



April 11, 2025

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

The Honorable Jim Struzzi, 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, Martin, Struzzi 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 \$19 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 and regulating oil and gas development in the Commonwealth. According to the Department, the 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 has in recent years been funded primarily through well permit fees and revenues from Impact Fees¹ that are exclusively paid by the unconventional industry. The vast majority of the permit fees (99.5%)² come from the unconventional well permit fee, as well, which is currently the highest well permit fee (\$12,500) in the nation.

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.

¹ By June 2025, PA DEP will have received \$84 Million in Impact Fees from the unconventional natural gas industry to support oil and gas oversight.

² 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.

As you work to find common ground on a 2025-2026 budget for the Commonwealth, the MSC encourages both chambers of the General Assembly to include this proposed appropriation to cover the Office of Oil and Gas Management's costs associated with oversight of the industry.

As always, if you have any questions, please don't hesitate to reach out.

Sincerely,



Jim Welty
President

Cc: Honorable Josh Shapiro, Governor
Acting Secretary of Environmental Protection Jessica Shirley
House and Senate Leadership

