

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 2213 Session of 2010

INTRODUCED BY GEORGE, McILVAINE SMITH, BELFANTI, BRADFORD, CALTAGIRONE, CARROLL, COHEN, CONKLIN, D. COSTA, DeWEESE, GOODMAN, GRUCELA, HORNAMAN, JOHNSON, JOSEPHS, LEVDANSKY, MAHONEY, MUNDY, M. O'BRIEN, SCHRODER, SIPTROTH, K. SMITH, STURLA, THOMAS, YOUNGBLOOD, YUDICHAK, SEIP, VITALI, HARHAI, WAGNER, SANTARSIERO, BRIGGS, PASHINSKI, HESS, FREEMAN, HARPER, HOUGHTON, FRANKEL AND BOBACK, JANUARY 20, 2010

AS REPORTED FROM COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 25, 2010

## 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 the definition of "department," for protection~~  
18 ~~of fresh groundwater, for casing requirements and for~~  
19 ~~protection of water supplies; providing for hydraulic~~  
20 ~~fracturing chemicals disclosure; further providing for~~  
21 ~~bonding and for well plugging funds; preempting certain local~~  
22 ~~ordinances; and further providing for local ordinances.~~  
23 FURTHER PROVIDING FOR DEFINITIONS, FOR WELL PERMITS, FOR WELL ←  
24 LOCATION RESTRICTIONS, FOR PROTECTION OF FRESH GROUNDWATER  
25 AND CASING REQUIREMENTS AND FOR PROTECTION OF WATER SUPPLIES;  
26 PROVIDING FOR HYDRAULIC FRACTURING CHEMICALS AND SURFACE  
27 IMPOUNDMENTS, FOR HYDRAULIC FRACTURE FLUIDS MONITORING AND

FOR USE OF SURFACE IMPOUNDMENTS FOR TEMPORARY FLOWBACK STORAGE; AND FURTHER PROVIDING FOR BONDING, FOR ENFORCEMENT ORDERS, FOR PENALTIES, FOR CIVIL PENALTIES, FOR WELL PLUGGING FUNDS AND FOR LOCAL ORDINANCES.

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

~~Section 1. The definition of "department" in section 103 of the act of December 19, 1984 (P.L.1140, No.223), known as the Oil and Gas Act, is amended to read:~~

~~Section 103. Definitions.~~

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

~~\* \* \*~~

~~"Department." The Department of Environmental [Resources] Protection of the Commonwealth.~~

~~\* \* \*~~

~~Section 2. Section 207 of the act is amended by adding a subsection to read:~~

~~Section 207. Protection of fresh groundwater; casing requirements.~~

~~\* \* \*~~

~~(e) The department shall inspect each permitted well drilled in the Marcellus Shale formation, during the phases of siting, drilling, casing, cementing, completing, altering and stimulating. The department shall allocate an appropriate portion of the well permit fees to fund the inspection and may increase the permit fees to meet an increase in the inspection costs.~~

~~Section 3. Section 208(c) and (d) of the act are amended to read:~~

~~Section 208. Protection of water supplies.~~

~~\* \* \*~~

~~(c) Unless rebutted by one of the five defenses established in subsection (d), it shall be presumed that a well operator is responsible for the pollution or the diminution of a water supply that is within [1,000] 2,500 feet of the oil or gas well, where the pollution occurred within six months after the completion of drilling or alteration of such well.~~

~~(d) In order to rebut the presumption of liability established in subsection (c), the well operator must affirmatively prove one of the following five defenses:~~

~~(1) The pollution [existed] or the diminution prior to the drilling or alteration activity as determined by a predrilling or prealteration survey.~~

~~(2) The landowner or water purveyor refused to allow the operator access to conduct a predrilling or prealteration survey.~~

~~(3) The water supply is not within [1,000] 2,500 feet of the well.~~

~~(4) The pollution or the diminution occurred more than six months after completion of drilling or alteration activities.~~

~~(5) The pollution or the diminution occurred as the result of some cause other than the drilling or alteration activity.~~

~~\* \* \*~~

~~Section 4. The act is amended by adding a section to read:~~  
~~Section 208.1. Hydraulic fracturing chemicals disclosure.~~

~~(a) Notwithstanding a trade secret claim, a well operator utilizing the hydraulic fracturing process to extract natural gas from the Marcellus Shale formation shall disclose to the~~

~~department the complete list of the chemicals and chemical compounds used in the fracturing fluid products. The list shall include the Chemical Abstract Service registry number for each constituent chemical, the concentration of each constituent chemical and the formula for each chemical compound. The department shall publish the list on its Internet website.~~

~~(b) If the natural gas well operator fails to comply with the requirements of section 208(c) and (d), the department may not issue any permit to the operator and shall revoke an existing natural gas well permit issued to the operator.~~

~~Section 5. Sections 215(a), 601(a) and 602 of the act, amended July 2, 1992 (P.L.365, No.78), are amended to read: Section 215. Bonding.~~

~~(a) (1) Except as provided in subsection (d) hereof, upon filing an application for a well permit and before continuing to operate any oil or gas well, the owner or operator thereof shall file with the department a bond for the well and the well site on a form to be prescribed and furnished by the department. Any such bond filed with an application for a well permit shall be payable to the Commonwealth and conditioned that the operator shall faithfully perform all of the drilling, water supply replacement, restoration and plugging requirements of this act. Any such bond filed with the department for a well in existence on the effective date of this act shall be payable to the Commonwealth and conditioned that the operator shall faithfully perform all of the water supply replacement, restoration and plugging requirements of this act. The amount of the bond required shall be in the amount of [\$2,500] \$150,000 per well for any Marcellus Shale well utilizing hydraulic fracturing process~~

1 ~~and \$12,000 per well for at least two years following the~~  
2 ~~effective date of this act, after which time the bond amount~~  
3 ~~may be adjusted by the Environmental Quality Board every two~~  
4 ~~years to reflect the projected costs to the Commonwealth of~~  
5 ~~performing well plugging.~~

6 ~~(2) In lieu of individual bonds for each well, an owner~~  
7 ~~or operator may file a blanket bond, on a form prepared by~~  
8 ~~the department, covering all of its wells in Pennsylvania as~~  
9 ~~enumerated on the bond form. A blanket bond shall be in the~~  
10 ~~amount of [\$25,000] \$240,000 for at least two years following~~  
11 ~~the effective date of this act, after which time the bond~~  
12 ~~amount may be adjusted by the Environmental Quality Board~~  
13 ~~every two years to reflect the projected costs to the~~  
14 ~~Commonwealth of performing well plugging. No blanket bond is~~  
15 ~~available for wells drilled in the Marcellus Shale formation.~~

16 ~~(3) Liability under such bond shall continue until the~~  
17 ~~well has been properly plugged in accordance with this act~~  
18 ~~and for a period of one year after filing of the certificate~~  
19 ~~of plugging with the department. Each bond shall be executed~~  
20 ~~by the operator and a corporate surety licensed to do~~  
21 ~~business in the Commonwealth and approved by the secretary.~~  
22 ~~The operator may elect to deposit cash, certificates of~~  
23 ~~deposit or automatically renewable irrevocable letters of~~  
24 ~~credit from financial institutions chartered or authorized to~~  
25 ~~do business in Pennsylvania and regulated and examined by the~~  
26 ~~Commonwealth or a Federal agency which may be terminated at~~  
27 ~~the end of a term only upon the financial institution giving~~  
28 ~~90 days prior written notice to the permittee and the~~  
29 ~~department or negotiable bonds of the United States~~  
30 ~~Government or the Commonwealth, the Pennsylvania Turnpike~~

~~Commission, the General State Authority, the State Public School Building Authority or any municipality within the Commonwealth, or United States Treasury Bonds issued at a discount without a regular schedule of interest payments to maturity, otherwise known as Zero Coupon Bonds, having a maturity date of not more than ten years after the date of purchase and at such maturity date having a value of not less than \$25,000, with the department in lieu of a corporate surety. The cash deposit, certificate of deposit, amount of such irrevocable letter of credit or market value of such securities shall be equal at least to the sum of the bond. The secretary shall, upon receipt of any such deposit of cash, letters of credit or negotiable bonds, immediately place the same with the State Treasurer, whose duty it shall be to receive and hold the same in the name of the Commonwealth, in trust, for the purpose for which such deposit is made. The State Treasurer shall at all times be responsible for the custody and safekeeping of such deposits. The operator making deposit shall be entitled from time to time to demand and receive from the State Treasurer, on the written order of the secretary, the whole or any portion of any collateral so deposited, upon depositing with him, in lieu thereof, other collateral of the classes herein specified having a market value at least equal to the sum of the bond, and also to demand, receive and recover the interest and income from said negotiable bonds as the same becomes due and payable. Where negotiable bonds, deposited as aforesaid, mature or are called, the State Treasurer, at the request of the owner thereof, shall convert such negotiable bonds into such other negotiable bonds of the classes herein~~

~~specified as may be designated by the owner. Where notice of intent to terminate a letter of credit is given, the department shall give the operator 30 days' written notice to replace the letter of credit with other acceptable bond guarantees as provided herein and, if the owner or operator fails to replace the letter of credit within the 30 day notification period, the department shall draw upon and convert such letter of credit into cash and hold it as a collateral bond guarantee.~~

~~\* \* \*~~

~~Section 601. Well plugging funds.~~

~~(a) All fines, civil penalties, permit and registration fees collected under this act are hereby appropriated to the Department of Environmental [Resources] Protection to carry out the purposes of this act.~~

~~\* \* \*~~

~~Section 602. Local ordinances.~~

~~Except with respect to ordinances adopted pursuant to the act of July 31, 1968 (P.L.805, No.247), known as the Pennsylvania Municipalities Planning Code, and the act of October 4, 1978 (P.L.851, No.166), known as the Flood Plain Management Act, all local ordinances and enactments purporting to regulate oil and gas well operations regulated by this act are hereby preempted and superseded to the extent the ordinances and enactments regulate the method of oil and gas well operations. No ordinances or enactments adopted pursuant to the aforementioned acts shall contain provisions which impose conditions, requirements or limitations on [the same features] the method of oil and gas well operations regulated by this act or that accomplish the same purposes as set forth in this act. The~~

~~Commonwealth, by this enactment, hereby preempts and supersedes the regulation of oil and gas wells as herein defined to the extent the ordinances and enactments regulate the method of oil and gas well operations. Nothing in this act shall affect the traditional power of local government to regulate other aspects of oil and gas activities such as the time and the place of operations through local ordinances and enactments.~~

~~Section 6. This act shall take effect in 60 days.~~

SECTION 1. SECTION 103 OF THE ACT OF DECEMBER 19, 1984 (P.L.1140, NO.223), KNOWN AS THE OIL AND GAS ACT, IS AMENDED BY ADDING DEFINITIONS TO READ:

SECTION 103. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"12-DIGIT HYDROLOGIC UNIT CODE." A SUBWATERSHED, GENERALLY RANGING IN SIZE FROM 10,000 TO 40,000 ACRES, AS DESIGNATED BY THE UNITED STATES GEOLOGICAL SURVEY AND THE UNITED STATES DEPARTMENT OF AGRICULTURE NATURAL RESOURCES CONSERVATION SERVICE.

