

Final Rulemaking

Chapter 78 – Oil and Gas Wells Permit Fees

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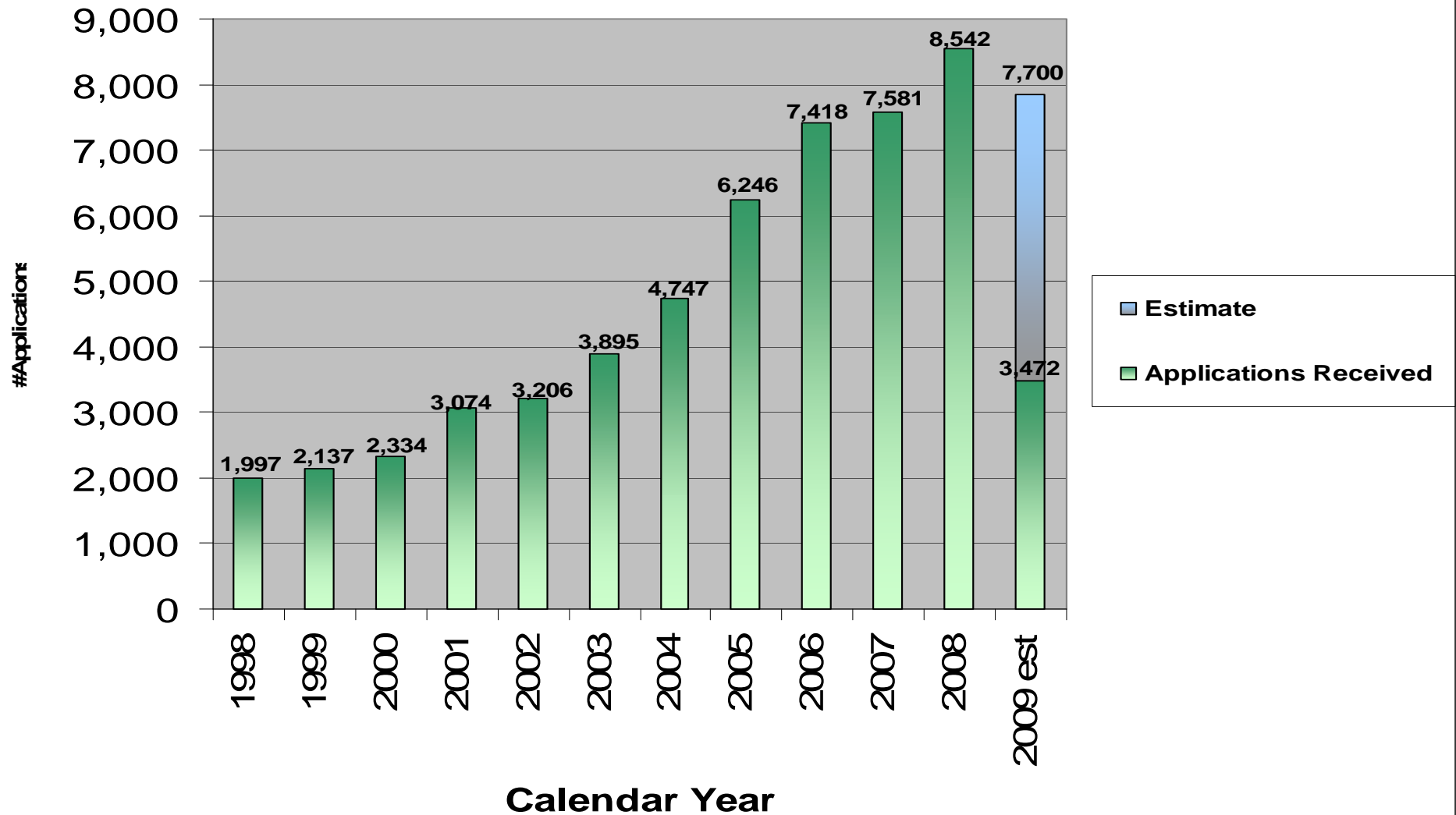
- Application fee of \$100 established in 1984 by the Oil and Gas Act.
- Application fee not updated since first established.
- Significant increase in oil and gas well drilling activity in last several years.
- Increases in non-traditional areas and different development techniques.

