



April 12, 2024

The Honorable Jordan Harris, Chairman  
House Appropriations Committee  
512E Main Capitol Building  
Harrisburg, PA 17120

The Honorable Seth Grove, Republican Chairman  
House Appropriations Committee  
245 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Scott Martin, Chairman  
Senate Appropriations Committee  
281 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Vincent Hughes, Democrat Chairman  
Senate Appropriations Committee  
545 Main Capitol Building  
Harrisburg, PA 17120

Dear Chairmen Harris, Gove, Martin and Hughes:

On behalf of the Marcellus Shale Coalition (MSC), I am writing to express our support for Governor Shapiro's budget proposal to appropriate \$11 million in General Fund Revenues to the Pennsylvania Department of Environmental Protection's (PADEP or Department) Well Plugging account. This account is used to fund the Office of Oil and Gas Management within PADEP.

The Office of Oil and Gas Management is responsible for overseeing oil and gas development in the Commonwealth. According to the Department, the entire program's costs are estimated at approximately \$25 million per year, and that includes oversight of both the modern conventional and unconventional oil and gas industries. The program is primarily funded through well permit fees and revenues from Impact Fees<sup>1</sup> that are exclusively paid by the unconventional industry. The vast majority of the permit fees (99.5%)<sup>2</sup> come from the unconventional well permit fee, as well, which is currently the highest well permit fee in the nation. It is important to note that, to our knowledge, the oil and gas program is the only program within DEP that does not receive some level of General Fund support.

Under the current funding mechanism, the Office of Oil and Gas Management has faced long-standing budgetary challenges. The MSC has made countless overtures over the last decade to work collaboratively with the Department to find a long-term solution to adequately fund the program without putting either the conventional or unconventional industry at further competitive disadvantage when compared to other states' regulatory costs.

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<sup>1</sup> By June 2024, PA DEP will have received \$78 Million in Impact Fees from the unconventional natural gas industry to support oil and gas oversight.

<sup>2</sup> According to PA DEP's most recent Three Year Permit Fee Report, in FY '20-'21 unconventional operators paid \$8,528,782 in permit fees while conventional operators paid \$46,100.

While the Department has never taken the MSC up on its offers of collaboration, we were pleased to see Governor Shapiro's proposal to appropriate General Fund revenues to the program in order to alleviate the inherent funding challenges faced by the program. The MSC asks that as you work to find common ground on a 2024-2025 budget for the Commonwealth, that you include this proposed appropriation as a key mechanism to alleviating the long-term funding challenges faced by the Department.

As always, if you have any questions, the MSC stands ready, willing and able to assist.

Sincerely,



Dave Callahan,  
President

Cc: Governor Josh Shapiro  
Interim Acting Secretary Jessica Shirley  
House and Senate Leadership