\* \* \*

"BODY OF WATER." A NATURAL OR ARTIFICIAL LAKE, POND, RESERVOIR, SWAMP, MARSH OR WETLAND.

\* \* \*

"EROSION AND SEDIMENT CONTROL PERMIT." A PERMIT ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION AND REQUIRED FOR EARTH DISTURBANCE ACTIVITIES ASSOCIATED WITH OIL AND GAS ACTIVITIES.

"FEMA." THE FEDERAL EMERGENCY MANAGEMENT AGENCY.

"FLOOD." A GENERAL BUT TEMPORARY CONDITION OF PARTIAL OR

1 COMPLETE INUNDATION OF NORMALLY DRY LAND AREAS FROM THE OVERFLOW  
2 OF STREAMS, RIVERS OR OTHER WATERS OF THIS COMMONWEALTH.

3 "FLOODPLAIN." THE LANDS ADJOINING A RIVER OR STREAM THAT  
4 HAVE BEEN OR MAY BE EXPECTED TO BE INUNDATED BY FLOOD WATERS IN  
5 A 100-YEAR FREQUENCY FLOOD. UNLESS OTHERWISE SPECIFIED, THE  
6 BOUNDARY OF THE FLOODPLAIN IS AS INDICATED ON MAPS AND FLOOD  
7 INSURANCE STUDIES PROVIDED BY THE FEDERAL EMERGENCY MANAGEMENT  
8 AGENCY OR EQUIVALENT FLOODPLAIN MAPS AND STUDIES. IN AN AREA  
9 WHERE NO SUCH MAPS OR STUDIES HAVE DEFINED THE BOUNDARY OF THE  
10 100-YEAR FLOODPLAIN, IT IS ASSUMED, ABSENT EVIDENCE TO THE  
11 CONTRARY, THAT THE FLOODPLAIN EXTENDS FROM THE STREAM TO 100  
12 FEET FROM THE TOP OF THE STREAMBANK.

13 "FLOODWAY." THE CHANNEL OF THE WATERCOURSE AND PORTIONS OF  
14 THE ADJOINING FLOODPLAINS WHICH ARE REASONABLY REQUIRED TO CARRY  
15 AND DISCHARGE THE 100-YEAR FREQUENCY FLOOD. UNLESS OTHERWISE  
16 SPECIFIED, THE BOUNDARY OF THE FLOODWAY IS AS INDICATED ON MAPS  
17 AND FLOOD INSURANCE STUDIES PROVIDED BY THE FEDERAL EMERGENCY  
18 MANAGEMENT AGENCY. IN AN AREA WHERE NO FEDERAL EMERGENCY  
19 MANAGEMENT AGENCY MAPS OR STUDIES HAVE DEFINED THE BOUNDARY OF  
20 THE 100-YEAR FREQUENCY FLOODWAY, IT IS ASSUMED, ABSENT EVIDENCE  
21 TO THE CONTRARY, THAT THE FLOODWAY EXTENDS FROM THE STREAM TO 50  
22 FEET FROM THE TOP OF THE STREAMBANK.

23 \* \* \*

24 "STREAM." A WATERCOURSE.

25 "TOP OF STREAMBANK." THE FIRST SUBSTANTIAL BREAK IN SLOPE  
26 BETWEEN THE EDGE OF THE BED OF THE STREAM AND THE SURROUNDING  
27 TERRAIN.

28 "WATERCOURSE." A CHANNEL OR CONVEYANCE OF SURFACE WATER  
29 HAVING DEFINED BED AND BANKS, WHETHER NATURAL OR ARTIFICIAL,  
30 WITH PERENNIAL OR INTERMITTENT FLOW.

1 \* \* \*

2 "WILD TROUT STREAM." A STREAM CLASSIFIED AS SUPPORTING  
3 NATURALLY REPRODUCING TROUT POPULATIONS BY THE FISH AND BOAT  
4 COMMISSION.

5 "WILDERNESS TROUT STREAM." A SURFACE WATER DESIGNATED BY THE  
6 FISH AND BOAT COMMISSION TO PROTECT AND PROMOTE NATIVE TROUT  
7 FISHERIES AND MAINTAIN AND ENHANCE WILDERNESS AESTHETICS AND  
8 ECOLOGICAL REQUIREMENTS NECESSARY FOR THE NATURAL REPRODUCTION  
9 OF TROUT.

10 \* \* \*

11 SECTION 2. SECTION 201(A), (B), (E)(5), (F) AND (G) OF THE  
12 ACT ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A  
13 SUBSECTION TO READ:

14 SECTION 201. WELL PERMITS.

15 (A) NO PERSON SHALL DRILL A WELL OR ALTER ANY EXISTING WELL,  
16 EXCEPT FOR ALTERATIONS WHICH SATISFY THE REQUIREMENTS OF  
17 SUBSECTION (J), WITHOUT HAVING FIRST OBTAINED A WELL PERMIT  
18 PURSUANT TO SUBSECTIONS (B), (C), (D) AND (E). A COPY OF THE  
19 PERMIT SHALL BE KEPT AT THE WELL SITE DURING PREPARATION OR  
20 CONSTRUCTION OF THE WELL SITE OR ACCESS ROAD, OR DRILLING,  
21 OPERATION OR ALTERATION OF THE WELL. HOWEVER, NO PERSON SHALL BE  
22 REQUIRED TO OBTAIN A PERMIT TO REDRILL A NONPRODUCING WELL, IF:

23 (1) THE REDRILLING HAS BEEN EVALUATED AND APPROVED AS  
24 PART OF AN ORDER FROM THE DEPARTMENT AUTHORIZING THE CLEANING  
25 OUT AND PLUGGING OR REPLUGGING OF A NONPRODUCING WELL,  
26 PURSUANT TO SECTION 13(C) OF THE ACT OF DECEMBER 18, 1984  
27 (P.L.1069, NO.214), KNOWN AS THE COAL AND GAS RESOURCE  
28 COORDINATION ACT; AND

29 (2) THE REDRILLING IS INCIDENTAL TO THE PLUGGING OR  
30 REPLUGGING OPERATION AND THE WELL SUBSEQUENTLY IS PLUGGED

1        WITHIN 15 DAYS OF REDRILLING.

2        (B)    THE PERMIT APPLICATION SHALL BE ACCOMPANIED BY A PLAT  
3    PREPARED BY A COMPETENT ENGINEER OR A COMPETENT SURVEYOR, ON  
4    FORMS TO BE FURNISHED BY THE DEPARTMENT, SHOWING THE POLITICAL  
5    SUBDIVISION AND COUNTY IN WHICH THE TRACT OF LAND UPON WHICH THE  
6    WELL TO BE DRILLED, OPERATED OR ALTERED, IS LOCATED, THE NAME OF  
7    THE SURFACE LANDOWNER OF RECORD AND LESSOR, THE NAME OF ALL  
8    SURFACE LANDOWNERS OR WATER PURVEYORS WHOSE WATER SUPPLIES ARE  
9    WITHIN [1,000] 2,500 FEET OF THE PROPOSED WELL LOCATION, THE  
10   NAME OF THE OWNER OF RECORD OR OPERATOR OF ALL KNOWN UNDERLYING  
11   WORKABLE COAL SEAMS, IF ANY, THE ACREAGE IN THE TRACT TO BE  
12   DRILLED, THE PROPOSED LOCATION OF THE WELL DETERMINED BY SURVEY,  
13   THE COURSES AND DISTANCES OF SUCH LOCATION FROM TWO OR MORE  
14   PERMANENT IDENTIFIABLE POINTS OR LANDMARKS ON SAID TRACT  
15   BOUNDARY CORNERS, THE PROPOSED ANGLE AND DIRECTION OF SUCH WELL,  
16   IF THE WELL IS TO BE DEVIATED SUBSTANTIALLY FROM A VERTICAL  
17   COURSE, THE NUMBER OR OTHER IDENTIFICATION TO BE GIVEN THE WELL,  
18   THE WORKABLE COAL SEAMS, IF ANY, UNDERLYING THE TRACT OF LAND  
19   UPON WHICH THE WELL IS TO BE DRILLED, OPERATED OR ALTERED, WHICH  
20   ARE TO BE CASED OFF IN ACCORDANCE WITH SECTION 207, AND SUCH  
21   INFORMATION NEEDED BY THE DEPARTMENT TO ADMINISTER THIS ACT. THE  
22   APPLICANT SHALL FORWARD, BY CERTIFIED MAIL, A COPY OF SAID PLAT  
23   TO EACH POLITICAL SUBDIVISION IN WHICH THE WELL IS TO BE  
24   LOCATED, THE SURFACE LANDOWNER, ALL SURFACE LANDOWNERS OR WATER  
25   PURVEYORS WHOSE WATER SUPPLIES ARE WITHIN [1,000] 2,500 FEET OF  
26   THE PROPOSED WELL LOCATION, THE OWNER AND LESSEE, IF ANY, OF  
27   SUCH COAL SEAMS, AND EVERY COAL OPERATOR REQUIRED TO BE  
28   IDENTIFIED ON THE WELL PERMIT APPLICATION AND SHALL SUBMIT PROOF  
29   OF SUCH NOTIFICATION WITH THE WELL PERMIT APPLICATION. WITH  
30   RESPECT TO SURFACE OWNERS, NOTIFICATION SHALL BE ACCOMPLISHED