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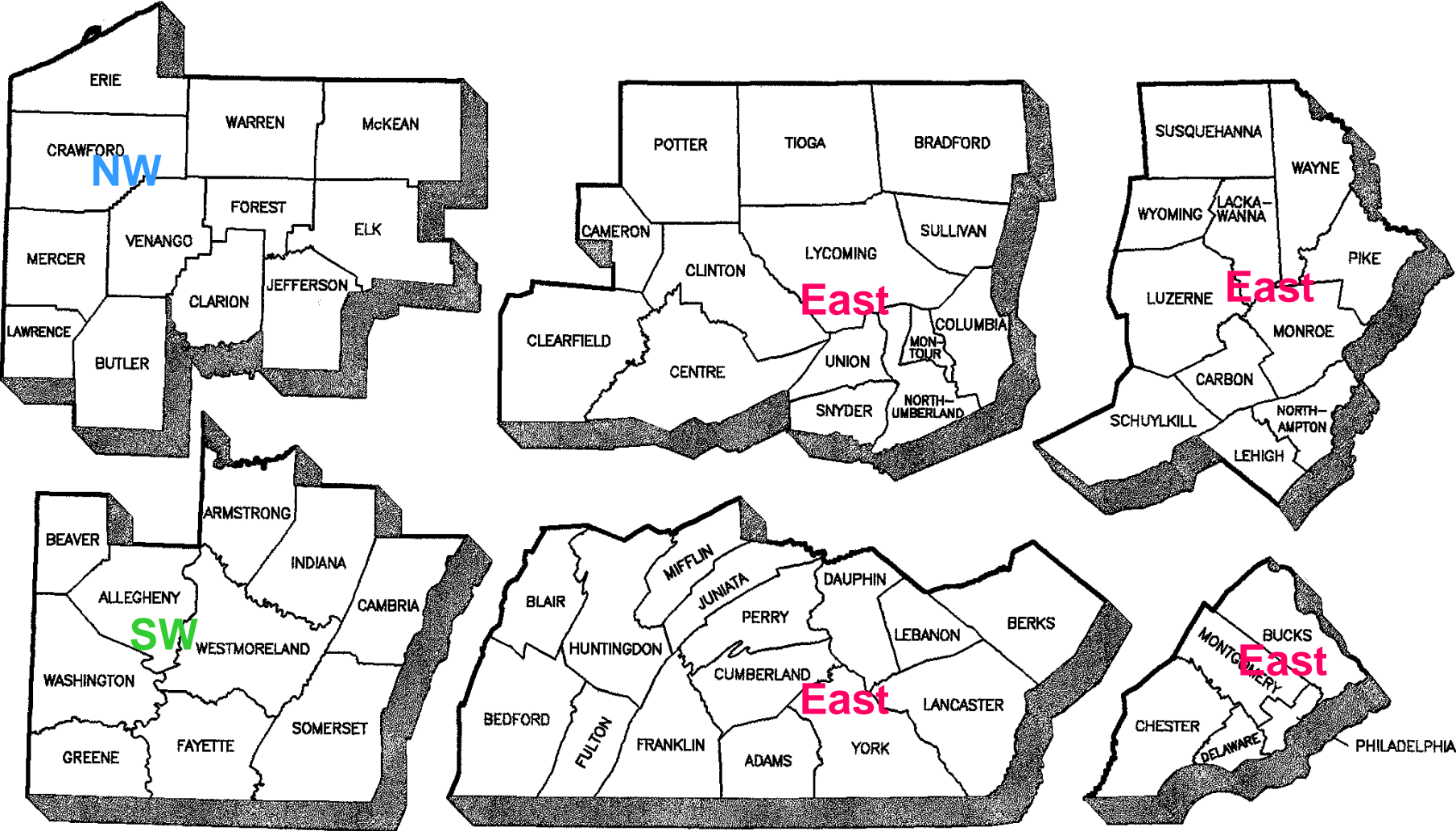
- Section 201 (d) of the Oil and Gas Act provides the Department with the authority to increase the fee by regulation so that it may bear “a reasonable relationship to the cost of administering” the Act.

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Well Permit Applications Received by Year



