DEPARTMENT DENIES AN APPLICATION TO EXTEND THE  
14 PERIOD OF INACTIVE STATUS OR TO RETURN A WELL TO INACTIVE  
15 STATUS, A WELL OWNER OR OPERATOR AGGRIEVED THEREBY SHALL HAVE  
16 THE RIGHT TO APPEAL SUCH DENIAL TO THE ENVIRONMENTAL HEARING  
17 BOARD WITHIN 30 DAYS OF RECEIPT OF SUCH DENIAL. UPON CAUSE SHOWN  
18 BY A WELL OWNER OR OPERATOR, THE BOARD MAY GRANT A SUPERSEDEAS  
19 PURSUANT TO SECTION 4 OF THE ACT OF JULY 13, 1988 (P.L.530,  
20 NO.94), KNOWN AS THE ENVIRONMENTAL HEARING BOARD ACT, IN ORDER  
21 THAT THE WELL IN QUESTION MAY RETAIN INACTIVE STATUS DURING THE  
22 PERIOD OF APPEAL.

23 (d) The department shall have the right to revoke inactive  
24 status and order the immediate plugging of a well if it is in  
25 violation of this act or rules or regulations promulgated  
26 thereunder, or if the owner or operator demonstrates inability  
27 to perform his obligations under this act or becomes financially  
28 insolvent, or upon receipt by the department of notice of  
29 bankruptcy proceedings by the permittee.

30 Section 210. Plugging requirements.

1 (a) Upon abandoning any well, the owner or operator thereof  
2 shall plug the well in a manner prescribed by regulation of the  
3 department in order to stop any vertical flow of fluids or gas  
4 within the well bore unless the department has granted inactive  
5 status for such well pursuant to section 204[.] OR THE WELL HAS <—  
6 BEEN APPROVED BY THE DEPARTMENT AS AN ORPHAN WELL PURSUANT TO  
7 SECTION 203. Where the department determines that a prior owner  
8 or operator received economic benefit from a well subsequent to <—  
9 the effective date of the act of November 30, 1955 (P.L.756,  
10 No.225), known as the Gas Operations Well Drilling Petroleum and  
11 Coal Mining Act, such prior owner or operator shall be  
12 responsible for the plugging of the well., OTHER THAN ECONOMIC <—  
13 BENEFIT DERIVED ONLY AS A LANDOWNER OR FROM A ROYALTY INTEREST,  
14 SUBSEQUENT TO APRIL 18, 1979, FROM AN ORPHAN WELL OR FROM A WELL  
15 WHICH HAS NOT BEEN REGISTERED, SUCH OWNER OR OPERATOR SHALL BE  
16 RESPONSIBLE FOR THE PLUGGING OF THE WELL. Where, in the case of  
17 gas wells penetrating workable coal seams which were drilled  
18 prior to the effective date of the Gas Operations Well-Drilling  
19 Petroleum and Coal Mining Act or which were permitted after such  
20 date but not plugged in accordance with this act, the owner or  
21 operator of such a well, or a coal operator or his agent,  
22 proposes to plug such well for the purpose of allowing the  
23 mining through of it, the gas well shall be cleaned out to a  
24 depth of at least 200 feet below the coal seam in which the  
25 mining through is proposed and unless impracticable, to a point  
26 200 feet below the deepest minable coal seam. Such gas well  
27 shall be plugged from that depth in accordance with the  
28 provisions of section 13 of the act of December 18, 1984  
29 (P.L.1069, No.214), known as the Coal and Gas Resource  
30 Coordination Act, and the regulations of the department.

1 (b) Prior to the abandonment of any well in an area  
2 underlain by a workable coal seam, the well operator or owner  
3 shall notify the coal operator, lessee or owner and the  
4 department of his intention to plug and abandon any such well  
5 and submit a plat, on a form to be furnished by the department,  
6 showing the location of the well and fixing the date and time at  
7 which the work of plugging will be commenced, which time shall  
8 be not less than [72 hours] three working days after the time  
9 when such notice is received, nor more than 30 days thereafter  
10 in order that their representatives may be present at the  
11 plugging of the well. Such notice may be waived by the  
12 department and said coal operator, lessee or owner, and any of  
13 them may likewise waive their right to be present, but such  
14 waiver by coal operator, lessee or owner shall be in writing and  
15 a copy thereof attached to the notice of abandonment, filed with  
16 the department under this section. Whether or not such  
17 representatives appear, the well operator may, if he has fully  
18 complied with the requirements of this section, proceed at the  
19 time fixed, to plug the well in the manner as prescribed by  
20 regulation of the department. When such plugging has been  
21 completed, a certificate shall be prepared and signed, on a form  
22 to be furnished by the department, by two experienced and  
23 qualified people who participated in the work setting forth the  
24 time and manner in which the well has been plugged. One copy of  
25 this certificate shall be mailed to each coal operator, lessee  
26 or owner to whom notice was given by certified mail and another  
27 copy shall be mailed to the department.

