

ACT 13 Information for Centre County Municipalities

May 21, 2012



HB 1950 / Act 13

Three Broad Areas of Focus:

Industry Regulations

Municipal Zoning / Land Use Controls

Impact Fees



Act 13 essentially rewrote the 1984 Oil and Gas Act.

Immediate Municipal Responsibilities

1) Certify Annual 2010 Budget

WHY:

Municipal fee distribution is limited to the greater of \$500,000 or 50% of a municipality's total budget for prior fiscal year (2010).

What: Report the originally approved total budget for the 2010 fiscal year.

By further definition, the budget should include all planned expenditures for the 2010 calendar year, funded by whatever sources of revenues the local government had anticipated for that calendar year. The actual 2010 expenditure may be greater than or less than the originally budgeted amount.

WHEN: **Deadline is July 6, 2012.**

WHO: **All Centre County Municipalities**

Pennsylvania Public Utility Commission
Bureau of Administration
PO Box 3265
Harrisburg, PA 17105-3265

For questions call: 717-783-6190

eFile: <http://www.puc.state.pa.us/efiling/default.aspx>

2010 MUNICIPALITY APPROVED BUDGET REPORT

County: _____ Name of Municipality: _____

Contact Name: _____

Address: _____ Email Address: _____

Address 2: _____ Telephone No.: _____ ext: _____

City: _____ State: PA Zip Code: _____

2010 APPROVED BUDGET AMOUNT: _____

VERIFICATION STATEMENT

I, the undersigned, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature of Individual or Officer

Date

Name of person to be contacted for additional information: _____

Phone Number: _____ Email: _____

Check PA PUC Website for current copy

http://www.puc.state.pa.us/naturalgas/naturalgas_marcellus_Shale.aspx

Anticipated Municipal Responsibilities

2) Review Local Ordinances

Due to uncertainty surrounding pending litigation, municipal responsibilities related to local ordinance compliance are unclear at this time.

ACT 13, when enacted, stipulated that the distribution of fees to a local municipality was dependent upon ordinance compliance.

More specifically, no zoning or flood plain ordinance could contain provisions which imposed conditions, requirements or limitations on oil and gas operations.

WHEN: Compliance date to be announced – tentatively, December 2012.

WHO: All Centre County municipalities.

Later Municipal Responsibilities

3) *File Impact Fee Disbursement Report*

HOW:

Reporting procedures require:

- **Filing with the PUC**
- **Annual posting on county and/or municipal website**

WHEN:

Annual basis. **April 15 of each year.**

WHO: **All Centre County municipalities**

Act 13 -- Land Use / Ordinances

“Oil and gas operations” are now permitted uses in ALL zoning districts.

“Oil and gas operations” as defined in Act 13 include the following activities. Underlined activities have exceptions relative to setback distances.

- Seismic operations
- Well site preparation, construction, drilling, fracking and site restoration
- Water and other fluid storage or impoundment areas
- Pipelines
- Compressor Stations
- Natural Gas Processing Plants or Facilities
- Construction, installation, use, maintenance and repair of all equipment associated with the above activities **provided** it is located at or immediately adjacent to a well site, impoundment area, pipeline, compressor station or natural gas processing plant.

ACT 13 -- Municipal Provisions

- 1) **Municipalities will now receive maps showing the proposed location of a well.** It is likely that the county will **NO LONGER** receive permit information.
- 2) If a municipality deems that there are local conditions or circumstances which should be considered by DEP in rendering a well permit, they must **submit written comments within 15 days of receiving the information.** (page 66)
- 3) These comments must also be sent to the applicant submitting the map for review: engineering firm / drilling company, etc.
- 4) Surface owners will receive 24 hours' notice of the date that drilling will begin.

ACT 13 -- Increased Environmental Safeguards

Setback Type	Distance in Feet	
	Shale Well	Shallow Well
<u>USGS-Designated Stream</u> to Well Bore	300' -- previously 100'	100'
<u>USGS-Designated Stream</u> to Edge of Well Pad	100'	100'
<u>Wetlands greater than 1 acre</u> to well	300' -- previously 100'	N/A
<u>Wetlands</u> to edge of well pad disturbed area	100'	N/A
<u>Building</u> to well bore	500' – previously 200'	200'
<u>Drinking water source</u> to well bore	500'	200'
<u>Public Water sources</u> to well bore	1,000'	N/A

Rebuttable presumption for contamination of public and private water supplies was substantially increased

from 1000 feet for 6 months to 2,500 feet for 12 months.

