



Commonwealth Financing Authority's (CFA) Orphan and Abandoned Well Plugging (OAWP) Program

THE ISSUE

Following 125 years of oil and gas development in Pennsylvania with little focus on the establishment of environmental standards, legislation aimed at water resource protection finally came about with the passage of the Oil and Gas Act of 1984. As a result of this long history of oil and gas extraction, and the comparatively short period of development considerate of environmental protection standards, a significant number of oil and gas wells have not been adequately decommissioned. While DEP maintains a database of approximately 8,300 such wells, it is estimated that as many as 560,000 have yet to be accounted for. Under certain conditions, these wells may pose a threat to public safety and the environment. For example, a DEP assessment of 113 confirmed stray gas migration cases involving dissolved methane in water supplies, migrating through soil, and found as free gas inside homes and other structures revealed that legacy wells were the source of methane gas nearly 40 percent of the time. Further, using the latest available cost information and a 2016 field study, DEP has estimated that the legacy well problem will require somewhere between 340 million and 8.4 billion dollars to address. The lower end of this cost estimate assumes that no additional legacy wells will be discovered and added to the DEP database, a scenario that is unlikely.

Act 13 (Oil and Gas Act of 2012) established the Marcellus Legacy Fund, which allocates impact fee monies to the Commonwealth Financing Authority (CFA) for funding well plugging projects using the Orphan and Abandoned Well Plugging (OAWP) Program. These financial resources have been made available in the form of competitive grants to help solve this growing problem. DEP is committed to partnering with key stakeholders to effectively utilize these resources to protect public safety and preserve environmental integrity.

HOW CFA GRANTS CAN HELP

Restoring Environmental Health and Ensuring Public Safety within the Commonwealth

- Improving water quality for the residents of Pennsylvania
- Rendering environmental sites available for the safe implementation of construction projects such as housing developments

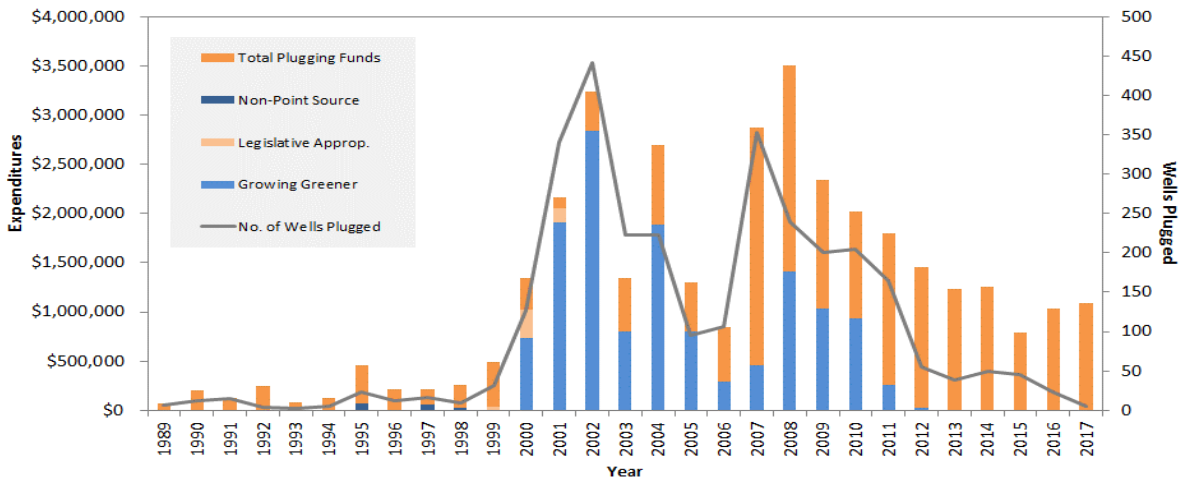
Creating Both Temporary and Permanent Jobs

- Even as the conventional oil and gas industry struggles with low commodity prices, many of these companies are capable of helping plug legacy wells
- Plugging contracting work requires engineering and construction support, and is helping to rebuild communities through redevelopment and quality of life improvements

