

PENNSYLVANIA GRADE CRUDE DEVELOPMENT ACT - ENACTMENT

Act of Jun. 23, 2016, P.L. 379, No. 52

An Act

Establishing the Pennsylvania Grade Crude Development Advisory Council; and providing for duties of the Pennsylvania Grade Crude Development Advisory Council and the Department of Environmental Protection, for administrative support and for regulation of conventional oil and gas wells.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Pennsylvania Grade Crude Development Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in the section unless the context clearly indicates otherwise:

"Conventional oil and gas well." A bore hole drilled or being drilled for the purpose of or to be used for construction of a well regulated under 58 Pa.C.S. Ch. 32 (relating to development), that is not an unconventional well, irrespective of technology or design. The term includes, but is not limited to:

- (1) Wells drilled to produce oil.
- (2) Wells drilled to produce natural gas from formations other than shale formations.
- (3) Wells drilled to produce natural gas from shale formations located above the base of the Elk Group or its stratigraphic equivalent.
- (4) Wells drilled to produce natural gas from shale formations located below the base of the

Elk Group where natural gas can be produced at economic flow rates or in economic volumes without the use of vertical or nonvertical well bores stimulated by hydraulic fracture treatments or multilateral well bores or other techniques to expose more of the formation to the well bore.

(5) Irrespective of formation, wells drilled for collateral purposes, such as monitoring, geologic logging, secondary and tertiary recovery or disposal injection.

"Council." The Pennsylvania Grade Crude Development Advisory Council.

"Department." The Department of Environmental Protection of the Commonwealth.

Section 3. Pennsylvania Grade Crude Development Advisory Council.

(a) Establishment.--There is established the Pennsylvania Grade Crude Development Advisory Council.

(b) Composition.--The council shall consist of the following members:

(1) The Secretary of Community and Economic Development or the secretary's designee.

(2) The Secretary of Environmental Protection or the secretary's designee.

(3) One member of the Senate appointed by the President pro tempore of the Senate.

(4) One member of the Senate appointed by the Minority Leader of the Senate.

(5) One member of the House of Representatives appointed by the Speaker of the House of Representatives.

(6) One member of the House of Representatives appointed by the Minority Leader of the House of Representatives.

(7) The following members appointed by the Governor:

(i) Two representatives of the Pennsylvania Independent Petroleum Producers.

(ii) Two representatives of the Pennsylvania Independent Oil and Gas Association.

(iii) Two representatives of the Pennsylvania Grade Crude Oil Coalition.

(iv) Two representatives of refineries of Pennsylvania grade crude oil.

(v) One representative of a nonprofit corporation, which has the purpose of promoting the history and economic benefits of the conventional oil and gas industry in this Commonwealth.

(vi) One representative of academia who is a geologist with an expertise in petroleum geology.

(vii) One representative of academia who is a hydrologist.

(c) Chairperson.--The council shall elect a chairperson from among its members.

(d) Meetings.--The council shall meet upon the call of the chairperson, but not less than semiannually. A simple majority of the members shall constitute a quorum.

(e) Terms.--

(1) Except as set forth in paragraph (2), the legislative members of the council shall serve two-year terms commencing with the first Tuesday in January of odd-numbered years and may be reappointed upon reelection to office.

(2) Of the initial members appointed by the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives, members shall serve until the first Tuesday in January of the first

odd-numbered year after the end of the year during which this section takes effect.

(3) Of the initial members appointed by the Governor:

(i) Four members shall serve initial terms of one year.

(ii) Four members shall serve initial terms of two years.

(iii) Three members shall serve initial terms of three years.

(4) After the initial terms, individuals appointed by the Governor shall serve for a term of three years.

(5) Individuals appointed by the Governor may be appointed to successive terms.

(f) Vacancies.--Vacancies shall be filled for the remainder of an unexpired term in the same manner as original appointments. A member, upon expiration of the term, shall continue to hold office until a successor is appointed.

(g) Quorum.--A majority of the membership of the council shall constitute a quorum for the transaction of business. Action may be taken on a matter before the council by a majority vote of the full membership of the council.

(h) Compensation.--Council members may not receive compensation for their services, but shall be reimbursed for all necessary travel and other reasonable expenses incurred in connection with the performance of their duties as members.

Section 4. Duties of council.

(a) Duties.--The council shall:

(1) Examine and make recommendations regarding existing technical regulations promulgated under 58 Pa.C.S. (relating to oil and gas), and policies implemented by the department that impact the conventional oil and gas industry of this Commonwealth.

(2) Explore the development of a regulatory scheme that provides for environmental oversight and enforcement specifically applicable to the conventional oil and gas industry.

(3) Promote the long-term viability of the conventional oil and gas industry.

(4) Assist the Secretary of Environmental Protection with and provide written comments on new departmental policy that will impact the conventional oil and gas industry of this Commonwealth, including economic consequences.

(5) Review and comment on the formulation and drafting of all technical regulations proposed under 58 Pa.C.S.

(6) Provide institutional support for the conventional oil and gas industry of this Commonwealth by ensuring effective cooperation and communication among governmental agencies and the academic and research community.

(7) Recommend appropriate measures relating to the promotion and development of the conventional oil and gas industry of this Commonwealth.

(8) Develop a plan to increase Pennsylvania grade crude oil production in an environmentally responsible way to more adequately supply the refineries which depend on Pennsylvania grade crude oil.

(9) Develop a joint working group with the department to explore and develop an environmentally responsible and economically viable production water management option.

(10) Perform other duties as necessary or appropriate to effect the intent and purposes of this act.

(b) Report.--The council shall annually issue a report of its activities and recommendations under subsection (a) to all of the following:

- (1) The Governor.
- (2) The President pro tempore of the Senate.
- (3) The Minority Leader of the Senate.
- (4) The chairperson and minority chairperson of the Environmental Resources and Energy Committee of the Senate.
- (5) The Speaker of the House of Representatives.
- (6) The Minority Leader of the House of Representatives.
- (7) The chairperson and minority chairperson of the Environmental Resources and Energy Committee of the House of Representatives.
- (8) The Secretary of Environmental Protection.

Section 5. Duties of department.

The department shall have the following duties:

- (1) To consult with the council on all policies and technical regulations promulgated under 58 Pa.C.S. (relating to oil and gas).
- (2) To include any written comments of the council received before the department's submission of a proposed rulemaking package of technical regulations under 58 Pa.C.S. to the Environmental Quality Board, as part of its submission to the Environmental Quality Board.
- (3) To provide technical assistance required by the council to carry out its duties under this act.

Section 6. Administrative support.

The Department of Community and Economic Development shall provide administrative support, office space and any other technical assistance required by the council to carry out its duties under sections 3, 4 and 5.

Section 7. Rulemaking concerning conventional oil and gas wells.

(a) Abrogation.--The General Assembly finds and declares that the rulemaking concerning Standards at Oil and Gas Well Sites approved by the Environmental Quality Board in 2016 prior to the effective date of this act is abrogated insofar as such regulations pertain to conventional oil and gas wells. This section applies regardless of the date of publication of final-form rulemaking in the Pennsylvania Bulletin.

(b) Future rulemaking.--Any rulemaking concerning conventional oil and gas wells that the Environmental Quality Board undertakes after the effective date of this act shall be undertaken separately and independently of unconventional wells or other subjects and shall include a regulatory analysis form submitted to the Independent Regulatory Review Commission that is restricted to the subject of conventional oil and gas wells.

Section 8. Effective date.

This act shall take effect immediately.