Act 13 -- Impact Fee Assessment

The fee is levied on all unconventional wells regardless of start date. For those wells started before 2011, they are assumed to be spud in 2011 for purposes of determining the fee.

- Capped wells are included.
- Wells producing less than 90,000 cubic feet per day are included.
- Vertical wells are assessed at a lesser rate, \$10,000 per well (20%)
- Each well on a pad is counted separately.

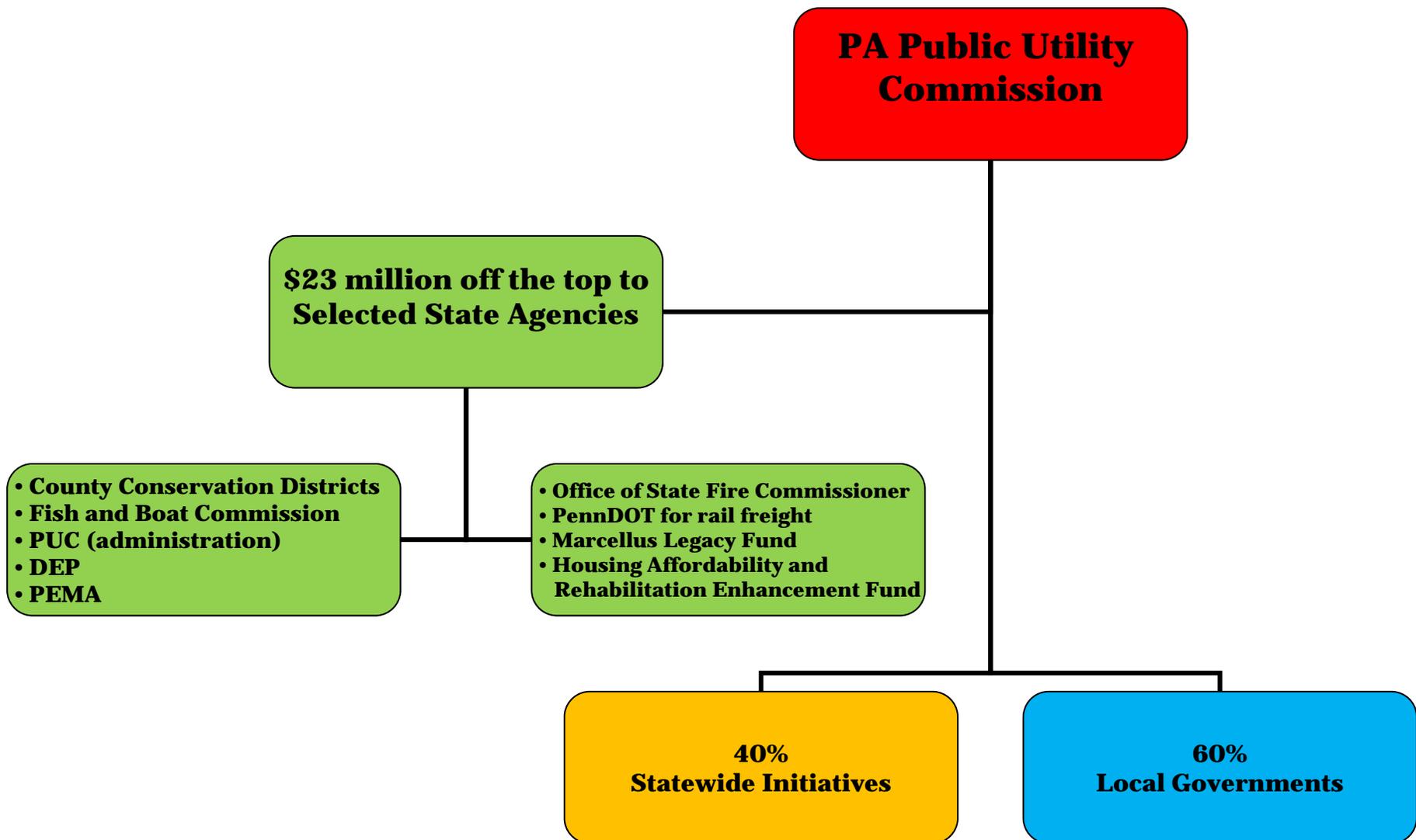
Subsequent Year Provisions:

- Fees will be suspended on capped wells, after three annual payments.
- Fees will be suspended on wells producing less than 90,000 cubic feet per day, after three annual payments.
- Provides for fees to be re-instated when production resumes at 90,000 cf/day.
- Provides for fees to be levied on wells that reach beyond the Marcellus Formation.
- Restarts the fee schedule at year one for restimulated wells.

