

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1046 Session of 2011

INTRODUCED BY SONNEY, EVERETT, FABRIZIO, GEORGE, HALUSKA,
HARPER, HORNAMAN, KORTZ, PICKETT, REICHLEY, VULAKOVICH,
WAGNER AND WATERS, MARCH 14, 2011

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
MARCH 14, 2011

AN ACT

1 Amending the act of December 19, 1984 (P.L.1140, No.223),
2 entitled "An act relating to the development of oil and gas
3 and coal; imposing duties and powers on the Department of
4 Environmental Resources; imposing notification requirements
5 to protect landowners; and providing for definitions, for
6 various requirements to regulate the drilling and operation
7 of oil and gas wells, for gas storage reservoirs, for various
8 reporting requirements, including certain requirements
9 concerning the operation of coal mines, for well permits, for
10 well registration, for distance requirements, for well casing
11 requirements, for safety device requirements, for storage
12 reservoir obligations, for well bonding requirements, for a
13 Well Plugging Restricted Revenue Account to enforce oil and
14 gas well plugging requirements, for the creation of an Oil
15 and Gas Technical Advisory Board, for oil and gas well
16 inspections, for enforcement and for penalties," in general
17 requirements, further providing for well location
18 restrictions and for bonding; and, in miscellaneous
19 provisions, further providing for well plugging funds.

20 The General Assembly of the Commonwealth of Pennsylvania
21 hereby enacts as follows:

22 Section 1. Section 205 of the act of December 19, 1984
23 (P.L.1140, No.223), known as the Oil and Gas Act, is amended by
24 adding a subsection to read:
25 Section 205. Well location restrictions.

1 * * *

2 (b.1) No well site may be prepared or a well drilled within
3 330 feet from a surface property line. This subsection shall not
4 apply to wells drilled into the Middle Devonian Marcellus
5 Formation or the Oriskany Formation.

6 * * *

7 Section 2. Sections 215(a)(1) and (2) and 601(b) and (c)(1)
8 of the act, amended July 2, 1992 (P.L.365, No.78), are amended
9 to read:

10 Section 215. Bonding.

11 (a) (1) Except as provided in subsection (d) hereof, upon
12 filing an application for a well permit and before continuing
13 to operate any oil or gas well, the owner or operator thereof
14 shall file with the department a bond for the well and the
15 well site on a form to be prescribed and furnished by the
16 department. Any such bond filed with an application for a
17 well permit shall be payable to the Commonwealth and
18 conditioned that the operator shall faithfully perform all of
19 the drilling, water supply replacement, restoration and
20 plugging requirements of this act. Any such bond filed with
21 the department for a well in existence on the effective date
22 of this act shall be payable to the Commonwealth and
23 conditioned that the operator shall faithfully perform all of
24 the water supply replacement, restoration and plugging
25 requirements of this act. The amount of the bond required
26 shall be [in the amount of \$2,500 per well for at least two
27 years following the effective date of this act, after which
28 time the bond amount may be adjusted by the Environmental
29 Quality Board every two years to reflect the projected costs
30 to the Commonwealth of performing well plugging.] the

1 following amounts and may be adjusted by the Environmental
2 Quality Board every two years to reflect the projected costs
3 to the Commonwealth of performing well plugging:

4 (i) For wells with a total well bore length less
5 than 6,000 feet:

6 (A) For operating up to 50 wells, \$4,000 per
7 well, provided the operator may not be required to
8 provide a bond under this clause exceeding \$35,000.

9 (B) For operating 51 to 150 wells, \$39,000 plus
10 \$4,000 per well for each well in excess of 51 wells,
11 provided the operator may not be required to provide
12 a bond under this clause exceeding \$60,000.

13 (C) For operating 151 to 250 wells, \$64,000 plus
14 \$4,000 per well for each well in excess of 151 wells,
15 provided the operator may not be required to provide
16 a bond under this clause exceeding \$100,000.

17 (D) For operating more than 250 wells, \$104,000
18 plus \$4,000 per well for each well in excess of 250
19 wells, provided the operator may not be required to
20 provide a bond under this clause exceeding \$250,000.

21 (ii) For wells with a total well bore length greater
22 than 6,000 feet:

23 (A) For operating up to 25 wells, \$10,000 per
24 well, provided the operator may not be required to
25 provide a bond under this clause exceeding \$60,000.

26 (B) For operating 26 to 50 wells, \$70,000 plus
27 \$10,000 per well for each well in excess of 26 wells,
28 provided the operator may not be required to provide
29 a bond under this clause exceeding \$120,000.

30 (C) For operating 51 to 150 wells, \$121,000 plus

1 \$10,000 per well for each well in excess of 51 wells,
2 provided the operator may not be required to provide
3 a bond under this clause exceeding \$180,000.

4 (D) For operating more than 150 wells, \$190,000
5 plus \$10,000 per well for each well in excess of 151
6 wells, provided the operator may not be required to
7 provide a bond under this clause exceeding \$250,000.

8 [(2) In lieu of individual bonds for each well, an owner
9 or operator may file a blanket bond, on a form prepared by
10 the department, covering all of its wells in Pennsylvania as
11 enumerated on the bond form. A blanket bond shall be in the
12 amount of \$25,000 for at least two years following the
13 effective date of this act, after which time the bond amount
14 may be adjusted by the Environmental Quality Board every two
15 years to reflect the projected costs to the Commonwealth of
16 performing well plugging.]

17 * * *

18 Section 601. Well plugging funds.

19 * * *

20 (b) To aid in the indemnification of the Commonwealth for
21 the cost of plugging abandoned wells, there shall be added to
22 the permit fee established by the department under section 201
23 for new wells a [\$50] \$100 surcharge. All moneys collected as a
24 result of this surcharge shall be paid into the State Treasury
25 into a restricted revenue account to be known as the Abandoned
26 Well Plugging Fund, hereby established, and shall be expended by
27 the department to plug abandoned wells which threaten the health
28 and safety of persons or property or pollution of the waters of
29 the Commonwealth.

30 (c) (1) There is hereby created a restricted revenue

1 account to be known as the Orphan Well Plugging Fund. There
2 shall be added to the permit fee established by the
3 department under section 201 for new wells a [\$100] \$200
4 surcharge for wells to be drilled for oil production and a
5 [\$200] \$400 surcharge for wells to be drilled for gas
6 production, which surcharges shall be placed in the Orphan
7 Well Plugging Fund and shall be expended by the department to
8 plug orphan wells. If an operator rehabilitates a well
9 abandoned by another operator or an orphan well, the permit
10 fee and the surcharge for such well shall be waived.

11 * * *

12 Section 3. This act shall take effect in 60 days.