28 (c) Prior to the abandonment of any well, except an  
29 uncompleted bore hole plugged immediately upon suspension of  
30 drilling in an area not underlain by a workable coal seam, the

1 well operator shall notify the department of his intention to  
2 plug and abandon any such well and submit a plat, on a form to  
3 be furnished by the department, showing the location of the well  
4 and fixing the date and time at which the work of plugging will  
5 be commenced, which time shall not be less than [72 hours] three  
6 working days nor more than 30 days after the time [of mailing]  
7 when such notice is received, in order that the department  
8 representative may be present at the plugging of the well. Such  
9 notice or waiting period may be verbally waived by the  
10 department. In noncoal areas where more than one well has been  
11 drilled as part of the same development project and these wells  
12 are now to be plugged, it is required that the department be  
13 given [72 hours'] three working days' notice prior to plugging  
14 the first well of such project subject to waiver of notice  
15 described herein. In the plugging of subsequent wells, no  
16 additional notice shall be required if the plugging on the  
17 project is continuous. If the plugging of subsequent wells is  
18 delayed for any reason, notice shall be given to the department  
19 of the continuation of such project. Whether or not such  
20 department representative appears, the well operator may, if he  
21 has fully complied with the requirements of this section,  
22 proceed at the time fixed to plug the well in the manner as  
23 prescribed by regulation of the department. When such plugging  
24 has been completed, a certificate shall be prepared, on a form  
25 to be furnished by the department, by two experienced and  
26 qualified people who participated in the work, setting forth the  
27 time and manner in which the well was plugged. A copy of this  
28 certificate shall be mailed to the department.

29 (d) Whenever any well is to be abandoned immediately after  
30 completion of drilling, the well operator shall give at least 24

1 hours' notice by telephone, confirmed by certified mail, to the  
2 department and to the coal operator, lessee or owner, if any,  
3 fixing the date and time at which the work of plugging will be  
4 commenced. Such notice may be waived by the department and said  
5 coal operator, lessee or owner, and any of them may likewise  
6 waive their right to be present. Whether or not any  
7 representative of the department or of the coal operator, lessee  
8 or owner, if any, appear, the well operator may, if he has fully  
9 complied with the requirements of this section, proceed at the  
10 time fixed, to plug the well in the manner provided by  
11 regulation prescribed by the department. The well operator shall  
12 prepare the certificate of plugging and mail copies of the same  
13 as provided in subsections (b) and (c).

14 ~~(c) If a well is an orphan well or abandoned without~~ <—  
15 ~~plugging, the department shall have the right to enter upon the~~  
16 ~~well site and plug the orphan or abandoned well and to sell such~~  
17 ~~equipment, casing and pipe as may have been used in the~~  
18 ~~production of the well in order to recover the costs of~~  
19 ~~plugging. Said costs of plugging shall have priority over all~~  
20 ~~liens on said equipment, casing and pipe, and said sale shall be~~  
21 ~~free and clear of any such liens to the extent the costs of~~  
22 ~~plugging exceed the sale price. If the equipment price obtained~~  
23 ~~for casing and pipe salvaged at the abandoned well site is~~  
24 ~~inadequate to pay for the cost of plugging the well, the owner~~  
25 ~~or operator of the well shall be legally liable for the~~  
26 ~~additional costs of plugging the well.~~

27 (E) IF A WELL IS AN ORPHAN WELL OR ABANDONED WITHOUT <—  
28 PLUGGING OR IF A WELL IS IN OPERATION BUT IS NOT REGISTERED  
29 PURSUANT TO SECTION 203, THE DEPARTMENT SHALL HAVE THE RIGHT TO  
30 ENTER UPON THE WELL SITE AND PLUG THE [ABANDONED] WELL AND TO

1 SELL SUCH EQUIPMENT, CASING AND PIPE AT THE ABANDONED WELL OR  
2 UNREGISTERED WELL SITE AS MAY HAVE BEEN USED IN THE PRODUCTION  
3 OF THE WELL IN ORDER TO RECOVER THE COSTS OF PLUGGING. IN THE  
4 CASE OF A WELL WHICH IS IN OPERATION BUT HAS NOT BEEN  
5 REGISTERED, THE DEPARTMENT SHALL MAKE AN EFFORT TO DETERMINE  
6 OWNERSHIP OF SUCH WELL AND PROVIDE WRITTEN NOTICE TO SUCH OWNER  
7 OF PENDING ACTION WHICH MAY BE TAKEN PURSUANT TO THIS  
8 SUBSECTION. IF THE DEPARTMENT CANNOT DETERMINE OWNERSHIP OF THE  
9 WELL WITHIN 30 DAYS, IT MAY PROCEED PURSUANT TO THIS SUBSECTION.  
10 [SAID COSTS] COSTS OF PLUGGING SHALL HAVE PRIORITY OVER ALL  
11 LIENS ON SAID EQUIPMENT, CASING AND PIPE, AND SAID SALE SHALL BE  
12 FREE AND CLEAR OF ANY SUCH LIENS TO THE EXTENT THE COSTS OF  
13 PLUGGING EXCEED THE SALE PRICE. IF THE EQUIPMENT PRICE OBTAINED  
14 FOR CASING AND PIPE SALVAGED AT THE ABANDONED WELL OR  
15 UNREGISTERED WELL SITE IS INADEQUATE TO PAY FOR THE COST OF  
16 PLUGGING THE ABANDONED OR UNREGISTERED WELL, THE OWNER OR  
17 OPERATOR OF THE ABANDONED OR UNREGISTERED WELL SHALL BE LEGALLY  
18 LIABLE FOR THE ADDITIONAL COSTS OF PLUGGING THE WELL.