Act 13 -- Fee Payment Plan

Year of Production	Average Natural Gas Price for Prior Calendar Year				
	< \$2.25	\$2.25 - \$2. 99	2011 Price \$3.00 - \$4.99	\$5.00 - \$5.99	> \$5.99
Year 1	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000
Year 2	\$30,000	\$35,000	\$40,000	\$45,000	\$55,000
Year 3	\$25,000	\$30,000	\$30,000	\$40,000	\$50,000
Years 4 - 10	\$10,000 per year	\$15,000 per year	\$20,000 per year	\$20,000 per year	\$20,000 per year
Years 11 - 15	\$5,000 per year	\$5,000 per year	\$10,000 per year	\$10,000 per year	\$10,000 per year
Total per Well	\$190,000	\$240,000	\$310,000	\$330,000	\$355,000

HB 1950 / Act 13 – Impact Fee Distribution



Updated May 11, 2012

Act 13 Statewide Initiatives

**PA Public
Utility
Commission**

**\$23 million
off the top to
Selected State
Agencies**

**40%
Statewide
Initiatives**

**20%
Commonwealth
Financing
Authority**

AMD treatment,
well plugging,
greenways,
baseline water
quality data on
private sources,
flood control . . .

**25%
Highway Bridge
Improvement
Restricted
Account**

\$40,000 minimum
to county to
replace or repair
locally owned at-
risk bridges

**10%
Environmental
Stewardship
Fund**

No specifics
provided

**25%
Water & Sewer
Projects**

Half to Pennvest
and half to H2O
program

**15%
Greenways,
Recreation
and Open Space
Initiatives**

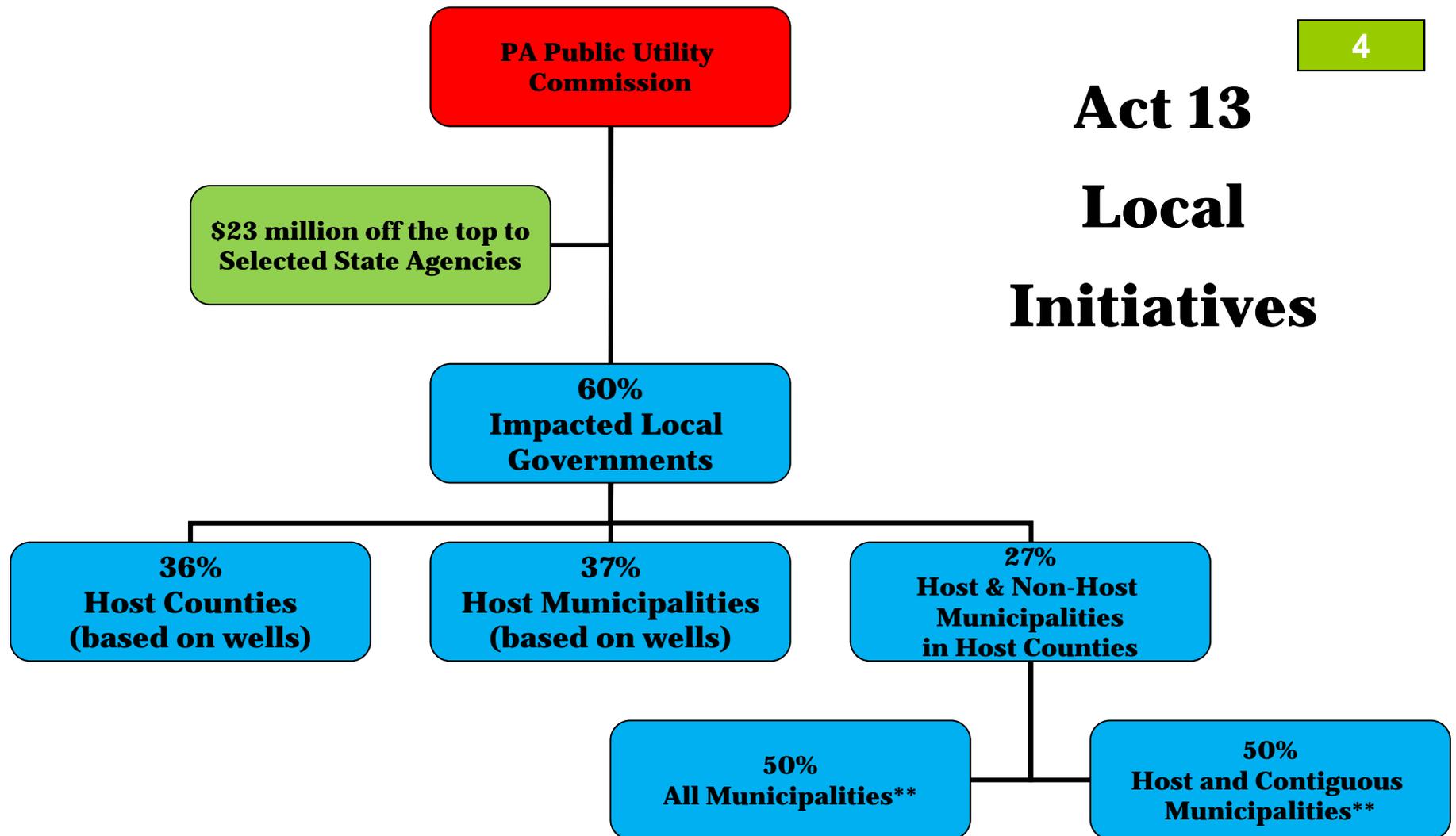
Minimum \$25,000
to county for
greenways,
community
conservation and
beautification

