

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 962 Session of 2023

INTRODUCED BY VITALI, BRENNAN, MADDEN, PIELLI, RABB, SAMUELSON, SANCHEZ, FREEMAN, HOHENSTEIN, HILL-EVANS, KHAN, CIRESI, STEELE, FIEDLER AND KRAJEWSKI, APRIL 19, 2023

Trial Engrossment of A00639

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), (2) and (2.1) of Title 58 of~~ <--  
6 ~~the Pennsylvania Consolidated Statutes, amended or added July~~  
7 ~~19, 2022 (P.L.1622, No.96), are amended to read:~~

8 SECTION 1. SECTION 3225(A)(1) INTRODUCTORY PARAGRAPH AND <--  
9 (III) AND (2) OF TITLE 58 OF THE PENNSYLVANIA CONSOLIDATED  
10 STATUTES, AMENDED JULY 19, 2022 (P.L.1622, NO.96), ARE AMENDED  
11 TO READ:

12 § 3225. Bonding.

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

14 (1) Except as provided in subsection (d), upon filing an  
15 application for a well permit and before continuing to  
16 operate an oil or gas well, the owner or operator of the well  
17 shall file with the department a bond covering the well and

1 well site on a form to be prescribed and furnished by the  
2 department. A bond filed with an application for a well  
3 permit shall be payable to the Commonwealth and conditioned  
4 upon the operator's faithful performance of all drilling,  
5 water supply replacement, restoration and plugging  
6 requirements of this chapter. A bond for a well in existence  
7 on April 18, 1985, shall be payable to the Commonwealth and  
8 conditioned upon the operator's faithful performance of all  
9 water supply replacement, restoration and plugging  
10 requirements of this chapter. The amount of the bond required  
11 shall be in the following amounts and [amounts under <--  
12 subparagraphs (i) and (ii)] may be adjusted by the <--  
13 Environmental Quality Board every two years to reflect the  
14 projected costs to the Commonwealth of plugging the well:

15 ~~(i) For [unconventional] wells with a total well <--  
16 bore length less than 6,000 feet:~~

17 ~~(A) For operating up to 50 wells, \$4,000 per  
18 well, but no bond may be required under this clause  
19 in excess of \$35,000.~~

20 ~~(B) For operating 51 to 150 wells, \$35,000 plus  
21 \$4,000 per well for each well in excess of 50 wells,  
22 but no bond may be required under this clause in  
23 excess of \$60,000.~~

24 ~~(C) For operating 151 to 250 wells, \$60,000 plus  
25 \$4,000 per well for each well in excess of 150 wells,  
26 but no bond may be required under this clause in  
27 excess of \$100,000.~~

28 ~~(D) For operating more than 250 wells, \$100,000  
29 plus \$4,000 per well for each well in excess of 250  
30 wells, but no bond may be required under this clause~~

1 ~~in excess of \$250,000.~~

2 ~~(ii) For [unconventional] wells with a total well~~  
3 ~~bore length of at least 6,000 feet:~~

4 ~~(A) For operating up to 25 wells, \$10,000 per~~  
5 ~~well, but no bond may be required under this clause~~  
6 ~~in excess of \$140,000.~~

7 ~~(B) For operating 26 to 50 wells, \$140,000 plus~~  
8 ~~\$10,000 per well for each well in excess of 25 wells,~~  
9 ~~but no bond may be required under this clause in~~  
10 ~~excess of \$290,000.~~

11 ~~(C) For operating 51 to 150 wells, \$290,000 plus~~  
12 ~~\$10,000 per well for each well in excess of 50 wells,~~  
13 ~~but no bond may be required under this clause in~~  
14 ~~excess of \$430,000.~~

15 ~~(D) For operating more than 150 wells, \$430,000~~  
16 ~~plus \$10,000 per well for each well in excess of 150~~  
17 ~~wells, but no bond may be required under this clause~~  
18 ~~in excess of \$600,000.~~

19 \* \* \* <--

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

25 (2) †The following apply: <--

26 (i) Except as provided under subparagraph (ii), in† <--  
27 In lieu of individual bonds for each well, an owner or  
28 operator may file a blanket bond for the applicable  
29 amount under paragraph (1) (i) or (ii), on a form prepared  
30 by the department, covering all of its wells in this

1 Commonwealth, as enumerated on the bond form.

2 †(ii) As follows: <--

3 (A) An operator may file a blanket bond of  
4 \$25,000 for all of the operator's wells in this  
5 Commonwealth that are not unconventional wells.

