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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 590 Session of  
2024

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INTRODUCED BY KEARNEY, HUGHES, KANE, FONTANA, CAPPELLETTI AND  
MUTH, JANUARY 29, 2024

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REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JANUARY 29, 2024

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AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated  
2 Statutes, in development, further providing for bonding.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Section 3225(a)(1) of Title 58 of the  
6 Pennsylvania Consolidated Statutes is amended to read:

7 § 3225. Bonding.

8 (a) General rule.--The following shall apply:

9 (1) Except as provided in subsection (d), upon filing an  
10 application for a well permit and before continuing to  
11 operate an oil or gas well, the owner or operator of the well  
12 shall file with the department a bond covering the well and  
13 well site on a form to be prescribed and furnished by the  
14 department. A bond filed with an application for a well  
15 permit shall be payable to the Commonwealth and conditioned  
16 upon the operator's faithful performance of all drilling,  
17 water supply replacement, restoration and plugging  
18 requirements of this chapter. A bond for a well in existence

1 on April 18, 1985, shall be payable to the Commonwealth and  
2 conditioned upon the operator's faithful performance of all  
3 water supply replacement, restoration and plugging  
4 requirements of this chapter. The amount of the bond required  
5 shall be in the following amounts and amounts under  
6 subparagraphs (i) and (ii) [~~may~~] shall be reviewed and  
7 adjusted by the Environmental Quality Board [~~every two years~~  
8 to reflect the projected costs to the Commonwealth of  
9 plugging the well] under subparagraph (iv):

10 (i) For unconventional wells with a total well bore  
11 length less than 6,000 feet:

12 (A) For operating up to 50 wells, [~~\$4,000~~]  
13 \$8,000 per well, but no bond may be required under  
14 this clause in excess of [~~\$35,000~~] \$70,000.

15 (B) For operating 51 to 150 wells, [~~\$35,000~~]  
16 \$70,000 plus [~~\$4,000~~] \$8,000 per well for each well  
17 in excess of 50 wells, but no bond may be required  
18 under this clause in excess of [~~\$60,000~~] \$120,000.

19 (C) For operating 151 to 250 wells, [~~\$60,000~~]  
20 \$120,000 plus [~~\$4,000~~] \$8,000 per well for each well  
21 in excess of 150 wells, but no bond may be required  
22 under this clause in excess of [~~\$100,000~~] \$200,000.

23 (D) For operating more than 250 wells,  
24 [~~\$100,000~~] \$200,000 plus [~~\$4,000~~] \$8,000 per well for  
25 each well in excess of 250 wells, but no bond may be  
26 required under this clause in excess of [~~\$250,000~~]  
27 \$500,000.

28 (ii) For unconventional wells with a total well bore  
29 length of at least 6,000 feet:

30 (A) For operating up to 25 wells, [~~\$10,000~~]

1           \$20,000 per well, but no bond may be required under  
2           this clause in excess of [\$140,000] \$280,000.

3           (B) For operating 26 to 50 wells, [\$140,000]  
4           \$280,000 plus [\$10,000] \$20,000 per well for each  
5           well in excess of 25 wells, but no bond may be  
6           required under this clause in excess of [\$290,000]  
7           \$580,000.

8           (C) For operating 51 to 150 wells, [\$290,000]  
9           \$580,000 plus [\$10,000] \$20,000 per well for each  
10          well in excess of 50 wells, but no bond may be  
11          required under this clause in excess of [\$430,000]  
12          \$860,000.

13          (D) For operating more than 150 wells,  
14          [\$430,000] \$860,000 plus [\$10,000] \$20,000 per well  
15          for each well in excess of 150 wells, but no bond may  
16          be required under this clause in excess of [\$600,000]  
17          \$1,200,000.

18          (iii) For a well other than an unconventional well,  
19          \$2,500 per well. For 10 years following the effective  
20          date of this subparagraph, the Environmental Quality  
21          Board and the department shall have no authority to  
22          adjust the amount under this subparagraph.

23          (iv) The first year after the effective date of this  
24          subparagraph and annually thereafter, the Environmental  
25          Quality Board shall review the amount of the bond  
26          required for an unconventional well under subparagraphs  
27          (i) and (ii) and adjust the base amount of the bond  
28          required under subparagraphs (i) and (ii) as follows:

29                  (A) In each successive year in which there is a  
30                  positive percentage change in the Consumer Price

1 Index for All Urban Consumers for the Pennsylvania,  
2 New Jersey, Delaware and Maryland area for the most  
3 recent 12-month period for which figures have been  
4 officially reported by the United States Department  
5 of Labor Statistics, Bureau of Labor Statistics  
6 immediately prior to the date the adjustment is due  
7 to take effect, the positive percentage change shall  
8 be added to the base amounts and the amounts shall be  
9 preliminary adjusted amounts. The preliminary amounts  
10 shall be rounded to the nearest \$100 to determine the  
11 new final adjusted base amount and this amount shall  
12 be transmitted to the Legislative Reference Bureau by  
13 the Environmental Quality Board for publication in  
14 the next available issue of the Pennsylvania Bulletin  
15 within 20 days of the date the determination is made.

16 (B) In any year there is no positive percentage  
17 change in the successive year as determined under  
18 clause (A), the Environmental Quality Board shall  
19 determine the amount of any increase in the projected  
20 cost to the Commonwealth of plugging the well under  
21 subparagraphs (i) and (ii). Upon a determination of  
22 an increase to the projected costs to the  
23 Commonwealth, the increase determined for each  
24 category of well shall be added to each base amount,  
25 and the amounts shall be considered preliminary  
26 adjusted amounts. The preliminary amounts shall be  
27 rounded to the nearest \$100 to determine the new  
28 final adjusted base amount and this amount shall be  
29 transmitted to the Legislative Reference Bureau by  
30 the Environmental Quality Board for publication in

1                   the next available issue of the Pennsylvania Bulletin  
2                   within 20 days of the date the determination is made.

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4                   Section 2. All regulations are abrogated insofar as they are  
5 inconsistent with the amendment of 58 Pa.C.S. § 3225(a)(1).

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