



News for Immediate Release

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Governor Corbett Announces Plans to Implement Key Recommendations of Marcellus Shale Advisory Commission

Proposed Impact Fee Would Benefit Host Communities, Aid Public Protection

Pittsburgh - Governor Tom Corbett today announced his plans to implement numerous recommendations of the Marcellus Shale Advisory Commission, including changes to enhance environmental standards, an impact fee, and a plan to help move Pennsylvania toward energy independence.

"This natural resource will fuel our generating plants, heat our homes and power our state's economic engine for generations to come," Corbett said. "This growing industry will also provide new career opportunities that will give our children a reason to stay here in Pennsylvania. We are going to do this safely and we're going to do it right, because energy equals jobs."

As a result of the public Marcellus Shale Advisory Commission meetings, we now have a sensible and fair plan to put before the General Assembly, Corbett said.

The plan will make sure that Pennsylvania's economy benefits from developing this new source of wealth and energy independence, while also ensuring that the environment and natural beauty of this state are protected.

As a part of this proposal, Corbett announced a series of prudent standards related to unconventional drilling, including:

- Increasing the well setback distance from private water wells from the current 200 feet to 500 feet, and to 1,000 feet from public water systems;
- Increasing the setback distance for wells near streams, rivers, ponds and other bodies of water from 100 feet to 300 feet;
- Increasing well bonding from \$2,000 up to \$10,000;
- Increasing blanket well bonds from \$25,000 up to \$250,000;
- Expanding an unconventional gas operator's "presumed liability" for impairing water quality from 1,000 feet to 2,500 feet from a gas well, and extending the duration of presumed liability from 6 months after well completion to 12 months;
- Enabling DEP to take quicker action to revoke or withhold permits for operators who consistently violate rules;
- Doubling penalties for civil violations from \$25,000 to \$50,000; and
- Doubling daily penalties from \$1,000 a day to \$2,000 a day.

This plan will also allow for an impact fee, which will be adopted by counties for use by local communities experiencing the actual impacts of the drilling. The fee will be used by local governments, counties and state agencies that respond to issues that arise as a result of Marcellus Shale gas drilling.

“Estimates show that this impact fee will bring in about \$120 million in the first year, climbing to nearly \$200 million within six years,” Corbett said. “As the number of wells grows, so will the revenue. Almost all of the money it brings in will go to benefit the places experiencing the impact.”

Each well will be subject to a fee of up to \$40,000 in the first year, \$30,000 in the second year, \$20,000 in the third year and \$10,000 in the fourth through tenth years, adding up to a potential total of \$160,000 per well.

Under this proposal, a county may provide for a fee credit of up to 30 percent if the driller makes approved investments in natural gas infrastructure, which include setting up natural gas fueling stations or natural gas public transit vehicles.

The impact fee revenues will be split with 75 percent being retained at the local level, with 36 percent of that number retained by the county, 37 percent distributed to municipalities that host the drilling pads and 27 percent distributed to all the municipalities within a Marcellus drilling impacted county. The distribution formula will be based on population and highway miles.

The remaining 25 percent of the fee would be divided, with 70 percent of that number going to PennDOT for road, bridge, rail and other transportation infrastructure maintenance and repair within counties hosting Marcellus natural gas development, 4.5 percent to the Pennsylvania Emergency Management Agency for emergency response planning and training, and 3.75 percent to the Office of State Fire Commissioner for training programs for first responders and for specialized equipment necessary for emergency response.

In addition, 3.75 percent will go to the Department of Health for collecting and disseminating information, and for health care and citizen provider outreach and education, and for investigating health complaints and other activities associated with shale development, 7.5 percent to the Public Utility Commission to enhance pipeline safety and increase inspections, and 10.5 percent to a restricted account at the Department of Environmental Protection to be used for plugging abandoned and unused gas wells, plus other natural gas related regulation and enforcement.

Corbett said that under this plan, counties and municipalities may use these funds on various expenses related to impacts from natural gas development, including:

- Construction, repair and maintenance of roads, bridges and other public infrastructure;
- Water, storm water and sewer system construction and repair;
- Emergency response preparedness, training, equipment, responder recruitment;
- Preservation and reclamation of surface and subsurface water supplies;

- Records management, geographic information systems and information technology;
- Projects which increase the availability of affordable housing to low-income residents;
- Delivery of social services, including domestic relations, drug and alcohol treatment, job training and counseling;
- Offsetting increased judicial system costs, including training;
- Assistance to county conservation districts for inspection, oversight and enforcement of natural gas development; and
- County or municipal planning.

Corbett's proposal also seeks to help secure energy independence and reduce reliance on foreign oil by developing "Green Corridors" for natural gas vehicles with refueling stations at least every 50 miles and within two miles of key highways; by amending the PA Clean Vehicles Program to include "bi-fuel" vehicles (diesel and natural gas); by helping schools and mass transit systems to convert fleets to natural gas vehicles; by stabilizing electric prices by using natural gas for generating electricity; and by encouraging the development of markets for natural gas and natural gas byproducts, such as within the plastics and petrochemical industries.

The Marcellus Shale Advisory Commission issued 96 recommendations. About one-third require legislative changes; more than 50 are policy-oriented and can be accomplished within the state agencies.

The legislative priorities outlined today will be submitted to the legislative leadership in the near future. The governor has instructed the relevant Cabinet Secretaries to create implementation plans for the policy-oriented recommendations and to submit them to his office within 30 days.

Corbett made his announcement during a tour of the Carpenter's Training Center in Pittsburgh with Congressman Tim Murphy and Council of Carpenter's Executive Director Bill Waterkotte. During his visit the governor spoke with representatives from a number of building trades about their efforts to ensure Pennsylvania workers are trained to fill the new jobs coming to the state from the natural gas industry.

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