19 Section 212. Well reporting requirements.

20 (a) Every well operator shall file with the department, on a  
21 form provided by the department, an annual report specifying the  
22 amount of production [from each well on an individual well  
23 basis. Where said data is not available on a well basis, it may  
24 be reported] on the most well-specific basis available. Annual  
25 reports shall also specify the status of each well; however, in  
26 subsequent years, only changes in the status need be reported.  
27 [All such reports shall be kept confidential for one year after  
28 the date the information is required to be filed hereunder. Upon  
29 request of the well operator, the department shall extend the  
30 period of confidentiality for four years. The total period of

1 confidentiality shall not exceed] The department shall keep all  
2 such reports confidential for five years: Provided, however,  
3 That the [department] Commonwealth shall have the right to  
4 utilize such information in enforcement proceedings, in making  
5 designations or determinations under section 1927-A of the act  
6 of April 9, 1929 (P.L.177, No.175), known as The Administrative  
7 Code of 1929, or in aggregate form for statistical purposes.

8 \* \* \*

9 Section 213. Notification and effect of well transfer.

10 The owner or operator of any well shall notify the  
11 department, in writing, in such form as the department may  
12 direct by regulation, of the sale, assignment, transfer,  
13 conveyance or exchange by the owner or to the owner of such well  
14 within 30 days after such sale, assignment, conveyance or  
15 exchange. No such transfer shall relieve the well owner or  
16 operator of any [liability] obligation accrued under this act,  
17 nor shall it relieve him of the obligation to plug said well  
18 until the requirements of section 215 have been met, after which  
19 time the transferring owner or operator shall be relieved from  
20 any obligation under this act including the obligation to plug  
21 said well.

22 Section 4. Section 215 of the act, amended October 9, 1986  
23 (P.L.1431, No.135), is amended to read:

24 Section 215. Bonding.

25 (a) (1) Except as provided in [subsections (d) and (d.1)]  
26 subsection (d) hereof, upon filing an application for a well  
27 permit and before continuing to operate any oil or gas well,  
28 the owner or operator thereof shall file with the department  
29 a bond for the well and the well site on a form to be  
30 prescribed and furnished by the department. Any such bond



1 filed with an application for a well permit shall be payable  
2 to the Commonwealth and conditioned that the operator shall  
3 faithfully perform all of the drilling, water supply  
4 replacement, restoration and plugging requirements of this  
5 act. Any such bond filed with the department for a well in  
6 existence on the effective date of this act shall be payable  
7 to the Commonwealth and conditioned that the operator shall  
8 faithfully perform all of the water supply replacement,  
9 restoration and plugging requirements of this act. The amount  
10 of the bond required shall be in the amount of \$2,500 per  
11 well for at least two years following the effective date of  
12 this act, after which time the bond amount may be adjusted by  
13 the Environmental Quality Board every two years to reflect  
14 the projected costs to the Commonwealth of performing well  
15 plugging.

16 (2) In lieu of individual bonds for each well, an owner  
17 or operator may file a blanket bond, on a form prepared by  
18 the department, covering all of its wells in Pennsylvania as  
19 enumerated on the bond form. A blanket bond shall be in the  
20 amount of \$25,000 for at least two years following the  
21 effective date of this act, after which time the bond amount  
22 may be adjusted by the Environmental Quality Board every two  
23 years to reflect the projected costs to the Commonwealth of  
24 performing well plugging.

25 (3) Liability under such bond shall continue until the  
26 well has been properly plugged in accordance with this act  
27 and for a period of one year after filing of the certificate  
28 of plugging with the department. Each bond shall be executed  
29 by the operator and a corporate surety licensed to do  
30 business in the Commonwealth and approved by the secretary.

1 The operator may elect to deposit cash, [bank] certificates  
2 of deposit[, ] or automatically renewable irrevocable [bank]  
3 letters of credit from financial institutions chartered or  
4 authorized to do business in Pennsylvania and regulated and  
5 examined by the Commonwealth or a Federal agency which may be  
6 terminated [by the bank] at the end of a term only upon the  
7 [bank] financial institution giving 90 days prior written  
8 notice to the permittee and the department or negotiable  
9 bonds of the United States Government or the Commonwealth,  
10 the Pennsylvania Turnpike Commission, the General State  
11 Authority, the State Public School Building Authority or any  
12 municipality within the Commonwealth, or United States  
13 Treasury Bonds issued at a discount without a regular  
14 schedule of interest payments to maturity, otherwise known as  
15 Zero Coupon Bonds, having a maturity date of not more than  
16 ten years after the date of purchase and at such maturity  
17 date having a value of not less than \$25,000, with the  
18 department in lieu of a corporate surety. The cash deposit,  
19 [bank] certificate of deposit, amount of such irrevocable  
20 letter of credit or market value of such securities shall be  
21 equal at least to the sum of the bond. The secretary shall,  
22 upon receipt of any such deposit of cash, letters of credit  
23 or negotiable bonds, immediately place the same with the  
24 State Treasurer, whose duty it shall be to receive and hold  
25 the same in the name of the Commonwealth, in trust, for the  
26 purpose for which such deposit is made. The State Treasurer  
27 shall at all times be responsible for the custody and  
28 safekeeping of such deposits. The operator making deposit  
29 shall be entitled from time to time to demand and receive  
30 from the State Treasurer, on the written order of the