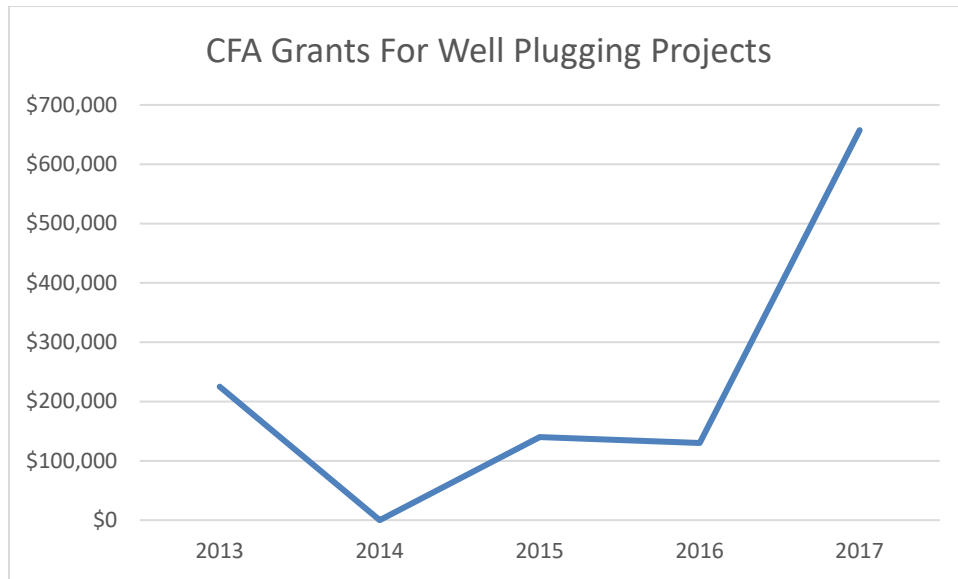
Using Important Legislative Changes Such as Act 13 (Oil and Gas Act of 2012) to Channel Money Toward Important Public Works Projects

- The CFA program has brought in over 100 million dollars, but only 7 plugging projects have been awarded grants totaling 1.1 million dollars over the 6 years since inception at a time when legacy well issues remain one of the Commonwealth's biggest environmental challenges

THE FACTS AND FIGURES



Grants (Growing Greener) represent the life blood of DEP’s Orphan and Abandoned Well Plugging Program. Without contributions from grant programs, DEP has struggled to make significant progress in addressing the legacy well issue as the above figure shows.



A recent focus on encouraging stakeholders to apply for CFA well plugging projects has increased the number of applications submitted and the number of grants awarded.

EXAMPLE OF A SUCCESSFUL 2017 GRANT APPLICATION – RICHLAND TOWNSHIP

The Richland Township CFA OAWP Program grant project represented a unique opportunity to improve public safety and protection of the environment, while also strengthening the local economy through support of a redevelopment project. It aligns well with the mission of both DEP and DCED. Some details about the project are summarized below:

- DEP worked closely with township officials since early 2016 and both sites are accessible
- The project received strong support from both township officials and the board of commissioners
- The township submitted a grant application for the second consecutive year in 2017 – the project was ranked as the top grant application by DEP during both the 2016 and 2017 grant cycles
- One of the wells scheduled for plugging is located on the site of a planned 55+ active adult housing development (former Pittsburgh Cut Flower property); the second well is leaking methane gas at high concentrations approximately 20 feet from the home of long-term township residents

VALUABLE LINKS AND RESOURCES

[DEP's abandoned and orphan well program website](#)

[Why plugging projects are important to the environmental and public safety](#)

[Available grant process assistance from DEP](#)

[Previously approved grant applications](#)

[Oil & Gas Mapping Tool](#)

[Want to tackle this cause but need help selecting a project?](#)

[Cost-estimate projections for DEP abandoned and orphaned wells](#)

Contact your PADEP regional office with any questions