1 UNDER THIS SECTION BY SENDING NOTICE TO THE PERSONS TO WHOM THE  
2 TAX NOTICES FOR SAID SURFACE PROPERTY ARE SENT, AS INDICATED IN  
3 THE ASSESSMENT BOOKS IN THE COUNTY IN WHICH THE PROPERTY IS  
4 LOCATED. WITH RESPECT TO SURFACE LANDOWNERS OR WATER PURVEYORS  
5 WHOSE WATER SUPPLIES ARE WITHIN [1,000] 2,500 FEET OF THE  
6 PROPOSED WELL LOCATION, NOTIFICATION SHALL BE MADE ON FORMS AND  
7 IN A MANNER PRESCRIBED BY THE DEPARTMENT SUFFICIENT TO IDENTIFY,  
8 FOR SUCH PERSONS, THE RIGHTS AFFORDED THEM UNDER SECTION 208 AND  
9 THE ADVISABILITY OF TAKING THEIR OWN PREDRILLING OR  
10 PREALTERATION SURVEY. WITH RESPECT TO THE POLITICAL SUBDIVISION  
11 IN WHICH THE WELL IS TO BE LOCATED, NOTIFICATION SHALL BE MADE  
12 ON FORMS AND IN A MANNER PRESCRIBED BY THE DEPARTMENT. IF THE  
13 APPLICANT SUBMITS TO THE DEPARTMENT WRITTEN APPROVAL OF THE  
14 PROPOSED WELL LOCATION BY THE POLITICAL SUBDIVISION IN WHICH THE  
15 WELL IS TO BE LOCATED, THE SURFACE LANDOWNER AND THE COAL  
16 OPERATOR, LESSEE OR OWNER, IF ANY, OF THE COAL UNDERLYING THE  
17 PROPOSED WELL LOCATION AND NO OBJECTIONS ARE RAISED BY THE  
18 DEPARTMENT WITHIN 15 DAYS OF FILING OR IF NO SUCH APPROVAL HAS  
19 BEEN SUBMITTED AND NO OBJECTIONS ARE MADE TO SUCH PROPOSED WELL  
20 LOCATION WITHIN 15 DAYS FROM RECEIPT OF SUCH NOTICE BY THE  
21 POLITICAL SUBDIVISION IN WHICH THE WELL IS TO BE LOCATED, THE  
22 SURFACE LANDOWNER AND THE COAL OPERATOR, LESSEE OR OWNER, IF  
23 ANY, OR BY THE DEPARTMENT, THE SAME SHALL BE FILED AND BECOME A  
24 PERMANENT RECORD OF SUCH LOCATION, SUBJECT TO INSPECTION AT ANY  
25 TIME BY ANY INTERESTED PERSON. THE APPLICATION FORM TO OPERATE  
26 AN ABANDONED OR ORPHAN WELL SHALL NOTIFY THE APPLICANT OF ITS  
27 RESPONSIBILITIES TO PLUG THE WELL UPON ABANDONMENT.

28 \* \* \*

29 (E) THE DEPARTMENT SHALL ISSUE A PERMIT WITHIN 45 DAYS OF  
30 THE SUBMISSION OF A PERMIT APPLICATION UNLESS THE DEPARTMENT

DENIES THE PERMIT APPLICATION FOR ONE OR MORE OF THE FIVE  
REASONS SET FORTH BELOW: PROVIDED, HOWEVER, THAT THE DEPARTMENT  
SHALL HAVE THE RIGHT TO EXTEND SUCH PERIOD FOR 15 DAYS FOR CAUSE  
SHOWN UPON NOTIFICATION TO THE APPLICANT OF THE REASONS FOR THAT  
EXTENSION. THE DEPARTMENT MAY IMPOSE SUCH PERMIT TERMS AND  
CONDITIONS AS ARE NECESSARY TO ASSURE COMPLIANCE WITH THIS ACT  
AND OTHER LAWS ADMINISTERED BY THE DEPARTMENT. THE DEPARTMENT  
SHALL HAVE THE AUTHORITY TO DENY A PERMIT TO ANY PERSON FOR THE  
FOLLOWING REASONS:

\* \* \*

(5) THE APPLICANT, WITH RESPECT TO ANY OTHER WELL OR  
WELLS WHICH THE APPLICANT OPERATES, IS IN CONTINUING  
VIOLATION OF THIS ACT OR ANY OTHER APPLICABLE STATUTE  
ADMINISTERED BY THE DEPARTMENT. [THE RIGHT OF THE DEPARTMENT  
TO DENY A PERMIT UNDER THIS PARAGRAPH SHALL NOT BE EFFECTIVE  
UNTIL A FINAL ADMINISTRATIVE DETERMINATION HAS BEEN MADE OF  
ANY OF THESE VIOLATIONS AND NO APPEAL IS PENDING IN WHICH A  
STAY HAS BEEN GRANTED.]

(F) UPON ISSUANCE OF A PERMIT, THE WELL OPERATOR MAY PROCEED  
[WITH THE DRILLING OF] TO PREPARE OR CONSTRUCT THE WELL SITE AND  
ACCESS ROADS AND DRILL, OPERATE OR ALTER THE WELL AT THE EXACT  
LOCATION SHOWN ON THE PLAT AFTER PROVIDING THE DEPARTMENT, THE  
SURFACE LANDOWNER AND THE LOCAL POLITICAL SUBDIVISION IN WHICH  
THE WELL IS TO BE LOCATED 24 HOURS' NOTICE OF THE DATE THAT  
DRILLING WILL COMMENCE. IN NONCOAL AREAS WHERE MORE THAN ONE  
WELL IS TO BE DRILLED AS PART OF THE SAME DEVELOPMENT PROJECT,  
ONLY THE FIRST WELL OF THE PROJECT NEED BE LOCATED BY SURVEY.  
THE REMAINING WELLS OF THE PROJECT SHALL BE SHOWN ON THE PLAT IN  
A MANNER PRESCRIBED BY REGULATION. PRIOR TO DRILLING EACH OF THE  
ADDITIONAL PROJECT WELLS, THE WELL OPERATOR SHALL NOTIFY THE

1 DEPARTMENT OF HIS INTENTION AND PROVIDE REASONABLE NOTICE OF THE  
2 DATE DRILLING WILL COMMENCE. WHENEVER, BEFORE OR DURING THE  
3 DRILLING OF ANY WELL WHICH IS NOT WITHIN THE OUTSIDE BOUNDARIES  
4 OF AN OPERATING COAL MINE, THE WELL OPERATOR SHALL ENCOUNTER  
5 CONDITIONS OF SUCH A NATURE AS TO RENDER DRILLING OF THE BORE  
6 HOLE OR PORTIONS THEREOF MORE HAZARDOUS THAN USUAL, OR OTHERWISE  
7 IMPOSSIBLE, THEN THE WELL OPERATOR SHALL HAVE THE RIGHT, UPON  
8 VERBAL NOTICE TO THE DEPARTMENT, TO IMMEDIATELY PLUG ALL OR  
9 PORTIONS OF THE BORE HOLE, IF DRILLING HAS OCCURRED, AND TO  
10 COMMENCE A NEW BORE HOLE NOT MORE THAN 50 FEET DISTANT IF THE  
11 LOCATION OF THE NEW BORE HOLE DOES NOT VIOLATE SECTION 205 AND  
12 IF, FOR WELLS SUBJECT TO THE ACT OF JULY 25, 1961 (P.L.825,  
13 NO.359), KNOWN AS THE OIL AND GAS CONSERVATION LAW, THE NEW  
14 LOCATION COMPLIES WITH ANY EXISTING LAW, REGULATION OR SPACING  
15 ORDER AND IF THE NEW BORE HOLE IS A MINIMUM OF 330 FEET DISTANT  
16 FROM THE NEAREST LEASE BOUNDARY. WITHIN TEN DAYS OF COMMENCEMENT  
17 OF THE NEW BORE HOLE, THE WELL OPERATOR SHALL FILE WITH THE  
18 DEPARTMENT A WRITTEN NOTICE OF INTENTION TO PLUG, A WELL RECORD,  
19 A COMPLETION REPORT, A PLUGGING CERTIFICATE FOR THE ORIGINAL  
20 BORE HOLE AND AN AMENDED PLAT FOR THE NEW BORE HOLE. THE WELL  
21 OPERATOR SHALL FORWARD A COPY OF THE AMENDED PLAT TO THE SURFACE  
22 LANDOWNER IDENTIFIED ON THE WELL PERMIT APPLICATION WITHIN TEN  
23 DAYS OF COMMENCEMENT OF THE NEW WELL BORE.

24 \* \* \*

25 (G) THE WELL PERMIT NUMBER AND OPERATOR'S NAME, ADDRESS AND  
26 TELEPHONE NUMBER SHALL BE POSTED AT THE DRILLING SITE, IN A  
27 CONSPICUOUS MANNER, PRIOR TO INITIATING PREPARATION OR  
28 CONSTRUCTION OF THE WELL SITE OR ACCESS ROAD OR COMMENCEMENT OF  
29 DRILLING, OPERATION OR ALTERATION OF THE WELL.

30 (G.1) THE DEPARTMENT SHALL AUTHORIZE CONSERVATION DISTRICTS

1 TO CONDUCT A QUARTERLY REVIEW OF EROSION AND SEDIMENT CONTROL  
2 PERMIT APPLICATIONS ISSUED ON AN EXPEDITED BASIS FOR ALL EARTH  
3 DISTURBANCE ASSOCIATED WITH OIL AND GAS ACTIVITIES. CONSERVATION  
4 DISTRICTS SHALL CONDUCT SUCH REVIEW AND SUBMIT A REPORT TO THE  
5 DEPARTMENT OF THEIR FINDINGS. THE DEPARTMENT SHALL REVOKE ANY  
6 PERMITS RELATED TO THE OIL AND GAS OPERATIONS FOR WHICH AN  
7 EXPEDITED EROSION AND SEDIMENT CONTROL PERMIT WAS ISSUED IF A  
8 FINDING IS MADE IN THE REPORT THAT THE EROSION AND SEDIMENT  
9 CONTROL PERMIT APPLICATION CONTAINED MATERIAL OMISSION OR  
10 MISSTATEMENT.

