

UPDATE ON THE REGULATION OF MARCELLUS GAS DEVELOPMENT IN PENNSYLVANIA

New gas well drilling standards for Pennsylvania passed review by the Independent Regulatory Review Commission on 11/18/10 by a 5-0 vote. The Environmental Quality Board, after receiving nearly 2000 public comments, approved the changes in October by a 15-1 vote. Final form regulations now go to the Attorney General for final review and approval. Once all reviews and approvals are obtained, the regulations go into effect upon their publication in the Pennsylvania Bulletin. (The new Republican Governor-Elect is Tom Corbett.)

As you know, the Marcellus industry was allowed to commence large scale operations in Pennsylvania with only the erosion and sediment control and stream bank encroachment laws associated with earthmoving developments in any state of refinement. Water acquisition, wastewater disposal / treatment, fracturing pressures and borehole protective regulations were either nonexistent or out of date to the point of ineffectiveness. DEP Secretary John Hanger actually stated that many problems being experienced now would probably not exist in their present volume and state had the regulations been applied before the industry was allowed to operate.

The new regulations will require:

1. Drillers must report production and waste volumes electronically
2. Drillers must submit a detailed report of chemicals used in the fracturing process
3. Operators will be required to keep a list of emergency contact phone numbers at the well site
4. Operators will be required to follow a set of instructions in the event that a gas migration is detected
5. Regulations will clarify how and when blow-out prevention equipment is installed and operated
6. Operators must have a pressure barrier plan to minimize well control events
7. Operators must condition the wellbore to ensure the cement/casing/formation bond
8. The use of centralizers will be required to ensure that casings are properly positioned in the wellbore
9. The casing cement quality spec will be improved in the interest of groundwater protection

The Pennsylvania Department of Environmental Protection web-site contains more information.

<http://www.depweb.state.pa.us>

Consult the Oil & Gas section.

Also, as of October 1, 2010, Pennsylvania had 4510 active Marcellus permits and 650 well completion reports received. The majority of completions are in the Washington/Greene County areas, and the majority of active permits are in northeast Pennsylvania, although the southwest certainly has its share.

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