

# Mineral Resources Related

## Legislation Introduced in 2009



# House Bill 977 - Royalty Calculation

- Current Pennsylvania law requires that a property owner who signs a gas/oil lease must receive a minimum royalty payment of  $1/8$  or 12.5 percent.
- This legislation will extend the Oil and Gas Conservation Law to development within the Marcellus Shale formation, and would have also excluded production costs from being deducted from royalty payments, ensure that horizontal drilling is not conducted under any lands where a lease between a landowner and a well operator does not exist, and provide a definition for a lease.

# House Bill 10

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- This legislation will amend the General County Assessment Law to enable counties to assess value to coal, minerals, natural gas, methane gas, and oil.

# House Bill 473 – Surface Owners’ Rights

- ❑ In a significant portion of Pennsylvania, the rights to and ownership of oil and gas is severed from the surface ownership of the land.
- ❑ The proposed legislation would provide a “Surface Owners’ Bill of Rights,” which would require surface owners and well operators to more actively reach agreement on surface damages.
- ❑ In the absence of an agreement between the land owner and the well operator on surface damages, this legislation will allow the land owner to appeal to the Pennsylvania Department of Environmental Protection (DEP) for assistance.

# House Bill 808

This legislation provides for the doubling of the amount of the bond required on oil and gas wells and used to fund the plugging of abandoned wells.

# House Bill 934

This legislation will permit landowners access to gas well production information at regular intervals in lieu of the 5-year moratorium on this information.

# Senate Bill 297

- This legislation requires the well operator to semi-annually submit production reports to the Pennsylvania Department of Environmental Protection.
- Additionally, after the 5-year confidentiality period, it requires the Pennsylvania Department of Environmental Protection to post the production reports on its Web site.

# House Bill 2015

- This legislation will permit an independent agency to retain all rents and royalty payments from oil and gas leases on lands owned by that agency.
- This legislation does not apply to the Pennsylvania Game Commission and the Pennsylvania Fish and Boat Commission.

# House Bill 834

This legislation requires the Pennsylvania Department of Conservation and Natural Resources to hold regular auctions for drilling rights on state forest lands.

# House Bill 623

This legislation would place the royalty payments from the leasing of state forest lands in a special fund. Eighty percent of the royalties received would be dedicated to property tax reduction and the remaining 20 percent would be put in the Oil and Gas Lease Fund for conservation purposes.

# Senate Bill 490

This legislation would allow money from the Oil and Gas Lease Fund to be allocated out in the following manner:

- \$174 million to the General Fund.
- \$5 million to the Department of Environmental Protection for the review and processing of oil and gas permit applications and to conduct inspections of permitted oil and gas sites.
- \$3 million to the Department of Environmental Protection for implementation of a nutrient credit trading program as provided by law.
- \$1 million to the Department of Conservation and Natural Resources for the administration of the Pennsylvania Natural Heritage Program and for the processing of online environmental review applications submitted under the Pennsylvania Natural Diversity Inventory.
- \$500,000 to the Pennsylvania Fish and Boat Commission for the administration of environmental reviews received under the Pennsylvania Natural Diversity Inventory.
- \$500,000 to the Pennsylvania Game Commission for the administration of environmental reviews received under the Pennsylvania Natural Diversity Inventory.

# House Bill 1205

- Extend the presumption of liability on the part of a well operator for damage to a water supply within 2,000 feet of a well in lieu of the current 1,000 feet.
- Extends the timeframe for when the damage was to have occurred to 24 months from the current six months.
- Requires that well operator conduct a test of water supplies within 2,000 feet of a well operation prior to drilling, and to conduct, upon a landowner or water purveyor's request, up to two follow-up tests within a 24 month period after production has commenced.

# Energize PA – House Bill 1050

- House Republican Plan
- Lease 390,000 acres of state forest land
- 130,000 acres per year over 3 years
- \$2,000 min. bid per acre
- 16 percent min. royalty payment
- Generates \$260 million in first year
- Revenue divided –
  - 80 percent general fund
  - 12.5 percent communities with active wells
  - 2.5 percent to communities with Marcellus Shale wells
  - 5 percent to Conservation Districts

# Governor's Severance Tax Proposal

- What is it? – A tax imposed on the extraction of minerals
- 5 percent tax on the value of the gas
- \$0.047 tax on each million cubic feet extracted
- Who pays?
  - ▣ Property owner pays the royalty
  - ▣ Gas company pays on the resource produced
- First year revenue \$107 million
- Requires 735 percent increase in production

# House Bill 297

- This legislation would require PennDOT to update road bonding amounts based upon increased maintenance costs by 2011 and every three years thereafter.

# House Bill 1139

- This bill would amend the Oil and Gas Resource Coordination Act by removing the minimum well separation distance requirement and require the granting of a request when the well distance is less than 1,000 feet and there is a written agreement.

# House Bill 208

- This legislation mirrors the cell phone tower provision to the Clean and Green law, providing for oil and gas leasing and extraction activity on Clean and Green land. This legislation states that drilling and extraction be limited to one acre and roll-back taxes are only imposed on that one acre. Remaining eligible land continues to be assessed at the preferential value.

# Senate Bill 298

- This bill is similar to House Bill 208 except that there is no acreage limitation for oil and gas drilling and extraction.

# House Bill 1155

- ❑ This proposal would require well operators to:
  - ❑ Provide to a landowner, a 15 day notice, prior to entry on their land, to conduct activities that will not disturb the surface such as surveys and inspections.
  - ❑ Provide surface owners and those within a one-half mile radius of any drilling activity a 45 day notice of all planned activity.
  
- ❑ Establishes a presumption that a well operator is responsible for water well pollution that is within 2,500 feet of an oil or gas well.

# House Bill 2183

- ❑ This legislation would amend the Oil and Gas Act by requiring a public notice of every oil or gas well permit application submitted to the Department of Environmental Protection
- ❑ The notice would be required to be published once a week for four consecutive weeks in a newspaper of general circulation.

# House Bill 2184

- ❑ This legislation is similar to HB 2183, however, it amends the Oil and Gas Conservation Law.

# Senate Bill 1092

- ❑ This proposed bill would require each well operator to provide a cement quality log or other approved method to the Department of Environmental Protection.
- ❑ The purpose of the log would be to allow DEP to evaluate the adequacy of the cement being used in the drilling operation.