11 \* \* \*

12 SECTION 3. SECTION 205 OF THE ACT IS AMENDED TO READ:  
13 SECTION 205. WELL LOCATION RESTRICTIONS.

14 (A) WELLS MAY NOT BE DRILLED WITHIN [200] 1000 FEET MEASURED  
15 HORIZONTALLY FROM ANY EXISTING BUILDING OR EXISTING WATER WELL  
16 WITHOUT THE WRITTEN CONSENT OF THE OWNER THEREOF. WHERE THE  
17 DISTANCE RESTRICTION WOULD DEPRIVE THE OWNER OF THE OIL AND GAS  
18 RIGHTS OF THE RIGHT TO PRODUCE OR SHARE IN THE OIL OR GAS  
19 UNDERLYING SAID SURFACE TRACT, THE WELL OPERATOR MAY BE GRANTED  
20 A VARIANCE FROM SAID DISTANCE RESTRICTION UPON SUBMISSION OF A  
21 PLAN WHICH SHALL IDENTIFY THE ADDITIONAL MEASURES, FACILITIES OR  
22 PRACTICES TO BE EMPLOYED DURING WELL SITE CONSTRUCTION, DRILLING  
23 AND OPERATIONS. THE VARIANCE, IF GRANTED, SHALL INCLUDE SUCH  
24 ADDITIONAL TERMS AND CONDITIONS AS THE DEPARTMENT SHALL REQUIRE  
25 TO INSURE THE SAFETY AND PROTECTION OF AFFECTED PERSONS AND  
26 PROPERTY. THE PROVISIONS MAY INCLUDE INSURANCE, BONDING AND  
27 INDEMNIFICATION, AS WELL AS TECHNICAL REQUIREMENTS.

28 (B) NO WELL SITE MAY BE PREPARED OR WELL DRILLED WITHIN 100  
29 FEET MEASURED HORIZONTALLY FROM ANY [STREAM, SPRING OR BODY OF  
30 WATER AS IDENTIFIED ON THE MOST CURRENT 7 ½ MINUTE TOPOGRAPHIC

QUADRANGLE MAP OF THE UNITED STATES GEOLOGICAL SURVEY]  
WATERCOURSE, NATURAL OR ARTIFICIAL LAKE, POND OR RESERVOIR OR  
WITHIN [100 FEET OF ANY WETLANDS GREATER THAN ONE ACRE IN SIZE.]  
THE BOUNDARY OF A WETLAND OR THE BOUNDARY THAT AFFECTS THE  
FUNCTIONS AND VALUES OF A WETLAND. HOWEVER, NO WELL MAY BE  
DRILLED USING HYDRAULIC FRACTURING OR HORIZONTAL DRILLING WITHIN  
2,500 FEET OF A SURFACE WATER SOURCE, AND WITHIN 1,000 FEET OF A  
GROUNDWATER SOURCE, THAT SERVES A PUBLIC WATER SYSTEM. THE  
DISTANCE FROM THE PUBLIC WATER SUPPLY SOURCE, AS IDENTIFIED BY  
THE DEPARTMENT, SHALL BE MEASURED AS FOLLOWS:

(1) FOR A SURFACE WATER INTAKE ON A LAKE OR RESERVOIR,  
THE DISTANCE SHALL BE MEASURED FROM THE BOUNDARY OF THE LAKE  
OR RESERVOIR.

(2) FOR A SURFACE WATER INTAKE ON A FLOWING STREAM, THE  
DISTANCE SHALL BE MEASURED FROM A SEMICIRCULAR RADIUS  
EXTENDING UPSTREAM OF THE SURFACE WATER INTAKE.

(3) FOR A GROUNDWATER SOURCE, THE DISTANCE SHALL BE  
MEASURED FROM THE WELLHEAD OR SPRING.

THE DEPARTMENT MAY WAIVE SUCH DISTANCE RESTRICTIONS UPON  
SUBMISSION OF A PLAN WHICH SHALL IDENTIFY THE ADDITIONAL  
MEASURES, FACILITIES OR PRACTICES TO BE EMPLOYED DURING WELL  
SITE CONSTRUCTION, DRILLING AND OPERATIONS. SUCH WAIVER, IF  
GRANTED, SHALL IMPOSE SUCH PERMIT CONDITIONS AS ARE NECESSARY TO  
PROTECT THE WATERS OF THE COMMONWEALTH.

(C) [THE] ON MAKING A DETERMINATION ON A WELL PERMIT, THE  
DEPARTMENT SHALL[, ON MAKING A DETERMINATION ON A WELL PERMIT,]  
CONSIDER AND MAY DENY OR CONDITION A WELL PERMIT BASED ON THE  
IMPACT OF THE PROPOSED WELL ON PUBLIC RESOURCES TO INCLUDE, BUT  
NOT BE LIMITED TO, THE FOLLOWING:

(1) PUBLICLY OWNED PARKS, FORESTS, GAMELANDS AND

1 WILDLIFE AREAS.

2 (2) NATIONAL OR STATE SCENIC RIVERS.

3 (3) NATIONAL NATURAL LANDMARKS.

4 (4) HABITATS OF RARE AND ENDANGERED FLORA AND FAUNA AND  
5 OTHER CRITICAL COMMUNITIES.

6 (5) HISTORICAL AND ARCHAEOLOGICAL SITES LISTED ON THE  
7 FEDERAL OR STATE LIST OF HISTORIC PLACES.

8 (6) BODIES OF WATER AND WATERCOURSES, INCLUDING, BUT NOT  
9 LIMITED TO, WETLANDS, WILD TROUT STREAMS AND WILDERNESS TROUT  
10 STREAMS.

11 (D) PRIOR TO SUBMITTING A PERMIT APPLICATION TO THE  
12 DEPARTMENT FOR A WELL OR WELL SITE WITHIN A WILD TROUT STREAM,  
13 HIGH QUALITY OR EXCEPTIONAL VALUE WATERSHED AS INDICATED BY THE  
14 12-DIGIT HYDROLOGIC UNIT CODE, THE APPLICANT SHALL CONSULT WITH  
15 THE PENNSYLVANIA FISH AND BOAT COMMISSION.

16 SECTION 4. SECTION 207 OF THE ACT IS AMENDED BY ADDING A  
17 SUBSECTION TO READ:

18 SECTION 207. PROTECTION OF FRESH GROUNDWATER; CASING  
19 REQUIREMENTS.

20 \* \* \*

21 (E) THE DEPARTMENT SHALL INSPECT EACH PERMITTED WELL DRILLED  
22 IN ANY FORMATION USING HYDRAULIC FRACTURING OR HORIZONTAL  
23 DRILLING, OR BOTH, DURING EACH PHASE OF CEMENTING, COMPLETING  
24 AND ALTERING. THE PERMITTEE MAY NOT PROCEED TO THE NEXT PHASE OF  
25 THE DRILLING OPERATION UNTIL AN INSPECTION BY THE DEPARTMENT HAS  
26 BEEN PERFORMED. THE DEPARTMENT SHALL ALLOCATE AN APPROPRIATE  
27 PORTION OF THE WELL PERMIT FEES TO FUND THE INSPECTION AND MAY  
28 INCREASE THE PERMIT FEES TO MEET AN INCREASE IN THE INSPECTION  
29 COSTS.

30 SECTION 5. SECTION 208 (C) AND (D) OF THE ACT ARE AMENDED AND

1 THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

2 SECTION 208. PROTECTION OF WATER SUPPLIES.

3 \* \* \*

4 (B.1) UPON A WRITTEN REQUEST BY ANY LANDOWNER RESIDING  
5 WITHIN 5,500 FEET BUT FARTHER THAN 2,500 FEET OF A PROPOSED GAS  
6 WELL USING HYDRAULIC FRACTURING, THE WELL PERMIT APPLICANT SHALL  
7 CONDUCT A PREDRILLING OR PREALTERATION SURVEY, USING A FACILITY  
8 OR LABORATORY CERTIFIED BY THE DEPARTMENT, AND SEND A COPY OF  
9 THE SURVEY BY CERTIFIED MAIL TO THE REQUESTOR. A PREDRILLING OR  
10 PREALTERATION SURVEY SHALL PROVIDE AT A MINIMUM THE TESTING  
11 RESULTS FOR CHEMICALS OR CHEMICAL COMPOUNDS KNOWN TO BE COMMONLY  
12 USED FOR HYDRAULIC FRACTURING INCLUDING, BUT NOT LIMITED TO, THE  
13 FOLLOWING: ALL MAJOR CATIONS AND ANIONS, ARSENIC, BENZENE,  
14 TOLUENE, ETHYLBENZENE, XYLENES, MANGANESE, DISSOLVED METHANE,  
15 TOTAL DISSOLVED SOLIDS, CHLORIDES, NUTRIENTS AND RADIONUCLIDES.

16 (C) UNLESS REBUTTED BY ONE OF THE FIVE DEFENSES ESTABLISHED  
17 IN SUBSECTION (D), IT SHALL BE PRESUMED THAT A WELL OPERATOR IS  
18 RESPONSIBLE FOR THE POLLUTION OF A WATER SUPPLY THAT IS WITHIN  
19 [1,000] 2,500 FEET OF THE OIL OR GAS WELL, WHERE THE POLLUTION  
20 OCCURRED WITHIN [SIX] 12 MONTHS AFTER THE COMPLETION OF DRILLING  
21 OR ALTERATION OF SUCH WELL.