**5%
DCED**
(2011-2013 only)**

**Projects to
build
capacity for
use of NG

**5%
Hazardous Sites
Cleanup Fund
(2014 and after)**

Act 13 Local Initiatives

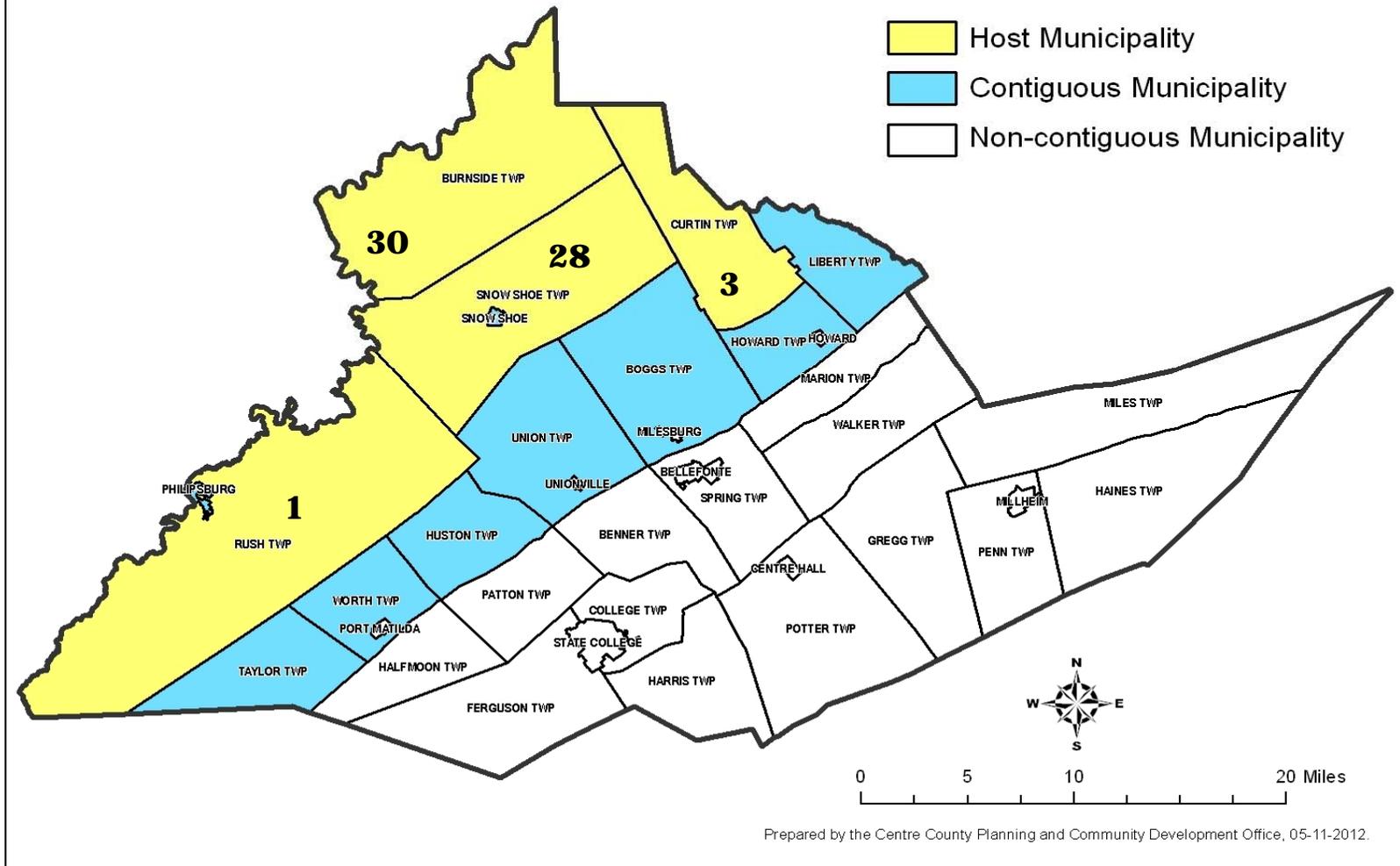


**** Calculations based on road mileage and population**

Updated May 11, 2012

Natural Gas Impact Fee Municipal Distribution

Centre County, PA



Total Wells in Centre County = 62 (as of March 8, 2012)

Act 13 – Qualifying Municipalities

Host Municipalities:

- Burnside Township
- Curtin Township
- Rush Township
- Snow Shoe Township

Contiguous Municipalities:

- Boggs Township
- Howard Township
- Huston Township
- Liberty Township
- Philipsburg Borough
- Snow Shoe Borough
- Taylor Township
- Union Township
- Worth Township

**Listing based on current PUC
Spud Report.**

Updated May 11, 2012

Non-Host Municipalities:

- Bellefonte Borough
- Benner Township
- Centre Hall Borough
- College Township
- Ferguson Township
- Gregg Township
- Haines Township
- Halfmoon Township
- Harris Township
- Howard Borough
- Marion Township
- Miles Township
- Milesburg Borough
- Millheim borough
- Patton Township
- Penn Township
- Port Matilda Borough
- Potter Township
- Spring Township
- State College Borough
- Unionville Borough
- Walker Township

Act 13 -- 13 Eligible Uses of Funds

Counties and municipalities are encouraged to jointly fund projects that cross jurisdictional lines. **Funds are to be used for the following purposes “associated with natural gas production”.** Reporting required.

- Roads, Bridges, and Public Infrastructure: construction, reconstruction and maintenance.
- Water, Storm Water and Sewer Systems: construction, reconstruction, maintenance and repair.
- Emergency Preparedness and Public Safety: law enforcement, fire services, hazardous material response, 9-1-1, equipment acquisition.
- Environmental Programs: trails, parks, recreation, open space, floodplain management, conservation districts and agriculture preservation
- Surface Water and Groundwater: supply preservation and reclamation.
