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STATE REPRESENTATIVE
KERRY A. BENNINGHOFF

House of Representatives Commonwealth of Pennsylvania
171st Legislative District

DISTRICT OFFICES:

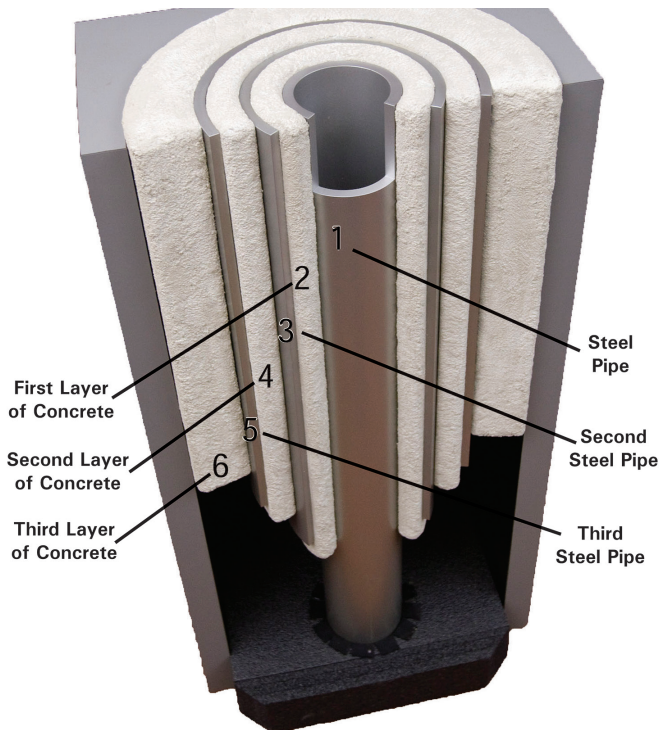
140 W. High St., Bellefonte, PA 16823
(814) 355-1300 (814) 355-3523 FAX

77 North Main St.
PO Box 592, Reedsville, PA 17084
(717) 667-1175 (717) 667-6025 FAX

HARRISBURG OFFICE:

147 Main Capitol, PO Box 202171
Harrisburg, PA 17120-2171
(717) 783-1918 (717) 782-2913 FAX
Email: kbenning@pahousegop.com

Multiple Layers of Protection



PA's comprehensive and stringent requirements:

- **Demand excellence** in environmental protection
- Are among the **toughest in the nation**
- Ensure groundwater resources are **protected.**

Together with required monitoring, several layers of protective steel casing and concrete eliminate gas migration to fresh groundwater zones.

Marcellus Shale

Policy Committee Issue Brief



Keystone State Renewed:
Building Upon an Energy Legacy

P E N N S Y L V A N I A
HOUSE OF REPRESENTATIVES

HYDRAULIC FRACTURING

- Hydraulic fracturing, or “fracking,” is a process commonly used to extract oil and gas from beneath the earth’s surface by injecting a mixture of water, sand and diluted lubricating agents into a targeted rock formation at high pressure. This process, also known as well stimulation, causes the rock formation to crack, allowing oil or gas to flow freely to the surface.
- Fracking has been used to extract oil and natural gas in the U.S. since 1947.

Hydraulic Fracturing occurs at a depth of approximately 5,000 – 8,000 feet.

ACT 13

- Paid by natural gas operators, the Act 13 impact fee generates approximately \$200 million/year, totaling about \$630 million in the first three years since enactment. Use of fee revenue includes:
 - Local infrastructure construction, maintenance and repair, including roadways, bridges, water, storm water and waste water systems.
 - Preservation and reclamation of surface and subsurface water supplies.
 - Career and technical training.
 - Affordable housing.
 - Emergency preparedness and public safety.
 - Environmental programs, such as recreation, conservation and agriculture preservation.
- An interactive county-by-county breakdown of the Act 13 impact fee distribution can be found on the Public Utility Commission’s website: www.puc.state.pa.us.

ACT 13’s impact fee provides **\$200 million annually** for local infrastructure, preservation and environmental protection.

- Act 13 also includes provisions that:
 - Require full fracking chemical disclosure.
 - Increase setbacks for gas wells to protect water resources and supplies.
 - Enhance DEP permitting powers, and increase fines, penalties and liability protections.
- In response to increased activity, PA has made the following responsible regulatory changes:
 - Doubled staff in the Office of Oil & Gas Management, adding additional inspectors.
 - Opened two new regional offices and increased on-site inspections.
 - Instituted stricter waste water requirements and blow-out prevention policies.
 - Strengthened regulations related to drilling, casing, cementing, testing, monitoring and plugging of wells to protect water supplies and prevent gas migration.
 - Increased permit fees to fund additional Oil and Gas staff positions. When complete, PA will have more inspectors than any other oil-and/gas-producing state in the nation.

PA will soon have more inspectors than Texas, which has **7-9 times** the number of active wells.



ECONOMIC IMPACT

It is estimated that by 2020, the natural gas industry in PA will provide a total economic impact of \$18.8 billion.

- In 2012, the industry employed 62,417 PA workers directly, paying more than \$5 billion in wages.
- According to the PA Department of Labor & Industry, the average annual salary of an industry employee is over \$83,000/year.
- In fiscal year 2012, the natural gas industry was responsible for over \$3.5 billion in state and local revenues – including:
 - \$1.4 billion in combined state taxes and fees paid by the industry.
 - \$1.125 billion in combined state taxes paid by industry employees.
 - \$707 million in local taxes paid by industry employees.
 - \$298 million in local property taxes paid by the industry.

62,417 PA workers directly employed

\$5 billion in wages

\$83,000 average salary

\$18.8 billion in economic impact

\$3.5 billion in state and local revenues