22 (C.1) IN CASE OF HORIZONTAL DRILLING, THE PRESUMPTION UNDER  
23 SUBSECTION (C) COVERS THE ENTIRE LENGTH OF THE HORIZONTAL  
24 DRILLING AND EXTENDS AN ADDITIONAL 2,500 FEET FROM THE END OR  
25 ENDS OF THE HORIZONTAL WELL BORE.

26 (D) IN ORDER TO REBUT THE PRESUMPTION OF LIABILITY  
27 ESTABLISHED IN SUBSECTION (C), THE WELL OPERATOR MUST  
28 AFFIRMATIVELY PROVE ONE OF THE FOLLOWING FIVE DEFENSES:

29 (1) THE POLLUTION EXISTED PRIOR TO THE DRILLING OR  
30 ALTERATION ACTIVITY AS DETERMINED BY A PREDRILLING OR

1       PREALTERATION SURVEY.

2           (2)   THE LANDOWNER OR WATER PURVEYOR REFUSED TO ALLOW THE  
3       OPERATOR ACCESS TO CONDUCT A PREDRILLING OR PREALTERATION  
4       SURVEY.

5           (3)   THE WATER SUPPLY IS NOT WITHIN [1,000] 2,500 FEET OF  
6       THE WELL.

7           (4)   THE POLLUTION OCCURRED MORE THAN [SIX] 12 MONTHS  
8       AFTER COMPLETION OF DRILLING OR ALTERATION ACTIVITIES.

9           (5)   THE POLLUTION OCCURRED AS THE RESULT OF SOME CAUSE  
10      OTHER THAN THE DRILLING OR ALTERATION ACTIVITY.

11      \* \* \*

12      SECTION 6.   THE ACT IS AMENDED BY ADDING SECTIONS TO READ:  
13      SECTION 208.1.  HYDRAULIC FRACTURING CHEMICALS AND SURFACE  
14               IMPOUNDMENTS.

15      (A)  NOTWITHSTANDING A TRADE SECRET CLAIM, A WELL OPERATOR  
16      SHALL FILE A REPORT WITH THE DEPARTMENT FOR EACH WELL THAT IS  
17      DRILLED USING THE HYDRAULIC FRACTURING PROCESS WITHIN 30 DAYS OF  
18      COMPLETION OF SUCH WELL. THE REPORT SHALL INCLUDE, WITHOUT  
19      LIMITATION, THE COMPLETE LIST OF THE CHEMICALS AND CHEMICAL  
20      COMPOUNDS USED IN THE FRACTURING FLUID PRODUCTS, SPECIFYING THE  
21      VOLUME OF FLUID UTILIZED IN EACH SEPARATE HYDRAULIC FRACTURING  
22      OPERATION AND THE CHEMICAL ABSTRACT SERVICE REGISTRY NUMBER FOR  
23      EACH CONSTITUENT CHEMICAL. THE DEPARTMENT SHALL MAKE THE REPORT  
24      AVAILABLE TO THE PUBLIC UPON A WRITTEN REQUEST.

25      (B)  IN CASE OF A MEDICAL EMERGENCY, THE OPERATOR SHALL  
26      PROVIDE THE CONCENTRATION OF EACH CONSTITUENT CHEMICAL AND THE  
27      FORMULA FOR EACH CHEMICAL COMPOUND TO MEDICAL EMERGENCY  
28      PERSONNEL OR LOCAL EMERGENCY PERSONNEL, OR BOTH.

29      (C)  THE WELL OPERATOR SHALL KEEP A COPY OF THE REPORT AT THE  
30      WELL SITE AND PRODUCE IT UPON REQUEST BY THE DEPARTMENT, LOCAL

EMERGENCY PERSONNEL OR SURFACE LANDOWNERS RESIDING WITHIN 5,500 FEET OF THE WELL.

SECTION 208.2. HYDRAULIC FRACTURE FLUIDS MONITORING.

FOR EACH INDIVIDUAL HYDRAULIC FRACTURING OPERATION PERFORMED AT A WELL SITE, THE WELL OPERATOR SHALL MAINTAIN THE DATA INDICATING THE TOTAL VOLUME OF FRACTURING FLUIDS USED FOR THE OPERATION AS WELL AS THE TOTAL VOLUME OF FLUIDS THAT RETURNED TO THE SURFACE. THE WELL OPERATOR SHALL COMPILE THE DATA AND THE NECESSARY RECORDS TO SUPPORT THE DATA, AND SUBMIT IT TO THE DEPARTMENT ON A SEMI-ANNUAL BASIS.

SECTION 208.3. USE OF SURFACE IMPOUNDMENTS FOR TEMPORARY FLOWBACK STORAGE.

WHERE CENTRALIZED FLOWBACK IMPOUNDMENTS ARE USED TO TEMPORARILY STORE FLOWBACK WATER, THE DEPARTMENT SHALL REQUIRE THE USE OF DUAL LINER SYSTEMS WITH A LEAK DETECTION SYSTEM INSTALLED BETWEEN THE TWO LINERS. THE DEPARTMENT SHALL INSPECT SUCH IMPOUNDMENTS ON A MONTHLY BASIS.

SECTION 7. SECTION 215(A), (C), (D), (D.1) AND (F) OF THE ACT, AMENDED JULY 2, 1992 (P.L.365, NO.78), ARE AMENDED TO READ:  
SECTION 215. BONDING.

(A) (1) EXCEPT AS PROVIDED IN SUBSECTION (D) HEREOF, UPON FILING AN APPLICATION FOR A WELL PERMIT AND BEFORE CONTINUING TO OPERATE ANY OIL OR GAS WELL, THE OWNER OR OPERATOR THEREOF SHALL FILE WITH THE DEPARTMENT A BOND FOR THE WELL AND THE WELL SITE ON A FORM TO BE PRESCRIBED AND FURNISHED BY THE DEPARTMENT. ANY SUCH BOND FILED WITH AN APPLICATION FOR A WELL PERMIT SHALL BE PAYABLE TO THE COMMONWEALTH AND CONDITIONED THAT THE OPERATOR SHALL FAITHFULLY PERFORM ALL OF THE DRILLING, WATER SUPPLY REPLACEMENT, RESTORATION AND PLUGGING REQUIREMENTS OF THIS ACT. ANY SUCH BOND FILED WITH

1 THE DEPARTMENT FOR A WELL IN EXISTENCE ON THE EFFECTIVE DATE  
2 OF THIS ACT SHALL BE PAYABLE TO THE COMMONWEALTH AND  
3 CONDITIONED THAT THE OPERATOR SHALL FAITHFULLY PERFORM ALL OF  
4 THE WATER SUPPLY REPLACEMENT, RESTORATION AND PLUGGING  
5 REQUIREMENTS OF THIS ACT. THE AMOUNT OF THE BOND REQUIRED  
6 SHALL BE IN THE [AMOUNT OF \$2,500 PER WELL FOR AT LEAST TWO  
7 YEARS FOLLOWING THE EFFECTIVE DATE OF THIS ACT, AFTER WHICH  
8 TIME THE BOND AMOUNT] FOLLOWING AMOUNTS AND MAY BE ADJUSTED  
9 BY THE ENVIRONMENTAL QUALITY BOARD EVERY TWO YEARS TO REFLECT  
10 THE PROJECTED COSTS TO THE COMMONWEALTH OF PERFORMING WELL  
11 PLUGGING[.]:

12 (I) FOR WELLS LESS THAN 2,500 FEET IN DEPTH:

13 (A) \$2,500 PER WELL, PROVIDED THE OPERATOR SHALL  
14 NOT BE REQUIRED TO PROVIDE A BOND UNDER THIS ITEM  
15 EXCEEDING \$35,000 FOR 25 WELLS.

16 (B) FOR OPERATING 26 TO 50 WELLS, \$35,000 PLUS  
17 \$2,500 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
18 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
19 \$60,000.

20 (C) FOR OPERATING 51 TO 100 WELLS, \$60,000 PLUS  
21 \$2,500 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
22 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
23 \$100,000.

24 (D) FOR OPERATING OVER 100 WELLS, \$100,000 PLUS  
25 \$2,500 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
26 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
27 \$250,000.

28 (II) FOR WELLS LESS BETWEEN 2,500 FEET AND 5,000  
29 FEET IN DEPTH:

30 (A) \$5,000 PER WELL, PROVIDED THE OPERATOR MAY

1 NOT BE REQUIRED TO PROVIDE A BOND UNDER THIS ITEM  
2 EXCEEDING \$70,000 FOR 25 WELLS.

3 (B) FOR OPERATING 26 TO 50 WELLS, \$70,000 PLUS  
4 \$5,000 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
5 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
6 \$120,000.

7 (C) FOR OPERATING 51 TO 100 WELLS, \$120,000 PLUS  
8 \$5,000 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
9 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
10 \$200,000.

11 (D) FOR OPERATING OVER 100 WELLS, \$200,000 PLUS  
12 \$5,000 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
13 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
14 \$500,000.

15 (III) FOR WELLS OVER 5,000 FEET IN DEPTH:

16 (A) \$12,500 PER WELL, PROVIDED THE OPERATOR MAY  
17 NOT BE REQUIRED TO PROVIDE A BOND UNDER THIS ITEM  
18 EXCEEDING \$220,000 FOR 25 WELLS.

19 (B) FOR OPERATING 26 TO 50 WELLS, \$220,000 PLUS  
20 \$12,500 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
21 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
22 \$375,000.

23 (C) FOR OPERATING 51 TO 100 WELLS, \$375,000 PLUS  
24 \$12,500 PER WELL, PROVIDED THE OPERATOR MAY NOT BE  
25 REQUIRED TO PROVIDE A BOND UNDER THIS ITEM EXCEEDING  
26 \$625,000.

27 (D) FOR OPERATING OVER 100 WELLS, \$625,000 PLUS  
28 \$12,500 PER WELL.