- Tax Reductions, including homestead exclusions
- Affordable Housing Projects that increase availability
- Records Management, GIS, and Information Technology
- Social Services
- Judicial Services
- Planning Initiatives under the MPC
- Career and Technical Centers for oil and gas industry training
- Capital Reserve Fund if funds used solely for an eligible project.

Act 13 -- Assumptions Used to Development Possible \$ Distribution Scenario

In order to estimate the local fee distribution for Centre County we assumed this basic information:

- ❑ **DEP / PUC Well Count** -- both statewide and local
- ❑ All Drilling **Companies will pay by deadline**
- ❑ **Total Collected Statewide Fee**
- ❑ Population is based on **2010 Census**, and not on projections beyond 2010.
- ❑ **Total Road Miles Used** (includes both state and local road miles)

SPUD Well Count by Host Municipality

Host Municipality	Horizontal Wells	Vertical Wells	Total
Burnside Township	28	2	30
Curtin Township	3		3
Rush Township		1	1
Snowshoe Township	27	1	28
Total	58	4	62

Data Source: PUC Spud Report – May 11, 2012.

Municipal location is based on county boundary information.

Act 13 – Estimated Fee Distributions – Year 1

Number of Shale Wells in State (estimated)	4808
Estimated Fee Collected for 2011	\$220,000,000
Statewide Set-Aside	\$23,000,000
Statewide Set-Aside for Affordable Housing	\$2,500,000
40% Statewide Allocation	\$77,800,000
60% Local Allocation to Host Counties	\$116,700,000
Number of Shale Wells in County	62
Centre County	\$541,752
Total Municipal Distribution in Centre County	\$963,115
Centre County Host Municipalities	\$556,801
Burnside Township	\$279,262
Curtin Township	\$38,758
Rush Township	\$54,848
Snow Shoe Township	\$275,934

Data Updated 5.11.2012

For More Information

**Centre County Planning and Community
Development Office**

814-355-6791

Centre County Natural Gas Impact Fee Web Site

<http://www.co.centre.pa.us>

PUC Implementation Order

www.puc.state.pa.us

Click on Natural Gas / Act 13 (Impact Fee)