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PA DEP Issues 2017 Annual Oil and Gas Report

ENERGY & RESOURCES

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On August 31, the Pennsylvania Department of Environmental Protection (DEP) released its [2017 annual oil and gas report](#). The DEP, with a mission of “protecting Pennsylvania’s air, land and water from pollution and providing for the health and safety of its citizens through a cleaner environment,” is responsible for granting and reviewing permits for the construction and drilling of wells, and inspection of oil and gas well sites to ensure that they are constructed and operated in accordance with those permits. The 2017 annual report outlines the department’s progress on new and continuing initiatives, as well as results of department activities such as permit issuance, compliance inspections, plugging of orphan or abandoned wells, etc. In addition, an outlook of current 2018 initiatives and their progress is highlighted.

The largest continuing initiatives highlighted by the DEP are the movements toward a mobile platform for inspections and development of a new e-permitting application to replace the current paper system. Although the e-permitting system is still in development and expected to be released in late 2018, the DEP saw a large increase in new well drilling permits issued. 2,028 unconventional permits and 203 conventional well drilling permits were issued in 2017, showing a 58% and 28% increase from 2016. 515 of these unconventional permits were issued in Washington County, and 74 of the conventional permits were issued in both Warren and McKean County. Permits have declined slowly since 2010, but have seen a slight increase in recent years, due in part to a more streamlined, efficient process. The DEP has also updated its process for inspections, launching a mobile app to allow inspections to be conducted at oil and gas sites through tablet computers. This not only allows for greater accuracy, but allows the DEP to provide information to the public in a much more efficient manner, within hours or days of inspections taking place. With this updated process, the DEP has been able to place increased emphasis on inspecting orphan and abandoned wells. In 2017 the DEP conducted approximately 36,000 compliance inspections, which is more than double the inspections performed in 2010.

One of the biggest issues the DEP faces, and will continue to face, is the large number of orphan and abandoned wells within the state. The DEP estimates there to be approximately 100,000 – 560,000 abandoned oil and gas wells unaccounted for in Pennsylvania and estimates the costs to plug these wells, once accounted for, to be approximately \$150M to \$3.7B. To assist with the rising costs and search for these abandoned wells, the DEP has developed the “Good Samaritans” initiative to encourage partners within the oil and gas industry to plug dangerous abandoned wells, and be protected from liability for their role in reducing environmental hazards. Through cost savings from projects like the “Good Samaritan” initiative and in-kind contributions, the DEP has estimated to have saved approximately \$6M to be used towards plugging of these legacy wells.

As the DEP focused on improving the permit and inspection process in 2017, it continues to improve upon those processes in 2018. Most notably, the Erosion & Sediment Control General Permit for Oil and Gas Operations will expire in late December 2018. Currently, the DEP is in the process of developing an electronic, streamlined permit process with the hopes to further improve the efficiency of the permit review process. One of the largest changes affecting operators in the state is the Unconventional Well Permit Fee Application increase. The DEP has proposed increasing the current permit application fees of \$5,000 for non-vertical unconventional wells and \$4,200 for vertical unconventional wells, to \$12,500 for unconventional well permit applications. The comment period for the proposition has ended, with comments both in favor and in opposition arising, but the regulation has not yet been approved as of the end of August 2018.

For the full 2017 annual report, please visit
<https://www.depgis.state.pa.us/2017oilandgasannualreport/index.html>

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