1 secretary, the whole or any portion of any collateral so  
2 deposited, upon depositing with him, in lieu thereof, other  
3 collateral of the classes herein specified having a market  
4 value at least equal to the sum of the bond, and also to  
5 demand, receive and recover the interest and income from said  
6 negotiable bonds as the same becomes due and payable. Where  
7 negotiable bonds, deposited as aforesaid, mature or are  
8 called, the State Treasurer, at the request of the owner  
9 thereof, shall convert such negotiable bonds into such other  
10 negotiable bonds of the classes herein specified as may be  
11 designated by the owner. Where notice of intent to terminate  
12 a letter of credit is given, the department shall give the  
13 operator 30 days' written notice to replace the letter of  
14 credit with other acceptable bond guarantees as provided  
15 herein and, if the owner or operator fails to replace the  
16 letter of credit within the 30-day notification period, the  
17 department shall draw upon and convert such letter of credit  
18 into cash and hold it as a collateral bond guarantee.

19 (b) No bond shall be fully released until all requirements  
20 of this act identified in subsection (a) OR SECTION 213 are  
21 fully met. Upon release of all of the bonds and collateral as  
22 herein provided, the State Treasurer shall immediately return to  
23 the owner the amount of cash or securities specified therein.

24 (c) If the well owner or operator fails or refuses to comply  
25 with the applicable requirements of this act identified in  
26 subsection (a), the regulations promulgated hereunder or the  
27 conditions of the permit relating thereto, the department may  
28 declare the bond forfeited and shall certify the same to the  
29 Attorney General, who shall proceed to enforce and collect the  
30 full amount of the bond and, where the owner or operator has

<—

1 deposited cash or securities as collateral in lieu of a  
2 corporate surety, the department shall declare said collateral  
3 forfeited and shall direct the State Treasurer to pay the full  
4 amount of said funds into the Well Plugging Restricted Revenue  
5 Account or to proceed to sell said security to the extent  
6 forfeited and pay the proceeds thereof into the Well Plugging  
7 Restricted Revenue Account. Should any corporate surety or  
8 [bank] financial institution fail to promptly pay, in full, a  
9 forfeited bond, it shall be disqualified from writing any  
10 further bonds under the act or any other environmental act  
11 administered by the department. Any person aggrieved by reason  
12 of forfeiting the bond or converting collateral, as herein  
13 provided, shall have a right to appeal to the Environmental  
14 Hearing Board in the manner provided by law. Upon forfeiture of  
15 a blanket bond for a violation occurring at one or more well  
16 sites, the person whose bond is forfeited shall submit a  
17 replacement bond to cover all other wells of which he is owner  
18 or operator within ten days of said forfeiture. Failure to  
19 submit said replacement bond constitutes a violation of this  
20 section as to each of the wells owned or operated by said  
21 person.

22 ~~(d) (1) Any [well] operator of not more than 200 wells who~~ <—  
23 ~~cannot obtain a bond for a well drilled prior to [the~~  
24 ~~effective date of this act] April 18, 1985, as required under~~  
25 ~~subsection (a), due to an inability to demonstrate sufficient~~  
26 ~~financial resources [shall submit to the department letters~~  
27 ~~of rejection from three separate bonding companies licensed~~  
28 ~~to do business in the Commonwealth. Such letters shall state~~  
29 ~~that the operator has been denied a bond and state the~~  
30 ~~grounds for denial of the bond. In] may, in lieu of the bond,~~

~~[the operator shall] submit to the department a fee in the amount of \$50 per well, or a blanket fee of \$500 for ten to 20 wells, or a blanket fee of \$1,000 for [more than 20 wells] 21 to 100 wells, or a blanket fee of \$2,000 for 101 to 200 wells, which shall be a [nonrefundable] fee paid each year that the operator has not filed a bond with the department. [The operator must demonstrate every three years a continued inability to obtain a bond as prescribed above.] All fees collected in lieu of a bond under this subsection shall be [paid into the Well Plugging Restricted Revenue Account and shall be used for the purposes authorized by this act.] treated the same as bonds collected under subsection (a); provided, however, that an operator may choose to pay a nonrefundable blanket fee of \$1,000 per year for more than 20 wells which fees shall be paid into the Abandoned Well Plugging Fund and expended pursuant to section 601(b). The Environmental Quality Board shall have the power, by regulation, to increase the amount of the fees established under this subsection [if it is found that the total moneys collected hereunder are insufficient to reimburse the Commonwealth for costs incurred in correcting violations on wells covered under this subsection].~~

~~(2) An operator may continue to pay a fee in lieu of a bond so long as no payments are missed for wells under this provision and so long as the wells remain in compliance with this act and regulations and permits issued thereunder. If an operator has missed any payments for wells under this subsection, the department shall order the operator to:~~

~~(i) immediately submit the appropriate bond amount in full; or~~

~~(ii) cease all operations and plug the wells in  
accordance with section 210.~~

~~(3) An operator who, prior to the effective date of this  
amendatory act, has paid a fee in lieu of bond for operation  
of any well in existence prior to April 18, 1985, shall be  
granted a credit in the amount of such fee against future  
bonds or fees in lieu of bonds which shall be required  
pursuant to this amendatory act.~~

