



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO.  
White

265

PRINTERS NO. 242

PRIME SPONSOR: M.

### COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$75,000	\$0

**SUMMARY:** Senate Bill 265 amends the Coal and Gas Resource Coordination Act (Act 214 of 1984), providing for adequate spacing between gas well clusters and workable coal seams.

**ANALYSIS:** This bill amends the Coal and Gas Resource Coordination Act (Act 214 of 1984) to define several terms, including “active coal mine” as the portion of a workable coal seam shown on a five-year timing map prepared by the mine operator and provided to the Department of Environmental Protection (DEP), for permitting purposes. Other terms include “operating coal mine” is defined as a workable coal seam covered by an underground mining permit by DEP, while the definition of “workable coal seam” is further clarified in the bill.

In addition to including the “Oil and Gas Act” to the list of definitions, the bill addresses “well cluster” to mean an area within a well pad intended to host multiple horizontal wells and which comprises an area no greater than 5,000 square feet. This is to address adequate and safe spacing between gas well clusters and workable coal seams. As a result, SB265 prohibits gas wells from within 2,000 feet of the nearest well cluster when drilling through workable coal seams, unless the permit applicant and the owner of the workable coal seam consent in writing to provide adequate spacing between gas well clusters.

The bill also requires the DEP to commission an independent study to conduct a comprehensive evaluation and update to the Joint Coal and Gas Committee Gas Well Pillar Study, initially commissioned in 1956. The study’s assessment must be completed, submitted to DEP and published in the Pennsylvania Bulletin within 240 days of the effective date of the Act. The Environmental Quality Board may promulgate regulations allowing for modifications to the maximum square footage of a well cluster, based on the findings of this study.

This bill will take effect immediately upon enactment.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse impact on Commonwealth Funds. However, it is projected that DEP would incur a one-time cost of \$75,000 to contract an independent study to evaluate and update the Joint Coal and Gas Committee Gas Well Pillar Study. Any other administrative or operational costs should be covered under existing authorized funding.

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**DATE:** April 27, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*