

# FISCAL NOTE

May 9, 2022

<b>Bill No:</b>	2461	<b>Printer's No:</b>	2907	<b>Sponsor:</b>	Owlett
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## COST / (SAVINGS)

<b>Fund (s)</b>	<b>2021-22</b>	<b>2022-23</b>
Oil and Gas Lease Fund or General Fund	\$1.168 Million	\$1.196 Million

**SUMMARY:** HB 2461 establishes the Subsurface Oil and Gas Lease Act.

**ANALYSIS:** HB 2461 states that the Department of Conservation and Natural Resources (DCNR) shall establish a program to review submissions by companies for the leasing of subsurface rights under state forest and park properties for oil and gas development originating from well sites outside the state forest or park property. DCNR's secretary shall have the authority to approve or disapprove an application within 60 days and DCNR shall provide justification for the disapproval. Companies receiving a disapproval may resend a submission addressing DCNR's concerns within 60 calendar days, and the department shall rule on the resubmission with 60 days of receipt. Reasons for disapproval include a company having environmental compliance violations with Pennsylvania that have not been satisfactorily addressed and have caused a negative environmental impact and development of the land would lead to the need for related infrastructure development elsewhere on state land that would lead to a significant negative environmental impact. Companies receiving a disapproval of a resubmission may appeal to the Commonwealth Court.

DCNR shall also hold a competitive bidding process for approved companies to bid on oil and gas leasing rights and post information on the process. The process shall be completed, and a winner selected within 45 days of approving a submission. Revenue generated from these leases shall be deposited into the Oil and Gas Lease Fund.

DCNR shall also establish a grant program to fund stream maintenance and clearing projects. Projects that are designed to mitigate flood risk, preserve farm or residential property from flooding, or areas that have been under disaster emergencies related to flooding within the last five years shall be prioritized. DCNR shall award grants in different areas of the commonwealth and a proposed project within a single county or municipality shall not receive more than 10 percent of the money under the grant program in a given year. Money deposited into the Oil and Gas Lease Fund for upfront payments (payments received by the commonwealth at the time a lease is entered into) are appropriated on a continuing basis for this grant program.

This bill also abrogates Executive Order 2015-03, which placed a moratorium on leasing state-owned lands for oil and gas development.

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This act shall take effect immediately and DCNR will implement the program within 90 days and post information related to the program on its website. Companies may begin sending submissions to DCNR 90 days after the effective date.

**FISCAL IMPACT:** This bill provides for no additional funding or staffing. However, any additional leasing beyond what is already leased or occurring on severed lands would be a significant increase in workload to DCNR staff. Additional staff including accountants, geologic scientists, program managers, and attorneys would need to be added to appropriately manage the increased level of management, large number of project reviews, and agreements needed.

DCNR would require nine additional staff which would cost \$1.168 million in FY 21-22 and \$1.196 million in FY 22-23. The department predicts that this will come from the Oil and Gas Lease Fund with the State Forest Operations (minerals positions), General Government Operations (legal positions), and State Parks Operations (parks positions) appropriations being affected. The General Fund also funds these lines and thus could also be affected.