29 [(2) IN LIEU OF INDIVIDUAL BONDS FOR EACH WELL, AN OWNER  
30 OR OPERATOR MAY FILE A BLANKET BOND, ON A FORM PREPARED BY

1 THE DEPARTMENT, COVERING ALL OF ITS WELLS IN PENNSYLVANIA AS  
2 ENUMERATED ON THE BOND FORM. A BLANKET BOND SHALL BE IN THE  
3 AMOUNT OF \$25,000 FOR AT LEAST TWO YEARS FOLLOWING THE  
4 EFFECTIVE DATE OF THIS ACT, AFTER WHICH TIME THE BOND AMOUNT  
5 MAY BE ADJUSTED BY THE ENVIRONMENTAL QUALITY BOARD EVERY TWO  
6 YEARS TO REFLECT THE PROJECTED COSTS TO THE COMMONWEALTH OF  
7 PERFORMING WELL PLUGGING.]

8 (3) LIABILITY UNDER SUCH BOND SHALL CONTINUE UNTIL THE  
9 WELL HAS BEEN PROPERLY PLUGGED IN ACCORDANCE WITH THIS ACT  
10 AND FOR A PERIOD OF ONE YEAR AFTER FILING OF THE CERTIFICATE  
11 OF PLUGGING WITH THE DEPARTMENT. EACH BOND SHALL BE EXECUTED  
12 BY THE OPERATOR AND A CORPORATE SURETY LICENSED TO DO  
13 BUSINESS IN THE COMMONWEALTH AND APPROVED BY THE SECRETARY.  
14 THE OPERATOR MAY ELECT TO DEPOSIT CASH, CERTIFICATES OF  
15 DEPOSIT OR AUTOMATICALLY RENEWABLE IRREVOCABLE LETTERS OF  
16 CREDIT FROM FINANCIAL INSTITUTIONS CHARTERED OR AUTHORIZED TO  
17 DO BUSINESS IN PENNSYLVANIA AND REGULATED AND EXAMINED BY THE  
18 COMMONWEALTH OR A FEDERAL AGENCY WHICH MAY BE TERMINATED AT  
19 THE END OF A TERM ONLY UPON THE FINANCIAL INSTITUTION GIVING  
20 90 DAYS PRIOR WRITTEN NOTICE TO THE PERMITTEE AND THE  
21 DEPARTMENT OR NEGOTIABLE BONDS OF THE UNITED STATES  
22 GOVERNMENT OR THE COMMONWEALTH, THE PENNSYLVANIA TURNPIKE  
23 COMMISSION, THE GENERAL STATE AUTHORITY, THE STATE PUBLIC  
24 SCHOOL BUILDING AUTHORITY OR ANY MUNICIPALITY WITHIN THE  
25 COMMONWEALTH, OR UNITED STATES TREASURY BONDS ISSUED AT A  
26 DISCOUNT WITHOUT A REGULAR SCHEDULE OF INTEREST PAYMENTS TO  
27 MATURITY, OTHERWISE KNOWN AS ZERO COUPON BONDS, HAVING A  
28 MATURITY DATE OF NOT MORE THAN TEN YEARS AFTER THE DATE OF  
29 PURCHASE AND AT SUCH MATURITY DATE HAVING A VALUE OF NOT LESS  
30 THAN \$25,000, WITH THE DEPARTMENT IN LIEU OF A CORPORATE

1 SURETY. THE CASH DEPOSIT, CERTIFICATE OF DEPOSIT, AMOUNT OF  
2 SUCH IRREVOCABLE LETTER OF CREDIT OR MARKET VALUE OF SUCH  
3 SECURITIES SHALL BE EQUAL AT LEAST TO THE SUM OF THE BOND.  
4 THE SECRETARY SHALL, UPON RECEIPT OF ANY SUCH DEPOSIT OF  
5 CASH, LETTERS OF CREDIT OR NEGOTIABLE BONDS, IMMEDIATELY  
6 PLACE THE SAME WITH THE STATE TREASURER, WHOSE DUTY IT SHALL  
7 BE TO RECEIVE AND HOLD THE SAME IN THE NAME OF THE  
8 COMMONWEALTH, IN TRUST, FOR THE PURPOSE FOR WHICH SUCH  
9 DEPOSIT IS MADE. THE STATE TREASURER SHALL AT ALL TIMES BE  
10 RESPONSIBLE FOR THE CUSTODY AND SAFEKEEPING OF SUCH DEPOSITS.  
11 THE OPERATOR MAKING DEPOSIT SHALL BE ENTITLED FROM TIME TO  
12 TIME TO DEMAND AND RECEIVE FROM THE STATE TREASURER, ON THE  
13 WRITTEN ORDER OF THE SECRETARY, THE WHOLE OR ANY PORTION OF  
14 ANY COLLATERAL SO DEPOSITED, UPON DEPOSITING WITH HIM, IN  
15 LIEU THEREOF, OTHER COLLATERAL OF THE CLASSES HEREIN  
16 SPECIFIED HAVING A MARKET VALUE AT LEAST EQUAL TO THE SUM OF  
17 THE BOND, AND ALSO TO DEMAND, RECEIVE AND RECOVER THE  
18 INTEREST AND INCOME FROM SAID NEGOTIABLE BONDS AS THE SAME  
19 BECOMES DUE AND PAYABLE. WHERE NEGOTIABLE BONDS, DEPOSITED AS  
20 AFORESAID, MATURE OR ARE CALLED, THE STATE TREASURER, AT THE  
21 REQUEST OF THE OWNER THEREOF, SHALL CONVERT SUCH NEGOTIABLE  
22 BONDS INTO SUCH OTHER NEGOTIABLE BONDS OF THE CLASSES HEREIN  
23 SPECIFIED AS MAY BE DESIGNATED BY THE OWNER. WHERE NOTICE OF  
24 INTENT TO TERMINATE A LETTER OF CREDIT IS GIVEN, THE  
25 DEPARTMENT SHALL GIVE THE OPERATOR 30 DAYS' WRITTEN NOTICE TO  
26 REPLACE THE LETTER OF CREDIT WITH OTHER ACCEPTABLE BOND  
27 GUARANTEES AS PROVIDED HEREIN AND, IF THE OWNER OR OPERATOR  
28 FAILS TO REPLACE THE LETTER OF CREDIT WITHIN THE 30-DAY  
29 NOTIFICATION PERIOD, THE DEPARTMENT SHALL DRAW UPON AND  
30 CONVERT SUCH LETTER OF CREDIT INTO CASH AND HOLD IT AS A

1 COLLATERAL BOND GUARANTEE.

2 \* \* \*

3 (C) IF THE WELL OWNER OR OPERATOR FAILS OR REFUSES TO COMPLY  
4 WITH THE APPLICABLE REQUIREMENTS OF THIS ACT IDENTIFIED IN  
5 SUBSECTION (A), THE REGULATIONS PROMULGATED HEREUNDER OR THE  
6 CONDITIONS OF THE PERMIT RELATING THERETO, THE DEPARTMENT MAY  
7 DECLARE THE BOND FORFEITED AND SHALL CERTIFY THE SAME TO THE  
8 ATTORNEY GENERAL, WHO SHALL PROCEED TO ENFORCE AND COLLECT THE  
9 FULL AMOUNT OF THE BOND AND, WHERE THE OWNER OR OPERATOR HAS  
10 DEPOSITED CASH OR SECURITIES AS COLLATERAL IN LIEU OF A  
11 CORPORATE SURETY, THE DEPARTMENT SHALL DECLARE SAID COLLATERAL  
12 FORFEITED AND SHALL DIRECT THE STATE TREASURER TO PAY THE FULL  
13 AMOUNT OF SAID FUNDS INTO THE WELL PLUGGING RESTRICTED REVENUE  
14 ACCOUNT OR TO PROCEED TO SELL SAID SECURITY TO THE EXTENT  
15 FORFEITED AND PAY THE PROCEEDS THEREOF INTO THE WELL PLUGGING  
16 RESTRICTED REVENUE ACCOUNT. SHOULD ANY CORPORATE SURETY OR  
17 FINANCIAL INSTITUTION FAIL TO PROMPTLY PAY, IN FULL, A FORFEITED  
18 BOND, IT SHALL BE DISQUALIFIED FROM WRITING ANY FURTHER BONDS  
19 UNDER THE ACT OR ANY OTHER ENVIRONMENTAL ACT ADMINISTERED BY THE  
20 DEPARTMENT. ANY PERSON AGGRIEVED BY REASON OF FORFEITING THE  
21 BOND OR CONVERTING COLLATERAL, AS HEREIN PROVIDED, SHALL HAVE A  
22 RIGHT TO APPEAL TO THE ENVIRONMENTAL HEARING BOARD IN THE MANNER  
23 PROVIDED BY LAW. UPON FORFEITURE OF A [BLANKET] BOND FOR A  
24 VIOLATION OCCURRING AT ONE OR MORE WELL SITES, THE PERSON WHOSE  
25 BOND IS FORFEITED SHALL SUBMIT A REPLACEMENT BOND TO COVER ALL  
26 OTHER WELLS OF WHICH HE IS OWNER OR OPERATOR WITHIN TEN DAYS OF  
27 SAID FORFEITURE. FAILURE TO SUBMIT SAID REPLACEMENT BOND  
28 CONSTITUTES A VIOLATION OF THIS SECTION AS TO EACH OF THE WELLS  
29 OWNED OR OPERATED BY SAID PERSON.

30 (D) [(1) ANY OPERATOR OF NOT MORE THAN 200 WELLS WHO CANNOT

1 OBTAIN A BOND FOR A WELL DRILLED PRIOR TO APRIL 18, 1985, AS  
2 REQUIRED UNDER SUBSECTION (A), DUE TO AN INABILITY TO  
3 DEMONSTRATE SUFFICIENT FINANCIAL RESOURCES MAY, IN LIEU OF  
4 THE BOND:

5 (I) SUBMIT TO THE DEPARTMENT A FEE IN THE AMOUNT OF  
6 \$50 PER WELL, OR A BLANKET FEE OF \$500 FOR TEN TO 20  
7 WELLS, OR A BLANKET FEE OF \$1,000 FOR MORE THAN 20 WELLS,  
8 WHICH SHALL BE A NONREFUNDABLE FEE PAID EACH YEAR THAT  
9 THE OPERATOR HAS NOT FILED A BOND WITH THE DEPARTMENT.  
10 ALL FEES COLLECTED IN LIEU OF A BOND UNDER THIS  
11 SUBSECTION SHALL BE USED FOR THE PURPOSES AUTHORIZED BY  
12 THIS ACT. THE ENVIRONMENTAL QUALITY BOARD SHALL HAVE THE  
13 POWER, BY REGULATION, TO INCREASE THE AMOUNT OF THE FEES  
14 ESTABLISHED UNDER THIS SUBSECTION.