(D) (1) ANY [WELL] OPERATOR OF NOT MORE THAN 200 WELLS WHO  
CANNOT OBTAIN A BOND FOR A WELL DRILLED PRIOR TO [THE  
EFFECTIVE DATE OF THIS ACT] APRIL 18, 1985, AS REQUIRED UNDER  
SUBSECTION (A), DUE TO AN INABILITY TO DEMONSTRATE SUFFICIENT  
FINANCIAL RESOURCES [SHALL SUBMIT TO THE DEPARTMENT LETTERS  
OF REJECTION FROM THREE SEPARATE BONDING COMPANIES LICENSED  
TO DO BUSINESS IN THE COMMONWEALTH. SUCH LETTERS SHALL STATE  
THAT THE OPERATOR HAS BEEN DENIED A BOND AND STATE THE  
GROUNDS FOR DENIAL OF THE BOND. IN] MAY, IN LIEU OF THE  
BOND[, THE OPERATOR SHALL SUBMIT]:

(I) SUBMIT TO THE DEPARTMENT A FEE IN THE AMOUNT OF  
\$50 PER WELL, OR A BLANKET FEE OF \$500 FOR TEN TO 20  
WELLS, OR A BLANKET FEE OF \$1,000 FOR MORE THAN 20 WELLS,  
WHICH SHALL BE A NONREFUNDABLE FEE PAID EACH YEAR THAT  
THE OPERATOR HAS NOT FILED A BOND WITH THE DEPARTMENT.  
[THE OPERATOR MUST DEMONSTRATE EVERY THREE YEARS A  
CONTINUED INABILITY TO OBTAIN A BOND AS PRESCRIBED  
ABOVE.] ALL FEES COLLECTED IN LIEU OF A BOND UNDER THIS  
SUBSECTION SHALL BE PAID INTO THE WELL PLUGGING  
RESTRICTED REVENUE ACCOUNT AND SHALL BE USED FOR THE  
PURPOSES AUTHORIZED BY THIS ACT. THE ENVIRONMENTAL  
QUALITY BOARD SHALL HAVE THE POWER, BY REGULATION, TO

1 INCREASE THE AMOUNT OF THE FEES ESTABLISHED UNDER THIS  
2 SUBSECTION [IF IT IS FOUND THAT THE TOTAL MONEYS  
3 COLLECTED HEREUNDER ARE INSUFFICIENT TO REIMBURSE THE  
4 COMMONWEALTH FOR COSTS INCURRED IN CORRECTING VIOLATIONS  
5 ON WELLS COVERED UNDER THIS SUBSECTION].

6 (II) (A) MAKE PHASED DEPOSITS OF COLLATERAL TO  
7 FULLY COLLATERALIZE THE BOND. SUCH PAYMENT SHALL BE  
8 BASED ON THE NUMBER OF WELLS THE OPERATOR OWNS OR  
9 OPERATES. THE OPERATOR SHALL MAKE AN INITIAL DEPOSIT  
10 AND SHALL, THEREAFTER, MAKE ANNUAL DEPOSITS IN  
11 ACCORDANCE WITH THE SCHEDULE IN CLAUSE (B). INTEREST  
12 ACCUMULATED BY THE COLLATERAL SHALL BECOME A PART OF  
13 THE BOND UNTIL SUCH TIME AS THE COLLATERAL, PLUS  
14 ACCUMULATED INTEREST, EQUALS THE AMOUNT OF THE  
15 REQUIRED BOND. THE COLLATERAL SHALL BE DEPOSITED, IN  
16 TRUST, WITH THE STATE TREASURER, AS PROVIDED IN THIS  
17 SUBSECTION, OR WITH A BANK SELECTED BY THE DEPARTMENT  
18 WHICH SHALL ACT AS TRUSTEE FOR THE BENEFIT OF THE  
19 COMMONWEALTH, TO GUARANTEE THE OPERATOR'S COMPLIANCE  
20 WITH THE DRILLING, WATER SUPPLY REPLACEMENT,  
21 RESTORATION AND PLUGGING REQUIREMENTS OF THIS ACT.  
22 THE OPERATOR SHALL BE REQUIRED TO PAY ALL COSTS OF  
23 THE TRUST.

24 (B) AN OPERATOR OF UP TO TEN EXISTING WELLS WHO  
25 DOES NOT INTEND TO OPERATE ADDITIONAL WELLS SHALL  
26 DEPOSIT \$250 PER WELL AND SHALL, THEREAFTER, ANNUALLY  
27 DEPOSIT \$50 PER WELL UNTIL THE OBLIGATIONS OF THIS  
28 SECTION ARE FULLY MET. AN OPERATOR OF 11 TO 25 WELLS  
29 OR AN OPERATOR OF UP TO TEN WELLS WHO APPLIES FOR ONE  
30 OR MORE PERMITS FOR ADDITIONAL WELLS SHALL DEPOSIT

