

# House Bill 1950 - Act 13 Unconventional Gas Well Impact Fee

On February 14, 2012, Governor Corbett signed House Bill 1950 into law as Act 13 of 2012 or the Unconventional Gas Well Impact Fee Act (Act 13), which amends Title 58 (Oil and Gas) of the Pennsylvania Consolidated Statutes, providing for an impact fee, Oil and Gas Act amendments and standards for local ordinances. The Act allows counties to pass ordinances to impose an impact fee on unconventional gas well producers and alternatively allows municipalities to adopt resolutions compelling the imposition of fees related to these wells.

Fee is ....

- Based on price of gas
- Levied for 15 years
- Adjusted for inflation

Producers cannot pass fees onto landowners and leaseholders

Producers must pay fee to receive new permits

How will the fees be distributed?

- Collected by PUC and deposited into Unconventional Gas Well Fund
- Off the top: select state agencies for activities relating to oil and gas operations (examples: DEP, PEMA, State Fire Commissioner)
- Of remaining:
  - 60% to impacted local governments
  - 40% for statewide initiatives

How will the local share be distributed?

- 36% to host counties (based on wells)
- 37% to host municipalities (based on wells)
- 27% to host & non-host municipalities in host counties
  - 50% to all municipalities
  - 50% to host and contiguous municipalities and those within 5 linear miles of wellCalculations based on road mileage and population

Environmental Safeguards:

- New protections benefit both zoned and non-zoned communities.
- Addresses unconventional gas wells and shallow conventional wells.
- Requires applicants to identify plat with location of well, municipalities adjacent to site, names of surface landowners and water purveyors.
- Municipalities to receive copies of plat
- Empowers municipalities to comment on permit applications.
- Requires DEP to weigh impact of proposed well on public resources.
- Requires 24-hour notice before drilling occurs
- Increased setbacks from natural gas wells:
  - By 250% from buildings and wells to 500 feet
  - By 500% from public drinking water sources to 1,000 feet
  - By 300% from springs or other bodies of water to 300 feet
  - Prohibited within 300 feet of any wetland that is at least one acre
- Rebuttable presumption for contamination of public and private water supplies substantially increased from 1,000 feet for 6 months to 2,500 feet for 12 months.
- Well bonding requirements strengthened.
- Containment methods required on well sites.
- DEP may regulate chemicals or hazardous materials on site.
- Water quality and quantity replacement standards consistent with Safe Drinking Water Act.
- Permits expire after one year.
- Surface landowners may object to applications.
- Colorado hydraulic fracturing disclosure law included.
- DEP to regulate wastewater transportation.
- Enhanced requirements for well completion report data and transparency.
- Oil and gas wastewater treatment facility operators must be insured.
- Production, inspection, and cleanup activity reports must be posted online.
- Civil fine for violations of this chapter tripled from \$25,000 plus \$1,000 for each continuing day of violation to \$75,000 plus \$5,000 for each continuing day.
- Counties and municipalities may initiate court actions to restrain violations of the act.