



Written Testimony on House Bill 170

American Petroleum Institute Pennsylvania

Stephanie Catarino Wissman, Executive Director

Pennsylvania House Environmental Resources and Energy Committee

October 30, 2023, Harrisburg, PA.

API represents all segments of America's natural gas and oil industry, which supports nearly 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our approximately 600 members produce, process, and distribute the majority of the nation's energy, and participate in [API Energy Excellence®](#), which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability.

API standards are incorporated into federal regulations and state rules across the nation, including here in Pennsylvania. API encourages and participates in the development of state regulations and other regulatory documents that are protective of public health and safety, the environment, and the industry workforce.

In this context, API PA offers the following comments on House Bill 170, which provides for increased setback distances for unconventional wells from 500 ft from a building to 2,500 ft; extends setbacks from streams, wetlands, and source waters for water purveyors to 2,500 ft; as well as establishing a new setback of 2,500 ft for compressors, pits, tanks and other such development facilities and 5,000 ft from schools and hospitals.

In short, House Bill 170 is a de facto ban on new and responsible natural gas development. Our industry is producing natural gas cleaner, better and safer than ever before - advancing best practices and following the state's robust regulatory framework, including current setbacks - while spurring economic growth and providing sustainable high-paying jobs for Pennsylvanians. For these reasons, API PA strongly opposes House Bill 170.

Pennsylvania is the second-largest producer of natural gas in the nation. The U.S. Energy Information Administration – or EIA - estimates proven [reserves](#) in the Marcellus shale basin of 144.7 trillion cubic feet (Tcf), and roughly 31.8 Tcf in the Utica Shale. EIA estimates that there are an additional 671 Tcf of technically recoverable natural gas resources in these two basins that have yet to be discovered. This extraordinary amount of natural gas is equal to more than 170 years' worth of the natural gas consumed for home and water heating in the entire United States. House Bill 170 could in effect prohibit production of this resource and destroy the many significant benefits that result from it.



Increasing well location setbacks as provided for in this legislation would essentially ban unconventional natural gas development in Pennsylvania by restricting well locations to very limited areas. In fact, a 500-foot setback increased to 2,500 feet would prohibit production from an area 25 times larger than our current protected areas. Moreover, subjectively expanding setback areas in this manner could unnecessarily inhibit the ability for Pennsylvania residents to produce their subsurface property, in effect, condemning property without just compensation.

Expanding setbacks in Pennsylvania is not only punitive but also unnecessary. Our industry prioritizes public health and safety protections in the communities in which we operate, following numerous best practices, standards, and regulations. Pennsylvania has one of the strictest and robust regulatory frameworks in the nation for natural gas development, including proper setbacks. Data from a decade of health studies does not indicate a causal relationship between adverse health outcomes and industry operations, suggesting that the current setback distances, regulations, and industry practices could minimize the likelihood of exposure-related health issues. Therefore, environmental protection can be addressed through targeted regulations rather than significantly increasing setback distances. This approach can effectively manage identified risks without unnecessarily burdening the industry. API PA strongly recommends a transparent and accountable regulatory process that reviews and updates setback distances based on scientific findings. Instead of imposing significant, arbitrary increases, regulations should reflect the best available scientific knowledge.

Shale-rich Pennsylvania relies on natural gas development to sustain our economy, spur economic development, and job growth and provide good jobs that are simply irreplaceable. According to a [new analysis](#) conducted by PricewaterhouseCoopers, the natural gas and oil industry contributed over [\\$75 billion](#) toward Pennsylvania's gross domestic product (GDP), or 8.9 percent of the state's total, and fueled every sector of our economy in 2021. Across the country, natural gas and oil generates nearly \$1.8 trillion, or 7.6 percent, of the U.S. GDP.

Beyond the billions of dollars injected into our state's economy, the natural gas and oil industry supports 423,700 total jobs. Of this, over 93,000 are direct natural gas and oil jobs and more than 330,600 are indirect jobs – from truck drivers to contractors and manufacturers – or 5.6 percent of Pennsylvania's total employment. To put this in perspective, the total number of jobs supported by industry in Pennsylvania is equal to four times the capacity of Penn State University's Beaver Stadium.