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

1 THE OPERATOR SHALL BE REQUIRED TO PAY ALL COSTS OF  
2 THE TRUST.

3 (B) AN OPERATOR OF UP TO TEN EXISTING WELLS WHO  
4 DOES NOT INTEND TO OPERATE ADDITIONAL WELLS SHALL  
5 DEPOSIT \$250 PER WELL AND SHALL, THEREAFTER, ANNUALLY  
6 DEPOSIT \$50 PER WELL UNTIL THE OBLIGATIONS OF THIS  
7 SECTION ARE FULLY MET. AN OPERATOR OF 11 TO 25 WELLS  
8 OR AN OPERATOR OF UP TO TEN WELLS WHO APPLIES FOR ONE  
9 OR MORE PERMITS FOR ADDITIONAL WELLS SHALL DEPOSIT  
10 \$2,000 AND SHALL, THEREAFTER, ANNUALLY DEPOSIT \$1,150  
11 PLUS \$150 FOR EACH ADDITIONAL WELL TO BE PERMITTED  
12 THAT YEAR UNTIL THE OBLIGATIONS OF THIS SECTION ARE  
13 FULLY MET. AN OPERATOR OF 26 TO 50 WELLS SHALL  
14 DEPOSIT \$3,000 AND SHALL, THEREAFTER, ANNUALLY  
15 DEPOSIT \$1,300 PLUS \$400 FOR EACH ADDITIONAL WELL TO  
16 BE PERMITTED THAT YEAR UNTIL THE OBLIGATIONS OF THIS  
17 SECTION ARE FULLY MET. AN OPERATOR OF 51 TO 100 WELLS  
18 SHALL DEPOSIT \$4,000 AND SHALL, THEREAFTER, ANNUALLY  
19 DEPOSIT \$1,500 PLUS \$400 FOR EACH ADDITIONAL WELL TO  
20 BE PERMITTED THAT YEAR UNTIL THE OBLIGATIONS OF THIS  
21 SECTION ARE FULLY MET. OPERATORS OF 101 TO 200 WELLS  
22 SHALL DEPOSIT \$8,000 AND SHALL, THEREAFTER, ANNUALLY  
23 DEPOSIT \$1,600 PLUS \$1,000 FOR EACH ADDITIONAL WELL  
24 TO BE PERMITTED THAT YEAR UNTIL THE OBLIGATIONS OF  
25 THIS SECTION ARE FULLY MET. OPERATORS OF MORE THAN  
26 200 WELLS SHALL FULLY BOND THEIR WELLS IMMEDIATELY.  
27 THE DEPARTMENT SHALL REDUCE THE AMOUNT OF PHASED  
28 COLLATERAL PAYMENTS OR THE PERIOD OF TIME OVER WHICH  
29 PHASED COLLATERAL PAYMENTS SHALL BE MADE ON BEHALF OF  
30 OWNERS OR OPERATORS WHO, PRIOR TO THE EFFECTIVE DATE

1 OF THIS AMENDATORY ACT, HAVE PAID A FEE IN LIEU OF  
2 BOND PURSUANT TO SUBPARAGRAPH (I), AND WHO, WITHIN  
3 ONE YEAR OF THE EFFECTIVE DATE OF THIS AMENDATORY  
4 ACT, CHOOSE TO ENTER THE PHASED COLLATERAL PROGRAM  
5 PURSUANT TO THIS SUBPARAGRAPH (II) RATHER THAN TO  
6 CONTINUE TO MAKE PAYMENTS IN LIEU OF BOND. PAYMENTS  
7 MADE IN LIEU OF BOND PRIOR TO THE EFFECTIVE DATE OF  
8 THIS AMENDATORY ACT SHALL NOT BE CREDITED IN ANY  
9 OTHER MANNER, NOR SHALL THE DEPARTMENT BE REQUIRED TO  
10 REFUND SUCH FEES AT ANY TIME. THE ENVIRONMENTAL  
11 QUALITY BOARD SHALL HAVE THE POWER, BY REGULATION, TO  
12 CHANGE THE ANNUAL DEPOSITS ESTABLISHED UNDER THIS  
13 CLAUSE IF IT IS FOUND TO BE NECESSARY TO ACCOMMODATE  
14 A CHANGE IN THE AMOUNT OF THE BOND REQUIRED UNDER  
15 THIS SECTION.

16 (2) AN OPERATOR MAY CONTINUE TO PAY A FEE IN LIEU OF  
17 BOND OR MAKE PHASED DEPOSITS OF COLLATERAL TO FULLY  
18 COLLATERALIZE THE BOND SO LONG AS THE OPERATOR DOES NOT MISS  
19 ANY PAYMENTS FOR WELLS AS PROVIDED UNDER THIS SUBSECTION AND  
20 SO LONG AS THE OPERATOR REMAINS IN COMPLIANCE WITH THE  
21 PROVISIONS OF THIS ACT AND REGULATIONS AND PERMITS ISSUED  
22 THEREUNDER. IF AN OPERATOR HAS MISSED ANY PAYMENTS FOR WELLS  
23 AS PROVIDED UNDER THIS SUBSECTION, THE OPERATOR SHALL:

24 (I) IMMEDIATELY SUBMIT THE APPROPRIATE BOND AMOUNT  
25 IN FULL; OR

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

28 (D.1) (1) AN INDIVIDUAL WHO CANNOT OBTAIN A BOND TO DRILL  
29 NEW WELLS DUE TO AN INABILITY TO DEMONSTRATE FINANCIAL  
30 RESOURCES MAY MEET THE COLLATERAL BOND REQUIREMENTS OF

1 SUBSECTION (A) BY MAKING PHASED DEPOSITS OF COLLATERAL TO  
2 FULLY COLLATERALIZE THE BOND. SUCH INDIVIDUALS SHALL BE  
3 LIMITED TO DRILLING TEN NEW WELLS PER CALENDAR YEAR. THE  
4 INDIVIDUAL SHALL, FOR EACH WELL TO BE DRILLED, DEPOSIT \$500  
5 AND SHALL, THEREAFTER, ANNUALLY DEPOSIT 10% OF THE REMAINING  
6 BOND AMOUNT FOR A PERIOD OF TEN YEARS. INTEREST ACCUMULATED  
7 BY THE COLLATERAL SHALL BECOME A PART OF THE BOND UNTIL SUCH  
8 TIME AS THE COLLATERAL, PLUS ACCUMULATED INTEREST, EQUALS THE  
9 AMOUNT OF THE REQUIRED BOND. THE COLLATERAL SHALL BE  
10 DEPOSITED, IN TRUST, WITH THE STATE TREASURER AS PROVIDED IN  
11 SUBSECTION (A) OR WITH A BANK SELECTED BY THE DEPARTMENT  
12 WHICH SHALL ACT AS TRUSTEE FOR THE BENEFIT OF THE  
13 COMMONWEALTH, TO GUARANTEE THE INDIVIDUAL'S COMPLIANCE WITH  
14 THE DRILLING, WATER SUPPLY REPLACEMENT, RESTORATION AND  
15 PLUGGING REQUIREMENTS OF THIS ACT. THE INDIVIDUAL SHALL BE  
16 REQUIRED TO PAY ALL COSTS OF THE TRUST.

17 (2) INDIVIDUALS MAY CONTINUE TO USE PHASED COLLATERAL TO  
18 OBTAIN PERMITS SO LONG AS THEY HAVE NOT MISSED ANY PAYMENTS  
19 FOR WELLS DRILLED UNDER THIS PROVISION AND SO LONG AS THEY  
20 REMAIN IN COMPLIANCE WITH THIS ACT AND REGULATIONS AND  
21 PERMITS ISSUED THEREUNDER. IF AN INDIVIDUAL HAS MISSED ANY  
22 PAYMENTS FOR WELLS UNDER THIS SUBSECTION, THE OPERATOR SHALL:

23 (I) IMMEDIATELY SUBMIT THE APPROPRIATE BOND AMOUNT  
24 IN FULL; OR

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

27 FOR THE PURPOSES OF THIS SUBSECTION AN "INDIVIDUAL" IS DEFINED  
28 AS AN APPLICANT WHO IS A NATURAL PERSON DOING BUSINESS UNDER HIS  
29 OWN NAME.] THE ENVIRONMENTAL QUALITY BOARD MAY, BY REGULATION,  
30 DEVELOP AN ALTERNATIVE FINANCIAL ASSURANCE REQUIREMENT IN WHICH

AN OPERATOR MAY VOLUNTARILY CHOOSE TO PARTICIPATE. AN OPERATOR PARTICIPATING IN THE ALTERNATIVE FINANCIAL ASSURANCE REQUIREMENT ESTABLISHED PURSUANT TO THIS PARAGRAPH MAY BE EXEMPT FROM A BOND SPECIFIED UNDER SUBSECTION (A). THE ALTERNATIVE FINANCIAL ASSURANCE REQUIREMENT MAY REQUIRE AN INSURANCE POLICY, TRUST FUND OR FINANCIAL MECHANISM BUT MUST PROVIDE FOR FULL COVERAGE OF AN OPERATOR'S WELL PLUGGING LIABILITY AS DETERMINED BY THE BOARD. THE ALTERNATIVE FINANCIAL ASSURANCE MECHANISM MAY ONLY BE UTILIZED TO PLUG WELLS UPON ABANDONMENT AND MAY NOT BE FORFEITED OR OTHERWISE RECOVERED FOR VIOLATIONS OF THE ACT.