1           \$2,000 AND SHALL, THEREAFTER, ANNUALLY DEPOSIT  
2           \$1,150, PLUS \$150 FOR EACH ADDITIONAL WELL TO BE  
3           PERMITTED THAT YEAR, UNTIL THE OBLIGATIONS OF THIS  
4           SECTION ARE FULLY MET. AN OPERATOR OR 26 TO 50 WELLS  
5           SHALL DEPOSIT \$3,000, AND SHALL, THEREAFTER, ANNUALLY  
6           DEPOSIT \$1,300, PLUS \$400 FOR EACH ADDITIONAL WELL TO  
7           BE PERMITTED THAT YEAR, UNTIL THE OBLIGATIONS OF THIS  
8           SECTION ARE FULLY MET. AN OPERATOR OF 51 TO 100 WELLS  
9           SHALL DEPOSIT \$4,000 AND SHALL, THEREAFTER, ANNUALLY  
10          DEPOSIT \$1,500, PLUS \$400 FOR EACH ADDITIONAL WELL TO  
11          BE PERMITTED THAT YEAR, UNTIL THE OBLIGATIONS OF THIS  
12          SECTION ARE FULLY MET. OPERATORS OF 101 TO 200 WELLS  
13          SHALL DEPOSIT \$8,000 AND SHALL, THEREAFTER, ANNUALLY  
14          DEPOSIT \$1,600, PLUS \$1,000 FOR EACH ADDITIONAL WELL  
15          TO BE PERMITTED THAT YEAR UNTIL THE OBLIGATIONS OF  
16          THIS SECTION ARE FULLY MET. OPERATORS OF MORE THAN  
17          200 WELLS SHALL FULLY BOND THEIR WELLS IMMEDIATELY.  
18          THE DEPARTMENT SHALL REDUCE THE AMOUNT OF PHASED  
19          COLLATERAL PAYMENTS OR THE PERIOD OF TIME OVER WHICH  
20          PHASED COLLATERAL PAYMENTS SHALL BE MADE ON BEHALF OF  
21          OWNERS OR OPERATORS WHO, PRIOR TO THE EFFECTIVE DATE  
22          OF THIS AMENDATORY ACT, HAVE PAID A FEE IN LIEU OF  
23          BOND PURSUANT TO SUBSECTION (D)(1)(I), AND WHO,  
24          WITHIN ONE YEAR OF THE EFFECTIVE DATE OF THIS  
25          AMENDATORY ACT, CHOOSE TO ENTER THE PHASED COLLATERAL  
26          PROGRAM PURSUANT TO SUBSECTION (D)(1)(II) RATHER THAN  
27          TO CONTINUE TO MAKE PAYMENTS IN LIEU OF BOND.  
28          PAYMENTS MADE IN LIEU OF BOND PRIOR TO THE EFFECTIVE  
29          DATE OF THIS AMENDATORY ACT SHALL NOT BE CREDITED IN  
30          ANY OTHER MANNER, NOR SHALL THE DEPARTMENT BE



1           REQUIRED TO REFUND SUCH FEES AT ANY TIME. THE  
2           ENVIRONMENTAL QUALITY BOARD SHALL HAVE THE POWER, BY  
3           REGULATION, TO CHANGE THE ANNUAL DEPOSITS ESTABLISHED  
4           UNDER THIS CLAUSE IF IT IS FOUND TO BE NECESSARY TO  
5           ACCOMMODATE A CHANGE IN THE AMOUNT OF THE BOND  
6           REQUIRED UNDER THIS SECTION.

7           (2) AN OPERATOR MAY CONTINUE TO PAY A FEE IN LIEU OF  
8           BOND OR MAKE PHASED DEPOSITS OF COLLATERAL TO FULLY  
9           COLLATERALIZE THE BOND SO LONG AS THE OPERATOR DOES NOT MISS  
10          ANY PAYMENTS FOR WELLS AS PROVIDED UNDER THIS SUBSECTION AND  
11          SO LONG AS THE OPERATOR REMAINS IN COMPLIANCE WITH THE  
12          PROVISIONS OF THIS ACT AND REGULATIONS AND PERMITS ISSUED  
13          THEREUNDER. IF AN OPERATOR HAS MISSED ANY PAYMENTS FOR WELLS  
14          AS PROVIDED UNDER THIS SUBSECTION, THE OPERATOR SHALL:

15               (I) IMMEDIATELY SUBMIT THE APPROPRIATE BOND AMOUNT  
16               IN FULL; OR

17               (II) CEASE ALL OPERATIONS AND PLUG THE WELLS IN  
18               ACCORDANCE WITH SECTION 210.

19       (d.1) (1) An individual who cannot obtain a bond to drill  
20       new wells due to an inability to demonstrate financial  
21       ~~resources, as evidenced by [letters of rejection as required~~ <—  
22       ~~under subsection (d)] statements of rejection from two~~  
23       ~~separate bonding companies licensed to do business in the~~  
24       ~~Commonwealth set forth on forms provided by the department,~~  
25       RESOURCES, [AS EVIDENCED BY LETTERS OF REJECTION AS REQUIRED <—  
26       UNDER SUBSECTION (D),] may meet the collateral bond  
27       requirements of subsection (a) by making phased deposits of  
28       collateral to fully collateralize the bond. Such individuals  
29       shall be limited to drilling [two] ten new wells per calendar  
30       year. The individual shall, for each well to be drilled,

1 deposit \$500 and shall, thereafter, annually deposit 10% of  
2 the remaining bond amount for a period of ten years. Interest  
3 accumulated by the collateral shall become a part of the bond  
4 until such time as the collateral, plus accumulated interest,  
5 equals the amount of the required bond. The collateral shall  
6 be deposited, in trust, with the State Treasurer as provided  
7 in subsection (a) or with a bank selected by the department  
8 which shall act as trustee for the benefit of the  
9 Commonwealth, to guarantee the individual's compliance with  
10 the drilling, water supply replacement, restoration and  
11 plugging requirements of this act. The individual shall be  
12 required to pay all costs of the trust.