And both producing and non-producing regions benefit from Pennsylvania-produced natural gas with increased access to abundant, reliable energy and revenues from the state's impact tax on natural gas wells that funds environmental programs, infrastructure upgrades, parks and trails and other community projects.

Since 2012, the impact tax on the natural gas industry has generated over \$2.5 billion, supporting projects in every single county in the Commonwealth as well as numerous statewide programs and state government agencies. This is in addition to hundreds of millions in corporate and personal income taxes, and a variety of other state revenue generators.



Finally, when last assessed, royalty [payments](#) to Pennsylvania landowners where natural gas is produced totaled more than \$9.8 billion from 2010 to 2018, with a minimum royalty rate of 12.5 percent. These payments continue to be a catalyst for growth and benefit many families, multi-generational family-owned farms, and businesses.

While the direct benefits to Pennsylvania and Pennsylvanians cannot be underscored enough, it is also important to consider the vital impact of our state's natural gas on reducing carbon dioxide (CO₂) emissions. Simply put, natural gas has generated massive CO₂ emissions reductions that rival those from any other fuel, technology, regulation, or mandate. Since the shale revolution began, low-cost natural gas has driven a shift in the electric power generation market away from more carbon intensive fuels, fueling significant environmental benefits, including contributing to an almost 40% decline in CO₂ emissions.

In fact, this new gas generation has been responsible for nearly two-thirds of the CO₂ emissions reductions in the power sector since 2005. Over the past 15 years, the U.S. electricity generation mix has shifted away from coal and toward natural gas and renewables, resulting in lower CO₂ [emissions](#) from electricity generation. In 2022, the U.S. electric power sector produced 1,539 million metric tons (MMmt) of CO₂, 36% less than the 2,411 MMmt produced in 2005.

Our industry has also taken great stride to reduce fugitive methane emissions. In fact, average methane emissions intensity [declined](#) by nearly 66% across the seven major producing regions from 2011-2021, even while production has continued to increase. Led by API, the more than 100 companies in The Environmental Partnership [reduced](#) total flare volumes in 2022 by 14% from the previous year, and these companies continue to collaborate on ways to realize further reductions.

This is real environmental progress. This progress could be exported globally so that other countries could realize similar carbon reductions, as our allies in Europe and around the world look to cleaner-made U.S. natural gas to lower CO₂ emissions and avoid supporting unstable regimes in Russia and elsewhere. We could be exporting liquefied natural gas (LNG) from the Port of Philadelphia, bringing significant new investment, as well as construction and permanent jobs, to the region, all while positioning Pennsylvania as a leader in global energy security. Likewise, our neighbors in New England and across the country could see lower energy costs, lower CO₂ emissions, and greater energy security through expanded use of Pennsylvania's natural gas.

As mentioned earlier, API is a standards-setting organization. We establish the standards by which the world's natural gas and oil industry is measured, through a comprehensive and rigorous process. Throughout our industry's operations, protecting the safety and health of our workforce and the public is the top priority, while helping to ensure environmental protection. As such, we understand the need for, and importance of, a robust regulatory framework. However, we believe these rules should be grounded in sound science and engineering principles and should foster ingenuity and innovation.

Through the application of proven engineering techniques, industry risk management practices and standards, and a robust state regulatory framework, operators in Pennsylvania have been able to achieve new milestones in energy efficiency, community health and safety, and environmental protection, while producing the affordable, reliable natural gas that keeps the lights on and heats our homes and supports our economy.



American Petroleum Institute

Pennsylvania

Natural gas is used by half of all U.S. households and will be needed for the foreseeable future, and it is being developed cleaner and better here in Pennsylvania.

House Bill 170 places all of this in jeopardy. As a result, API PA firmly opposes this legislation and increased setbacks in Pennsylvania.