

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.**

Senate Bill 265

**PRINTER'S NO.**

242

**AMOUNT**

\$75,000

**FUND**

General

**DATE INTRODUCED**

January 26, 2011

**PRIME SPONSOR**

Senator M.J. White

**HISTORY OF BILL**Referred to ENVIRONMENTAL RESOURCES AND ENERGY, Jan. 26, 2011Reported as committed, Feb. 14, 2011

First consideration, Feb. 14, 2011

Re-referred to APPROPRIATIONS, Feb. 16, 2011Re-reported as committed, Feb. 28, 2011**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 265 amends the Coal and Gas Resource Coordination Act. The bill specifically defines an "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. An "operating coal mine" is defined as a workable coal seam covered by an underground mining permit by DEP. The definition of a workable coal seam is also further clarified in the bill. The bill specifies a "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.

The bill creates adequate and safe spacing between gas well clusters and workable coal seams. No permit for a gas well covered by the Act would be issued unless the gas well cluster is located at least 2,000 feet from the nearest well cluster, unless the permit applicant and the owner of the workable coal seam consent in writing. Should the permit applicant and coal owner not agree, a dispute resolution process is activated to resolve the spacing issue.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

The bill 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.

The Act takes effect immediately.

### **FISCAL IMPACT:**

The DEP estimates that the cost of contracting for an independent study to evaluate and update the Joint Coal and Gas Committee Gas Well Pillar Study would be about \$75,000. No other costs to the Commonwealth from the bill's provisions are anticipated.