13 (2) Individuals may continue to use phased collateral to  
14 obtain permits so long as they have not missed any payments  
15 for wells drilled under this provision and so long as they  
16 remain in compliance with this act[, ] and regulations and  
17 permits issued thereunder. If an individual has missed any  
18 payments for wells under this subsection, the department <—  
19 shall order the individual to: OPERATOR SHALL: <—

20 (i) immediately submit the appropriate bond amount  
21 in full; or

22 (ii) cease all operations and plug the wells in  
23 accordance with section 210.

24 For the purposes of this subsection an "individual" is defined  
25 as an applicant who is a natural person doing business under his  
26 own name.

27 (e) All remedies for violation of this act, the regulations  
28 adopted hereunder or the conditions of permits are expressly  
29 preserved. Nothing in [subsections (a), (b) and (c)] this  
30 section shall be construed as an exclusive penalty or remedy for

1 such violations of law. No action taken pursuant to [subsection  
2 (c)] this section shall waive or impair any other remedy or  
3 penalty provided in law.

4 (f) Owners or operators who have failed to meet the  
5 requirements of this section prior to the effective date of this  
6 amendatory act shall not be required to make payments pursuant  
7 to this section on a retroactive basis as a condition of  
8 obtaining a permit under this act.

9 SECTION 5. THE HEADING OF SECTION 508 OF THE ACT IS AMENDED <—  
10 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

11 SECTION 508. PRODUCTION OF MATERIALS; WITNESSES; DEPOSITIONS;  
12 RIGHTS OF ENTRY; DETERMINATION OF COMPLIANCE.

13 \* \* \*

14 (F) ANY PURCHASER OF OIL OR GAS SHALL, UPON REQUEST, PROVIDE  
15 TO THE DEPARTMENT INFORMATION AS MAY BE NECESSARY FOR THE  
16 DEPARTMENT TO DETERMINE OWNERSHIP OF FACILITIES FROM WHICH SUCH  
17 OIL OR GAS WAS OBTAINED. SUCH INFORMATION SHALL BE KEPT  
18 CONFIDENTIAL FOR A PERIOD OF FIVE YEARS. THE DEPARTMENT SHALL  
19 HAVE THE RIGHT TO UTILIZE SUCH INFORMATION IN ENFORCEMENT  
20 PROCEEDINGS.

21 Section ~~5~~ 6. Sections 509 and 601 of the act are amended to <—  
22 read:

23 Section 509. Unlawful conduct.

24 It shall be unlawful for any person to:

25 (1) Drill, alter, operate or utilize an oil or gas well  
26 without a permit or registration from the department as  
27 required by this act or in violation of the rules or  
28 regulations adopted under this act, or orders of the  
29 department, or in violation of any term or condition of any  
30 permit issued by the department.

1           (2) Conduct any activities related to drilling for, or  
2 production of, oil and gas, contrary to the rules or  
3 regulations adopted under this act, or orders of the  
4 department, or any term or any condition of any permit, or in  
5 any manner as to create a public nuisance or to adversely  
6 affect the public health, safety, welfare or the environment.

7           (3) Refuse, obstruct, delay or threaten any agent or  
8 employee of the department in the course of performance of  
9 any duty under this act, including, but not limited to, entry  
10 and inspection under any circumstances.

11           (4) Attempt to obtain a permit or identify a well as an  
12 orphan well by misrepresentation or failure to disclose all  
13 relevant facts.

14           (5) Cause the abandonment of a well by removal of casing  
15 or equipment necessary for production without plugging the  
16 well in a manner prescribed pursuant to section 210. The  
17 owner or operator of a well may only temporarily remove  
18 casing or equipment necessary for production if it is part of  
19 the normal course of production activities.

20 Section 601. [Well Plugging Restricted Revenue Account.] Well  
21 plugging funds.

22       (a) All fines, civil penalties, permit and registration fees  
23 collected under this act [shall be paid into the State Treasury  
24 into a restricted revenue account to be known as the Well  
25 Plugging Restricted Revenue Account, hereby established, which  
26 shall be administered by the department for the plugging and  
27 sealing of abandoned wells and to cover the purposes of  
28 administering this act. All the moneys from time to time paid  
29 into the Well Plugging Restricted Revenue Account are  
30 specifically appropriated, upon annual approval by the

1 Governor,] are hereby appropriated to the Department of  
2 Environmental Resources to carry out the purposes of this act.

3 (b) To aid in the indemnification of the Commonwealth for  
4 the cost of plugging abandoned wells, there shall be added to  
5 the permit fee established by the department under section 201  
6 for new wells a \$50 surcharge. All moneys [deposited in this  
7 restricted revenue account from the surcharge] collected as a  
8 result of this surcharge shall be paid into the State Treasury  
9 into a restricted revenue account to be known as the Abandoned  
10 Well Plugging Fund, hereby established, and shall be expended by  
11 the department to plug abandoned wells which threaten the health  
12 and safety of persons or property or pollution of the waters of  
13 the Commonwealth.