\* \* \*

[ (F) OWNERS OR OPERATORS WHO HAVE FAILED TO MEET THE REQUIREMENTS OF THIS SECTION PRIOR TO THE EFFECTIVE DATE OF THIS AMENDATORY ACT SHALL NOT BE REQUIRED TO MAKE PAYMENTS PURSUANT TO THIS SECTION ON A RETROACTIVE BASIS AS A CONDITION OF OBTAINING A PERMIT UNDER THIS ACT NOR SHALL SUCH FAILURE BE DEEMED A VIOLATION OF THIS ACT.]

SECTION 8. SECTIONS 503(C), 505 AND 506 OF THE ACT ARE AMENDED TO READ:

SECTION 503. ENFORCEMENT ORDERS.

\* \* \*

(C) PRIOR TO THE [SUSPENSION OR] REVOCATION OF A WELL PERMIT OR REGISTRATION, THE DEPARTMENT SHALL SERVE WRITTEN NOTICE UPON THE WELL OPERATOR OR ITS AGENT OF THE INTENTION OF THE DEPARTMENT TO [SUSPEND OR] REVOKE AND SHALL STATE WITH SPECIFICITY THE STATUTORY PROVISIONS, APPROPRIATE RULE OR REGULATION OR OTHER REASON AND THE FACTUAL CIRCUMSTANCES WHICH SURROUND THE VIOLATION UPON WHICH THE SUSPENSION OR REVOCATION IS TO BE BASED. THE WELL OPERATOR SHALL HAVE 15 DAYS TO REQUEST A CONFERENCE WITH THE DEPARTMENT TO GIVE SUCH CAUSE WHY SUCH

1 ACTION SHOULD NOT BE TAKEN. UPON RECEIPT OF SUCH WRITTEN NOTICE,  
2 THE DEPARTMENT SHALL HOLD A CONFERENCE AND SHALL, WITHIN 15 DAYS  
3 THEREAFTER, MAKE A DECISION ON WHETHER TO [SUSPEND OR] REVOKE  
4 THE WELL PERMIT OR REGISTRATION. THE DEPARTMENT SHALL PROVIDE  
5 WRITTEN NOTICE OF ITS DECISION TO REVOKE TO THE WELL OPERATOR OR  
6 ITS AGENT, WHICH SHALL BECOME EFFECTIVE UPON RECEIPT THEREOF AND  
7 THE OPERATOR SHALL IMMEDIATELY PLUG THE WELL.

8 \* \* \*

9 SECTION 505. PENALTIES.

10 (A) ANY PERSON WHO VIOLATES ANY PROVISIONS OF THE ACT IS  
11 GUILTY OF A SUMMARY OFFENSE AND, UPON CONVICTION THEREOF, SHALL  
12 BE SENTENCED TO PAY A FINE OF NOT MORE THAN [\$300] \$10,000 OR  
13 UNDERGO IMPRISONMENT OF NOT MORE THAN 90 DAYS, OR BOTH. EACH  
14 DAY'S CONTINUANCE OF SUCH VIOLATION SHALL BE A SEPARATE AND  
15 DISTINCT OFFENSE.

16 (B) ANY PERSON WHO WILLFULLY VIOLATES ANY PROVISIONS OF THIS  
17 ACT OR ANY ORDER OF THE DEPARTMENT ISSUED PURSUANT TO THE  
18 PROVISIONS OF THIS ACT IS GUILTY OF A MISDEMEANOR AND, UPON  
19 CONVICTION THEREOF, SHALL BE SENTENCED TO PAY A FINE OF NOT MORE  
20 THAN [\$5,000] \$150,000 OR UNDERGO IMPRISONMENT OF NOT MORE THAN  
21 ONE YEAR, OR BOTH. EACH DAY'S CONTINUANCE OF SUCH VIOLATION  
22 SHALL BE A SEPARATE DISTINCT OFFENSE.

23 (C) THE DEPARTMENT SHALL HAVE THE AUTHORITY TO INSTITUTE  
24 PROSECUTIONS AGAINST ANY PERSON OR MUNICIPALITY UNDER THIS ACT.  
25 SECTION 506. CIVIL PENALTIES.

26 IN ADDITION TO PROCEEDING UNDER ANY OTHER REMEDY AVAILABLE AT  
27 LAW OR IN EQUITY FOR A VIOLATION OF A PROVISION OF THIS ACT OR A  
28 RULE OR REGULATION OF THE DEPARTMENT OR ANY ORDER OF THE  
29 DEPARTMENT, THE ENVIRONMENTAL HEARING BOARD, AFTER HEARING, MAY  
30 ASSESS A CIVIL PENALTY UPON A PERSON FOR SUCH VIOLATION. SUCH A

1 PENALTY MAY BE ASSESSED WHETHER OR NOT THE VIOLATION WAS  
2 WILLFUL. THE CIVIL PENALTY SO ASSESSED SHALL NOT EXCEED  
3 [\$25,000, PLUS \$1,000] \$100,000, PLUS \$10,500 FOR EACH DAY OF  
4 CONTINUED VIOLATION. IN DETERMINING THE AMOUNT OF THE CIVIL  
5 PENALTY, THE BOARD SHALL CONSIDER THE WILLFULNESS OF THE  
6 VIOLATION, DAMAGE OR INJURY TO THE NATURAL RESOURCES OF THE  
7 COMMONWEALTH OR THEIR USES, ENDANGERMENT OF THE SAFETY OF  
8 OTHERS, COSTS OF REMEDYING THE HARM, SAVINGS RESULTING TO THE  
9 PERSON IN CONSEQUENCE OF SUCH VIOLATION AND OTHER RELEVANT  
10 FACTORS. IT SHALL BE PAYABLE TO THE COMMONWEALTH AND SHALL BE  
11 COLLECTIBLE IN ANY MANNER PROVIDED AT LAW FOR THE COLLECTION OF  
12 DEBTS. IF ANY PERSON LIABLE TO PAY ANY SUCH PENALTY NEGLECTS OR  
13 REFUSES TO PAY THE SAME AFTER DEMAND, THE AMOUNT, TOGETHER WITH  
14 INTEREST AND ANY COSTS THAT MAY ACCRUE, SHALL BE A LIEN IN FAVOR  
15 OF THE COMMONWEALTH UPON THE PROPERTY, BOTH REAL AND PERSONAL,  
16 OF SUCH PERSON BUT ONLY AFTER SAME HAS BEEN ENTERED AND DOCKETED  
17 OF RECORD BY THE PROTHONOTARY OF THE COUNTY WHERE SUCH IS  
18 SITUATED. THE BOARD MAY, AT ANY TIME, TRANSMIT TO THE  
19 PROTHONOTARIES OF THE RESPECTIVE COUNTIES CERTIFIED COPIES OF  
20 ALL SUCH LIENS, AND IT SHALL BE THE DUTY OF EACH PROTHONOTARY TO  
21 ENTER AND DOCKET THE SAME OF RECORD IN HIS OFFICE AND TO INDEX  
22 THE SAME AS JUDGMENTS ARE INDEXED, WITHOUT REQUIRING THE PAYMENT  
23 OF COSTS AS A CONDITION PRECEDENT TO THE ENTRY THEREOF.

24 SECTION 9. SECTIONS 601(A) AND 602 OF THE ACT, AMENDED JULY  
25 2, 1992 (P.L.365, NO.78), ARE AMENDED TO READ:

26 SECTION 601. WELL PLUGGING FUNDS.

27 (A) ALL FINES, CIVIL PENALTIES, PERMIT AND REGISTRATION FEES  
28 COLLECTED UNDER THIS ACT ARE HEREBY APPROPRIATED TO THE  
29 DEPARTMENT OF ENVIRONMENTAL [RESOURCES] PROTECTION TO CARRY OUT  
30 THE PURPOSES OF THIS ACT.

1       \* \* \*

2       SECTION 602.   LOCAL ORDINANCES.

3       EXCEPT WITH RESPECT TO ORDINANCES ADOPTED PURSUANT TO THE ACT  
4       OF JULY 31, 1968 (P.L.805, NO.247), KNOWN AS THE PENNSYLVANIA  
5       MUNICIPALITIES PLANNING CODE, [AND], THE ACT OF OCTOBER 4, 1978  
6       (P.L.851, NO.166), KNOWN AS THE FLOOD PLAIN MANAGEMENT ACT, AND  
7       THE ACT OF MARCH 31, 1927 (P.L.98, NO.69), KNOWN AS THE SECOND  
8       CLASS CITY ZONING LAW, ALL LOCAL ORDINANCES AND ENACTMENTS  
9       PURPORTING TO REGULATE OIL AND GAS WELL OPERATIONS REGULATED BY  
10      THIS ACT ARE HEREBY PREEMPTED AND SUPERSEDED TO THE EXTENT THE  
11      ORDINANCES AND ENACTMENTS REGULATE THE METHOD OF OIL AND GAS  
12      WELL OPERATIONS. NO ORDINANCES OR ENACTMENTS ADOPTED PURSUANT TO  
13      THE AFOREMENTIONED ACTS SHALL CONTAIN PROVISIONS WHICH IMPOSE  
14      CONDITIONS, REQUIREMENTS OR LIMITATIONS ON THE [SAME FEATURES]  
15      METHOD OF OIL AND GAS WELL OPERATIONS REGULATED BY THIS ACT OR  
16      THAT ACCOMPLISH THE SAME PURPOSES AS SET FORTH IN THIS ACT. [THE  
17      COMMONWEALTH, BY THIS ENACTMENT, HEREBY PREEMPTS AND SUPERSEDES  
18      THE REGULATION OF OIL AND GAS WELLS AS HEREIN DEFINED.] NOTHING  
19      IN THIS ACT SHALL AFFECT THE TRADITIONAL POWER OF LOCAL  
20      GOVERNMENT TO REGULATE ZONING AND LAND DEVELOPMENT OF OIL AND  
21      GAS ACTIVITIES AS WELL AS OTHER ASPECTS, SUCH AS THE TIME AND  
22      THE PLACE OF OPERATIONS TO PROTECT THE HEALTH, SAFETY AND  
23      WELFARE OF THE GENERAL PUBLIC THROUGH LOCAL ORDINANCES AND  
24      ENACTMENTS.

25      SECTION 10.   THIS ACT SHALL TAKE EFFECT IN 60 DAYS.