

October 4, 2011

Marcellus Shale Impact Fee Details Announced

[ENERGY & RESOURCES](#)
BY [GEORGE ADAMS](#)

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On October 3, 2011 Pennsylvania Governor Tom Corbett announced the details of the Marcellus Shale impact fee originally proposed by the Governor's Marcellus Shale Commission in July. This fee would be imposed and collected by the counties where the gas wells are located.

The breakdown of the fee over a ten-year period is as follows: \$40,000 for the first year; \$30,000 for the second year; \$20,000 for the third year; and \$10,000 for years 4 through 10. The total amount paid over a ten-year period is \$160,000 per well. The proposed allocation of the funds is 25% to the state and 75% to the local municipalities. The breakdown among the municipalities is 36% to the county, 37% to the municipalities hosting the wells and the remaining 27% to the municipalities within the county where the well is not located.

A large portion of the state's share would go to PennDOT for use on infrastructure repairs in drilling counties. The Pennsylvania Department of Environmental Protection would receive 10.5% of the State allocation. PEMA, the State Fire Commissioner, the Department of Health and the Public Utility Commission would each receive shares of less than 10%.

This impact fee proposal also comes with some additional environmental regulations. The Governor would like to increase the minimum distance between a gas well and streams, rivers, or private water supplies. He is also proposing to raise the bonding amounts that drillers pay for their wells, as well as double the penalties for civil violations, from \$25,000 to \$50,000. Another major proposed change would be to increase the "presumed liability" for people living near well sites from 1,000 feet to 2,500 feet. Therefore, if a person's water supply is impaired and they live within 2,500 feet of a drilling site, the energy company would assume the legal liability for the problem. This would provide additional safeguards for those individuals and families that reside in the heart of the drilling areas.

Finally, there are incentives for the energy companies to reduce the amount of the impact fees they pay by funding natural gas fueling stations and natural gas public transit vehicles. The details regarding these proposals remain unclear.

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One PPG Place, Suite 1700
Pittsburgh, PA 15222

contactsd@schneiderdowns.com
p:412.261.3644 f:412.261.4876



COLUMBUS

65 East State Street, Suite 2000
Columbus, OH 43215

contactsd@schneiderdowns.com
p:614.621.4060 f:614.621.4062



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