



News for Immediate Release

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Governor Corbett Signs Historic Marcellus Shale Law

Harrisburg - Governor Tom Corbett has signed House Bill 1950, the Marcellus Shale bill, into law. The bill enhances protection of our natural resources through stronger environmental standards, authorizes counties to adopt an impact fee, and builds upon efforts to help move Pennsylvania toward energy independence.

The historic measure is the first comprehensive re-write of the state's Oil and Gas Act since 1984. It contains much of what Corbett outlined in his Marcellus Shale proposal last October. His plan followed the work of the Governor's Marcellus Shale Advisory Commission. House Bill 1950 contains 24 of the legislative recommendations offered by the advisory commission.

"This growing industry will provide new career opportunities that will give our children a reason to stay here in Pennsylvania," Corbett said. "Thanks to this legislation, this natural resource will safely and fairly fuel our generating plants and heat our homes while creating jobs and powering our state's economic engine for generations to come."

The new law enhances environmental standards by:

- Increasing well-setback distance from 100 feet to 300 feet for streams, rivers, ponds and other water bodies, and from 200 feet to 500 feet from buildings and private water wells and to 1,000 feet for public drinking water systems.
- Expanding an unconventional operator's "presumed liability" for impairing water quality from 1,000 feet to 2,500 feet from a gas well, and extends the duration from 6 months to 12 months.
- Enhancing water quality replacement standards to meet Safe Drinking Water Act standards.
- Enabling DEP to revoke permits in a more efficient manner to deal with imminent safety or environmental concerns.
- Increasing blanket bonds from \$25,000 up to \$600,000.
- Providing for strong, uniform and consistent statewide environmental standards – building upon and incorporating the best practices used by industry leaders.
- Enhancing hydraulic fracturing disclosure, including online posting through FracFocus.org.

This law also authorizes counties within the shale regions to adopt an impact fee, which will be used by local communities experiencing the actual impacts of unconventional shale gas development. To recognize the tight economics associated with low natural gas prices, the fee amount can fluctuate annually and is based on the average price of natural gas for the preceding year.

If all eligible counties adopt the fee, estimates for revenue are approximately \$180 million in 2012, climbing to \$211 million in 2013 and \$264 million in 2014.

State agencies with a role in mitigating shale gas impacts, such as the Department of Environmental Protection, the Public Utility Commission, Pennsylvania Emergency management Agency, State Fire Commissioner and the Fish and Boat Commission, will receive fixed dollar amounts off the top of the revenues collected from the fee.

After that, 60 percent is directly distributed to impacted counties. A significant percentage of the remaining 40 percent will also be distributed to those counties through either population- or road-mileage-based formulas, or through the awarding of competitive grants.

The new law also provides long-term regulatory predictability for job-creators and capital investors, and helps businesses succeed by providing increased uniformity and fairness of local regulations while preserving local government's traditional zoning authority. Upon petition, the Public Utility Commission is authorized to review ordinances to make sure they comply with state law.

Finally, the law creates a Natural Gas Energy Development Program, which will provide incentives to convert fleets with vehicles weighing at least 14,000 pounds to compressed natural gas, liquefied natural gas, or bi-fuel vehicles. At least 50 percent of the funds must be used for grants to local transportation organizations, including mass transit agencies.

The law's provisions authorizing counties to adopt ordinances imposing an impact fee go into effect immediately. The majority of the law takes effect in 60 days from Feb. 14.

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