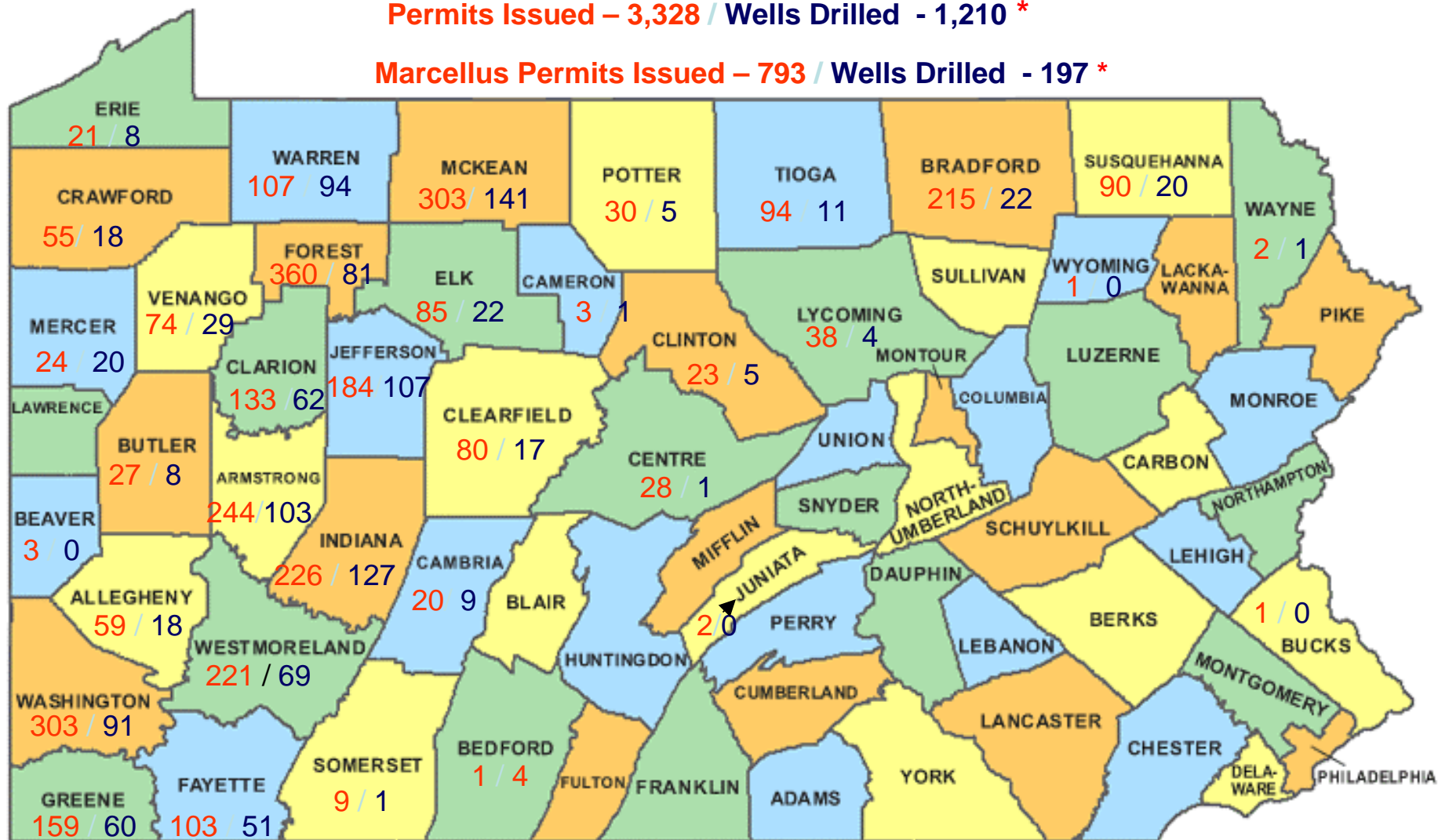
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Department of Environmental Protection
Bureau of Oil and Gas Management
All Permits Issued & Wells Drilled
(January – June 2009)