6 [(B) For every new well that is not an <--  
7 unconventional well drilled after six months after  
8 the effective date of this subsection, the bond  
9 amount for that operator shall increase by \$1,000.]

10 (C) The total blanket bond for an operator's  
11 wells that are not unconventional wells shall not  
12 exceed \$100,000.

13 (D) The blanket bond increase of \$1,000 shall be  
14 waived by the department for a new well drilled under  
15 this subsection if the operator provides evidence to  
16 the department that the operator has plugged an  
17 orphan well at the operator's own expense for which  
18 the operator was not the responsible party within the  
19 previous 365 days that the operator has not yet  
20 received credit for under this subsection by the  
21 department.

22 (E) For 10 years following the effective date of  
23 this clause, the bond amounts for wells that are not  
24 unconventional wells may only be revised by the  
25 General Assembly. The Environmental Quality Board and  
26 the department shall have no authority to adjust bond  
27 amounts related to wells that are not unconventional  
28 wells during that time period.] <--

29 ~~(2.1) Notwithstanding any other provision of this~~ <--  
30 ~~section, section 1934 A of the act of April 9, 1929 (P.L.177,~~

1 ~~No.175), known as The Administrative Code of 1929, shall~~  
2 ~~continue to apply to a well drilled prior to April 18, 1985.]~~

3 (F) THE DEPARTMENT SHALL CONDUCT A STUDY OF ITS <--  
4 EXPERIENCE IN IMPLEMENTING THIS SECTION, REPORT ITS  
5 FINDINGS TO THE GOVERNOR AND THE GENERAL ASSEMBLY AND  
6 MAKE RECOMMENDATIONS FOR PROGRAM AMENDMENTS WITHIN 12  
7 MONTHS OF THE EFFECTIVE DATE OF THIS CLAUSE. THE  
8 REPORT SHALL CONTAIN INFORMATION RELATING TO:

9 (I) THE COST TO THE COMMONWEALTH TO PLUG  
10 ORPHAN AND IMPROPERLY ABANDONED WELLS;

11 (II) EVALUATION OF INDUSTRY TRENDS RELATING  
12 TO COMPLIANCE WITH PLUGGING AND RECLAMATION  
13 REQUIREMENTS UNDER EXISTING LAW;

14 (III) EVALUATION OF THE EFFECTIVENESS OF  
15 EXISTING ENFORCEMENT AUTHORITY IN AVOIDING  
16 IMPROPER ABANDONMENT, INCLUDING CIVIL PENALTY  
17 AUTHORITY AND FORFEITING OIL AND GAS WELL BONDS;

18 (IV) THE SYSTEM FOR REVIEWING OPERATORS'  
19 REQUESTS FOR REGULATORY INACTIVE STATUS APPROVAL  
20 AND PERMIT TRANSFERS AND WHAT IMPACT APPROVING  
21 THOSE ACTIONS UNDER CURRENT REQUIREMENTS HAVE ON  
22 FUTURE IMPROPER ABANDONMENT OF ACTIVE WELLS;

23 (V) THE NUMBER OF IDENTIFIED ORPHAN AND  
24 IMPROPERLY ABANDONED WELLS ELIGIBLE FOR PLUGGING;

25 (VI) ANY RECOMMENDATION ON EFFECTIVE  
26 ALTERNATIVE FINANCIAL ASSURANCE MECHANISMS,  
27 INCLUDING, BUT NOT LIMITED TO, INCREASED BOND  
28 AMOUNTS FOR CONVENTIONAL OIL AND GAS WELLS; AND

29 (VII) THE POTENTIAL APPLICABILITY OF THE  
30 MECHANISMS TO OIL AND GAS WELLS DRILLED PRIOR TO

1                                   APRIL 18, 1985.

2                                   \* \* \*

3                                   Section 2. This act shall take effect in 60 days.