

## FISCAL NOTE

March 27, 2019

<b>Bill No:</b>	HB 828	<b>Printer's No:</b>	929	<b>Sponsor:</b>	Fritz (R)
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### COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund (R)- Well Plugging Account	\$6 million	\$6 million
General Fund (R)- Orphan Well Plugging Fund/Abandoned Well Plugging Fund	\$250,000	\$250,000

**SUMMARY:** HB 828 overhauls well permitting under the Department of Environmental Protection (DEP) by establishing a multi-well pad permit, allowing operators to drill multiple wells from a single well site that is authorized under one permit. The bill also alters the fee structure, existing DEP regulations, and provides for multi-year well permits with a pro-rated fee.

**ANALYSIS:** The bill creates multi-well pad permits which allow operators to drill multiple wells under one permit within the “permitted area” provided that the wells are spud prior to the permit’s expiration date. Operators have 30 days following the drilling of a new well to submit the area of review survey to DEP. HB 828 sets the permit fee for multi-well pad permits at \$2,000 and provides that these permits shall expire five years after being issued.

HB 828 stipulates that operators shall pay a fee for each well spud under authorization of the multi-well pad permit. Currently, fees are tied to wells permitted rather than wells drilled. Only 46 percent of the permits issued by DEP result in a well being drilled.

The bill stipulates that DEP may not require permittees to re-permit the well following a deviation of the surface hole location, provided the deviation is within 50 feet of the permitted location. HB 828 also allows operators to deviate from the permitted subsurface well bore path for “geological, safety, environmental protection, optimal resource extraction, or other reasonable” considerations. Lastly, HB 828 requires DEP to promulgate regulations to establish a multi-year well permit with a pro-rated fee.

HB 828 takes effect 60 days after passage.

**FISCAL IMPACT:** Creating multi-well pad permits and altering the fee structure to require operators to pay fees only for wells drilled will cause DEP to lose \$6 million in annual permit fee revenue. Additionally, the new fee structure will cause DEP to lose \$250,000 in annual well plugging surcharges.