



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 279

PRINTERS NO. 1903

PRIME SPONSOR: Hutchinson

COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	\$0	\$0

SUMMARY: Senate Bill 279, Printer's Number 1903, establishes the Pennsylvania Grade Crude Development Council and abrogates pending regulations for conventional oil and gas wells.

ANALYSIS: This bill establishes the Pennsylvania Grade Crude Development Act and creates the Pennsylvania Grade Crude Development Advisory Council.

The Council will consist of the following: the Secretary of the Department of Community and Economic Development (DCED); the Secretary of the Department of Environmental Protection (DEP); one member of the Senate appointed by the Senate President pro tempore; one member of the Senate appointed by the Senate Minority Leader; one member of the House of Representatives appointed by the House Speaker; and one member of the House of Representatives appointed by the House Minority Leader. The following members appointed by the Governor include: two representatives of the Pennsylvania Independent Petroleum Producers; two representatives of the Pennsylvania Independent Oil and Gas Association; two representatives of the Pennsylvania Grade Crude Oil Coalition; two representatives of refineries of Pennsylvania grade crude oil; one representative of a nonprofit corporation, which has the purpose of promoting the history and economic benefits of the conventional oil and gas industry in this Commonwealth; one representative of academia who is a geologist with an expertise in petroleum geology; and one representative of academia who is a hydrologist.

The legislation outlines several duties of the council, which include:

- 1) Examine and make recommendations regarding existing technical regulations and policies implemented by DEP that impact the conventional oil and gas industry.
- 2) Explore the development of a regulatory scheme that provides for environmental oversight and enforcement specifically applicable to the conventional oil and gas industry.
- 3) Promote the long-term viability of the conventional oil and gas industry.
- 4) Assist the DEP Secretary with and provide written comments on new departmental policy that will impact the conventional oil and gas industry.
- 5) Review and comment on the formulation and drafting of all technical regulations proposed under Title 58 (Oil and Gas).
- 6)

- 7) Provide institutional support for the conventional oil and gas industry by ensuring effective cooperation and communication among governmental agencies and the academic and research community.
- 8) Recommend appropriate measures relating to the promotion and development of the conventional oil and gas industry.
- 9) Develop a plan to increase Pennsylvania grade crude oil production in an environmentally responsible way to more adequately supply the refineries which depend on Pennsylvania grade crude oil.
- 10) Develop a joint working group with DEP to explore and develop an environmentally responsible and economically viable production water management option.
- 11) Perform other duties as necessary or appropriate to effect the intent and purposes of this act.

In addition to the list of required duties, the council shall issue an annual report and distribute it to the Governor, House and Senate Leadership, the chairpersons of the House and Senate Environmental Resources and Energy committees and the Secretary of DEP. The report shall outline the council's activities and recommendations.

The bill further outlines duties for the departments to assist with the operation of the council. The DEP shall consult with the council on all policies and technical regulations promulgated under 58 Pa.C.S. (relating to oil and gas); include any written comments of the council with any proposed rulemaking of technical regulations relating to oil and gas; and provide technical assistance to the council to carry out its duties.

The Department of Community and Economic Development (DCED) shall provide administrative support, office space and any other technical assistance required by the council to carry out its duties.

The bill also abrogates all regulations approved by the Environmental Quality Board (EQB) in 2016 prior to the bill's effective date insofar as they pertain to conventional oil and gas wells. Any future rulemaking after the bill's effective date concerning conventional oil and gas wells must be conducted separately and independently of rulemaking for unconventional wells.

This legislation would take effect immediately upon enactment.

FISCAL IMPACT: Enactment of this bill will have no adverse fiscal impact on Commonwealth funds. The council members may not receive compensation for their services, but are entitled to be reimbursed for travel and other reasonable expenses incurred when performing their duties. Costs incurred by DCED will depend upon the number of meetings held and if members request reimbursements.

While DCED is required to provide administrative support, office space and other technical assistance, the department reports that any additional expenses to operate and support the council would be covered under existing operations. It should also be noted that DEP does not anticipate any additional expenses in the performance of their duties under the act.

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