



August 13, 2018

Via UPS & PADEP eComment Electronic Submission (<https://www.ahs.dep.pa.gov/eComment/>)

16th Floor Rachel Carson Building
400 Market Street
Harrisburg, PA 17101

Re: Unconventional Well Permit Application Fee Increase

Dear Comment Reviewer:

JKLM Energy, LLC (JKLM), appreciates the opportunity to submit comments for consideration by the Department of Environmental Protection (PADEP or Department) regarding PADEP's Unconventional Well Permit Application Fee Increase. Please find below comments on the proposed fee increase.

Background

PADEP proposes to increase the well permit fee to \$12,500 for all unconventional well permit applications. The current fee is \$5,000 for horizontal well applications and \$4,200 for vertical well applications. This fee increase is expected to raise costs to industry by an estimated \$15 Million annually, in addition to the \$6 Million annually from the Act 13 Natural Gas Impact Fee.

Comments

1. The PA Bulletin projects that PADEP will receive 2,000 unconventional well permit applications per year in future years. If the Department receives more than 2,000 well permits per year, will they revisit this and reduce the fees? If they receive fewer applications will the well permit fee be increased on a yearly basis? Will a timeframe be established on how often this fee to fund the program is reassessed?
2. When the fee increase was first introduced as a possibility, there was discussion about potentially extending the permit expiration from 1 year to 3 years. This was not mentioned in the PA Bulletin. Will the PADEP revisit the permit length?
3. The proposed permit fee of \$12,500 would be the highest permit fee in the nation, raising serious concerns regarding The Commonwealth's ability to be competitive in attracting capital investment and jobs.
4. The PA Bulletin references that the fee increase will help pay for 11 new compliance specialists at \$1.1 Million annually to fund these positions, but only 5 new positions for surface activities permitting. The biggest setback the industry faces is a delay in permitting times especially in surface activities permitting. In addition, there is no assurance of an increase in efficiency, performance or accountability of the staff to justify the increase.



5. The PADEP fails to allocate any of the nearly \$140 Million in discretionary General Fund taxpayer money it receives in the state budget to operate its oil and gas program, relying only on permit fee, Act 13 Impact Fee and fines and penalty revenue. No other PADEP program relies solely upon industry funding to operate.
6. The unconventional oil and gas operators provide over 99% of the funding to operate PADEP's oil and gas program, despite accounting for approximately 60% of the agency's oil and gas workload. Unconventional oil and gas operators should not be required to pay for more than their commensurate workload, and failure to adhere to this standard violates PADEP's statutory authority.

Conclusion

JKLM welcomes the opportunity to meet with PADEP staff to explain further or illustrate and discuss any of these issues.

Sincerely,

Scott C. Blauvelt, P.G.
Director of Environmental Health & Safety
JKLM Energy, LLC

cc: Honorable Patrick McDonnell, Secretary
Jessica Shirley, Policy Director