Permits Issued – 3,328 / Wells Drilled - 1,210 *

Marcellus Permits Issued – 793 / Wells Drilled - 197 *



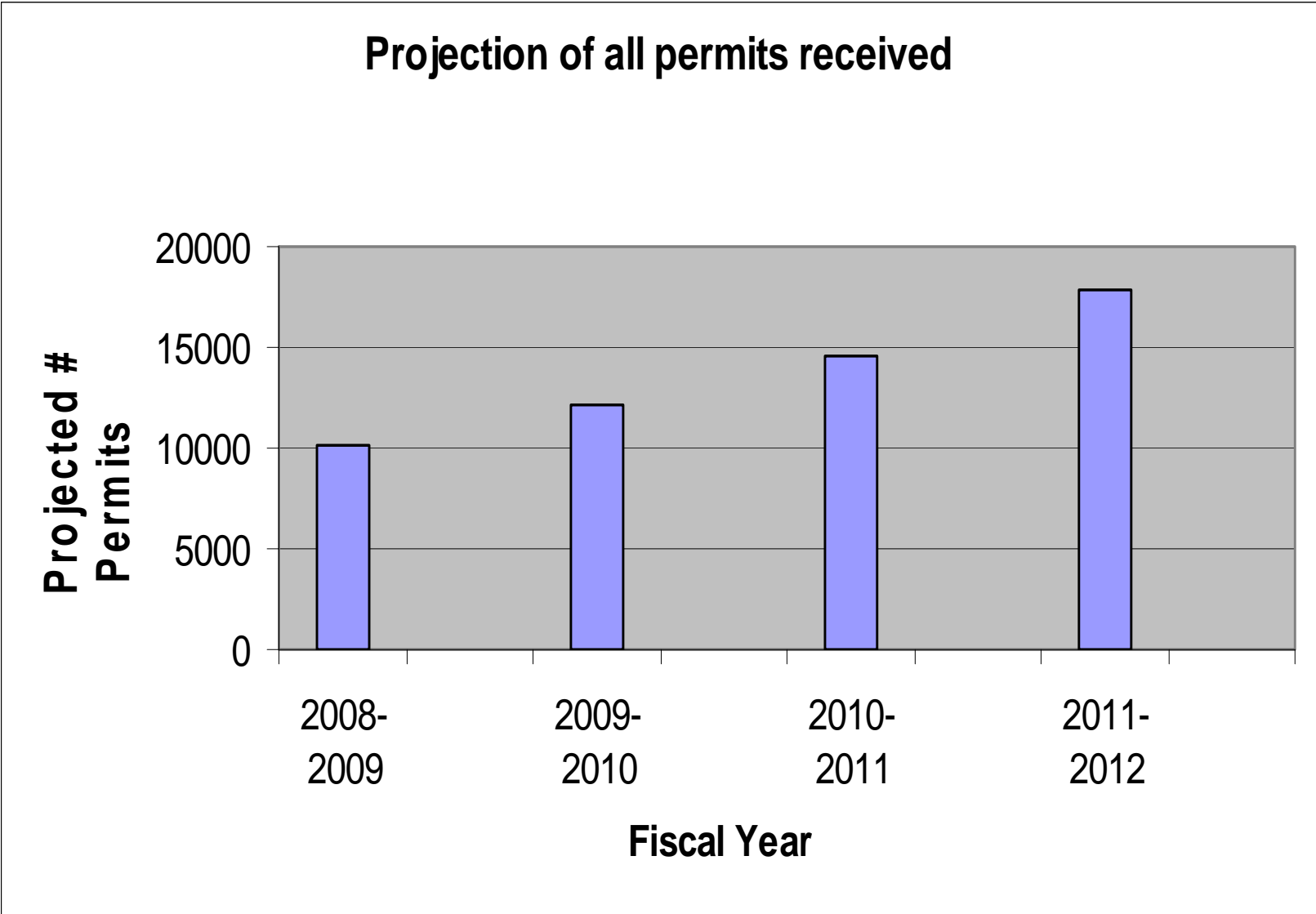
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Updated 07/06/2009

*** As reported by Operators**

[Map Courtesy of Digital-Topo-Maps.com](http://Digital-Topo-Maps.com)

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The final rulemaking adds to the recent amendment to §78.19 for Marcellus wells to include:

- A vertical well base fee of \$250 with an additional \$50 per 500 feet of well bore drilled from 2,000 feet to 5,000 feet and an additional \$100 per 500 feet for the well bore drilled past 5,000 feet.

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- Non-vertical wells will now match the fee for Marcellus which have a base fee of \$900 with an additional \$100 per 500 feet of well bore beyond 1,500 feet.

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- A home use well 1,500 feet or less would pay a permit application fee of \$200.

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Typical well type application fees

- Less than 1,500' Home Use - \$200.
- 4,000' Vertical Well – \$450.
- 10,000' Marcellus/non-vertical well - \$2,600.

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- **At least every three years, the department will provide the Environmental Quality Board with an evaluation of the fees in this chapter and recommend changes to address any disparity between the program income generated by the fees and the department's cost of administering the program with the objective of ensuring fees meet all program costs and programs are self-sustaining.**

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Seven commentors provided 26 comments which are addressed in the Comment and Response document.

This resulted in three changes to the final document:

- Definition of Marcellus and Non-vertical and Vertical.
- Removed over-drilling penalty.
- Clarified non refundable was not to apply to money back guarantee policy by removing this propvision.

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- A draft of this regulation was presented to the Oil and Gas Technical Advisory Board (TAB) on May 28, 2009.
- The Department recommends the Board approve the final rulemaking.

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Thank You

Ronald P. Gilius, P.E.

Director

Bureau of Oil and Gas Management