

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 1100

**PRINTER'S NO.** 1723

**AMOUNT**

Minimal Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

May 16, 2011

**PRIME SPONSOR**

Senator Scarnati

**HISTORY OF BILL**

Referred to ENVIRONMENTAL RESOURCES AND ENERGY, May 16, 2011

Reported as amended, June 14, 2011

First consideration, June 14, 2011

Re-referred to APPROPRIATIONS, June 30, 2011

Re-reported as amended, Oct. 26, 2011

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 1100, as amended, amends Title 58 (Oil and Gas) by consolidating the Oil and Gas Act (Act of Dec. 19, 1984, P.L. 1140, No. 223) into Title 58 with modifications to environmental safeguards as they relate to unconventional gas wells.

Specifically, Senate Bill 1100 makes the following changes with regard to environmental safeguards:

Notification

- Increases notification requirements from **1,000** feet to **3,000** feet for unconventional wells.
- Requires notification for any municipality within **3,000** feet of the proposed unconventional well.

Denial of Permit

- The department may further deny a permit if the operator:
  - Is in continuing violation and the likely result of the violation is an unsafe operation or environmental damage.
  - Does not have a reasonable written plan to reuse at least 30% of the total water that will be used to hydraulically fracture the well.
- The department shall consider and may deny or condition a well permit based on the impacts to sources used for public drinking water supplies, and whether the proposed well location is within a floodplain.

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### Well Location Restrictions

- Increases the setback distance from an unconventional well and an existing building or existing water well from **200** feet to **500** feet.
- Increases the setback distance from an unconventional well and a spring or body of water identified on the most current 7 ½ minute topographic map from **100** feet to **300** feet.
- Restricts an unconventional well from being located within **1,000** feet of a public water supply source defined in the Safe Drinking Water Act.
- The department may establish additional protective measures for the storage of hazardous chemicals or material intended to be used on the well drilling site within **500** feet of any such stream, spring, body of water or wetland.

### Protection of Water Supplies

- Requires a well operator who affects a public or private water supply by pollution or diminution to replace the water supply with a source that meets the applicable water quality standards consistent with the Safe Drinking Water Act.
- Creates a single statewide toll-free number for reported cases of water contamination.

### Presumption

- Increases the distance an operator drilling an unconventional well is presumed responsible for pollution of a water supply from **1,000** feet to **3,000** feet if pollution occurred within 12 months after stimulation or alteration of the well.

### Containment

- Requires well pad sites to be designed and constructed to prevent spills to the ground surface or spills off the well pad area.

### Transportation Regulations

- Requires the department to adopt regulations regarding record keeping on transporting, processing and treatment or disposal of wastewater from unconventional wells.

### Emergency Response Information

- Requires PEMA and the department to adopt emergency regulations directing the operators of unconventional wells to:
  - Implement a unique GPS coordinate address for each well at the access road entrance and well pad site.
  - Register the address with the department and the county emergency management organization.
  - Develop an emergency response plan.
  - Post a reflective sign at the entrance to each well site.

### Reporting Requirements

- Requires each unconventional well operator to file semi-annual report specifying the amount of production from each well.

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### Collection of Data

- Further requires the stimulation record that the operator reports to include:
  - A descriptive list of chemical additives.
  - Percent by volume of each chemical additive.
  - A list of chemicals in the material safety data sheet.
  - Percent by volume of each chemical list in the material date safety sheets.
  - Total volume of the base fluid.
  - A list of water sources used under the approved management plan and the volume of water used.
  - The pump rates and pressure used in the well.
  - The total volume of recycled water used.
- Prevents the department from disclosing any confidential information to the extent permitted under Right-to-Know Law, or other Federal or State law.

### Well Bonding

- Increases well bonding requirements for wells with a total well bore length greater than **6,000** feet to:
  - Up to 25 wells
    - \$10,000 per well, not to exceed \$120,000.
  - 26-50 wells
    - \$120,000 plus \$10,000 per well for each well in excess of 25 wells, not to exceed to \$240,000.
  - 51-150 wells
    - \$240,000 plus \$10,000 per well for each well in excess of 50 wells, not to exceed \$360,000.
  - 150+ wells
    - \$360,000 plus \$10,000 per well for each well in excess of 150 wells, not to exceed \$500,000.

### Inspection Reports

- The department will post the inspection reports on its publicly accessible Internet website to include the nature and description of violation, operator's written response, status of violation and the remedial steps taken by the operator or the department to address the violation.

### Penalties

- Criminal
  - Increases the fine paid from \$300 to \$1,000.
- Civil
  - Increases the fine for unconventional wells from \$25,000 plus \$1,000 for each continuing day of violation to \$75,000 plus \$5,000.

### Local Zoning

- Requires the PUC to publish a model zoning ordinance that includes standards set forth in the bill.
- Prohibits a county or municipality that adopts a zoning ordinance which exceeds the model from receiving funding from the impact fee.

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Senate Bill 1100 repeals the Oil and Gas Act (Act 223 of 1984), and chapter 32 of Title 58 is a continuation of that act.

This act shall take effect immediately.

### **FISCAL IMPACT:**

Senate Bill 1100, as amended, mostly affects the regulation and conduct of private entities. Such activities do not have an adverse fiscal impact on Commonwealth funds.

The Department of Environmental Protection may incur minimal costs for performing additional duties such as ensuring compliance, receiving reports and posting them on its Internet website. However, well permit fees received by the department are intended to pay for the department's administrative costs in overseeing oil and gas regulation.

With regard to the requirement that the Pennsylvania Emergency Management Agency and the department adopt emergency regulations affecting the operators of unconventional wells, both the agency and the department have indicated that these requirements can be accomplished with minimal fiscal impact to their respective agencies (see Senate Bill 995).