14 (c) There is hereby created a restricted revenue account to  
15 be known as the Orphan Well Plugging Fund. There shall be added  
16 to the permit fee established by the department under section  
17 201 for new wells a \$100 surcharge for wells to be drilled to <—  
18 3,800 feet in depth and a \$250 surcharge for wells to be drilled  
19 to greater than 3,800 feet in depth FOR OIL PRODUCTION AND A <—  
20 \$200 SURCHARGE FOR WELLS DRILLED FOR GAS PRODUCTION, which  
21 surcharges shall be placed in the Orphan Well Plugging Fund and  
22 shall be expended by the department to plug orphan wells. which <—  
23 threaten the health and safety of persons or property or  
24 pollution of the waters of the Commonwealth. If an operator  
25 rehabilitates a well abandoned by another operator or an orphan  
26 well, the permit fee and the surcharge for such well shall be  
27 waived.

28 (d) If an operator approved by the department plugs a well <—  
29 abandoned by another operator or an orphan well, which abandoned  
30 or orphan well has been determined by the department to threaten

~~1 the health and safety of persons or property or pollution of the~~  
~~2 waters of the Commonwealth, and such plugging meets the~~  
~~3 requirements of this act and rules and regulations promulgated~~  
~~4 thereunder, the department shall compensate the operator or~~  
~~5 provide the operator with a credit against bonds or fees in lieu~~  
~~6 of bonds required pursuant to section 215 at a rate equal to the~~  
~~7 operator's plugging costs or the department's engineering cost~~  
~~8 estimate for plugging the well, whichever cost is lower.~~

9 Section ~~6~~ 7. Section 602 of the act is amended to read: <—

10 Section 602. Local ordinances.

11 Except with respect to ordinances adopted pursuant to the act  
12 of July 31, 1968 (P.L.805, No.247), known as the Pennsylvania  
13 Municipalities Planning Code and the act of October 4, 1978  
14 (P.L.851, No.166), known as the Flood Plain Management Act, all  
15 local ordinances and enactments purporting to regulate oil and  
16 gas well operations regulated by this act are hereby superseded.

17 ~~No ordinance or enactment heretofore adopted, nor any ordinance~~  
18 ~~or enactment adopted by a municipality pursuant to this section~~ <—

19 ~~THE AFOREMENTIONED ACTS, may contain provisions which impose~~ <—  
20 ~~conditions, requirements or limitations which duplicate,~~  
21 ~~supplement, vary, conflict or are inconsistent with the~~  
22 ~~provisions of this act or which interfere with the uniform~~  
23 ~~regulation of oil and gas well operations as provided for in~~  
24 ~~this act.~~ The Commonwealth, by this enactment, hereby preempts  
25 the regulation of oil and gas wells as herein defined.

26 Section ~~7~~ 8. Section 603.1 of the act, added October 9, 1986 <—  
27 (P.L.1431, No.135), is amended to read:

28 Section 603.1. Relationship to solid waste and surface mining.

29 (a) The obligation to obtain a permit and post a bond  
30 pursuant to Articles III and V of the act of July 7, 1980

(P.L.380, No.97), known as the Solid Waste Management Act, and to provide public notice pursuant to section 1905-A(b)(1)(v) of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, for any pit, impoundment, method or facility employed for the disposal, processing or storage of residual wastes generated by the drilling of an oil or gas well or from the production of such wells which is located on the well site shall be satisfied if the owner or operator of the well meets the following conditions:

(1) the well is permitted pursuant to the requirements of section 201 or registered pursuant to the requirements of section 203;

(2) the owner or operator satisfies the financial security requirements of section 215 by obtaining a surety or collateral bond for the well and well site; and

(3) the owner or operator maintains compliance with [the] this act and any applicable regulations promulgated by the Environmental Quality Board.

(b) Obligations under the act of December 19, 1984 (P.L.1093, No.219), known as the Noncoal Surface Mining Conservation and Reclamation Act, or any rule or regulation promulgated thereunder, for any borrow area where minerals are extracted solely for the purpose of oil and gas well development, including access road construction, shall be satisfied if the owner or operator of the well meets the conditions imposed under subsection (a)(1) and (2) and the owner or operator maintains compliance with this act and any applicable regulations promulgated by the Environmental Quality Board.

[(b)] (c) Nothing in this section shall diminish any other

1 duties or obligations that an owner or operator may have under  
2 the Solid Waste Management Act. The provisions of this section  
3 shall not apply to any waste which is classified as a hazardous  
4 waste pursuant to the Solid Waste Management Act, or the  
5 Resource Conservation and Recovery Act of 1976 (Public Law 94-  
6 580, 90 Stat. 2795, 42 U.S.C. § 6901 et seq.).

7 [(c)] (d) As used in this section and sections 206 and 215,  
8 the term "well site" means the areas occupied by all equipment  
9 or facilities necessary for or incidental to the drilling,  
10 production or plugging of a well.

11 Section 8 9. This act shall take effect in 30 days.

<—