

No. 38

AN ACT

SB 1111

Amending the act of November 30, 1955 (P.L.756), entitled "An act relating to coal mining, well operations and the underground storage of gas, except in storage reservoirs excavated in rock formations specifically for storage purposes, and the safety of personnel and facilities employed therein; prescribing the rights and duties of well operators, before, during, and after the drilling of wells for the production, extraction or storage of any gas, petroleum or other liquid; regulating the underground storage of gas under workable coal seams; prescribing the rights and duties of owners and operators of coal mines in relation to wells and underground storage areas; granting certain corporations a limited right of eminent domain to appropriate interests in real property for surface and sub-surface operations in connection with the underground storage of gas; creating the Oil and Gas Division of the Department of Mines and defining its personnel, powers and duties; providing for hearings and the procedures to be followed therein and imposing duties upon the courts and providing methods for the enforcement of the provisions of this act and imposing penalties," providing a declaration of public policy and for the regulation of additional gas storage pools.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The title, act of November 30, 1955 (P.L.756), known as the "Gas Operations Well-Drilling Petroleum and Coal Mining Act," is amended to read:

AN ACT

Relating to coal mining, well operations and the underground storage of gas, except in storage reservoirs excavated in rock formations specifically for storage purposes, [and] the safety of personnel and facilities employed therein, *and the protection of the people residing in the area and their property rights*; prescribing the rights and duties of well operators, before, during, and after the drilling of wells for the production, extraction or storage of any gas, petroleum or other liquid; regulating the underground storage of gas under workable coal seams; prescribing the rights and duties of owners and operators of coal mines in relation to wells and underground storage areas; granting certain corporations a limited right of eminent domain to appropriate interests in real property for surface and sub-surface operations in connection with the underground storage of gas; creating the Oil and Gas Division of the Department of Mines and defining its personnel, powers and duties; providing for hearings and the procedures to be followed therein and imposing duties upon the courts and providing methods for the enforcement of the provisions of this act and imposing penalties.

Section 2. The act is amended by adding a new section to read:

Section 104. Declaration of Public Policy.—The provisions of this

act shall be liberally construed to effect the safety of personnel and facilities employed in the underground storage of gas and the protection of the people residing in the area where such gas is stored and their property rights.

Section 3. The act is amended by adding a new article to read:

**ARTICLE VI
REGULATION OF CERTAIN UNDERGROUND
GAS STORAGE POOLS
NOT COVERED BY ARTICLE III**

Section 601. Filing of Maps and Data by Persons Operating or Proposing to Operate Certain Gas Storage Reservoirs.—(a) Any person who, on the effective date of this article, is injecting gas into or storing gas in a storage reservoir not then subject to Article III of this act, by a process other than that of secondary recovery or gas recycling, shall, within such time in excess of sixty days as the division may fix, file with the division a copy of a map and certain data in the form and manner provided in this subsection.

Any person who, after the effective date of this article, proposes to inject or store gas in a storage reservoir in an area not covered by Article III of this act, by a process other than that of secondary recovery or gas recycling, shall file the required map and data with the division not less than six months prior to the starting of actual injection or storage.

The map provided for herein shall be prepared by a competent engineer or geologist. It shall show the stratum or strata in which the existing or proposed storage reservoir is or is to be located, the geographic location of the outside boundaries of the said storage reservoir, the location of all known oil or gas wells which have been drilled into or through the storage stratum within the reservoir or within three thousand linear feet thereof, indicating which of these wells have been or are to be cleaned out and plugged or reconditioned for storage and also indicating the proposed location of all additional wells which are to be drilled within the storage reservoir or within three thousand linear feet thereof.

The following information, if available, shall be furnished for all known oil or gas wells which have been drilled into or through the storage stratum within the storage reservoir or within three thousand linear feet thereof, name of the operator, date drilled, total depth, depth of production if the well was productive of oil or gas, the initial rock pressure and volume, and a copy of the driller's log or other similar information. At the time of the filing of the aforesaid maps and data, such person shall file a detailed statement of what efforts he has made to determine (i) that the wells shown on said map are accurately located thereon and (ii) that, to the best of his knowledge, they are all

the oil or gas wells which have ever been drilled into or below the storage stratum within the proposed storage reservoir. This statement shall also include information as to whether or not the initial injection is for testing purposes, the maximum pressure at which injection and storage of gas is contemplated and a detailed explanation of the methods to be used or which, theretofore, have been used in drilling, cleaning out, reconditioning and plugging wells in the storage reservoir. The map and data required to be filed hereunder shall be amended or supplemented semi-annually in case any material changes have occurred: Provided, however, That the division may require a storage operator to amend or supplement such map or data at more frequent intervals if material changes have occurred justifying such earlier filing.

(b) The storage operators shall give notice to the division of the name of each political subdivision and county in which said operator maintains and operates a gas storage reservoir.

(c) At the time of the filing of the above maps and data and the filing of amended or supplemented maps or data, the storage operator shall give written notice of said filing to such persons as the division may require. Such notices shall contain a description of the boundaries of such storage reservoir.

(d) For all purposes of this act, the outside boundaries of a storage reservoir shall be defined by the location of those wells around the periphery of the storage reservoir which had no gas production when drilled in said storage stratum: Provided, however, That the boundaries as thus defined shall be originally fixed or subsequently changed where, based (i) upon the number and nature of such wells, and (ii) upon the geological and production knowledge of the storage stratum, its character, permeability and distribution, and operating experience, it is determined in a conference or hearing under section 502 that modification should be made.

Section 602. Obligations to be Performed by Persons Operating Certain Storage Reservoirs.—(a) Any person who, on or after the effective date of this article, is operating or proposes to operate a storage reservoir, except one that is filled by the secondary recovery or gas recycling process, shall:

(1) Use every known method which is reasonable under the circumstances for discovering and locating all wells which have or may have been drilled into or through the storage reservoir.

(2) Plug or recondition in the manner provided in Article II of this act all known wells (except to the extent otherwise provided in subsections (b) and (c) of this section) drilled into or through the storage reservoir.

(b) In order to meet the requirements of subsection (a) of this section, wells which are to be plugged shall be plugged in the manner

specified in section 206. When a well located within the storage reservoir area has been plugged prior to the enactment of this act and on the basis of the data, information and other evidence submitted to the division it is determined that (i) such plugging was done in the manner required in section 206 or in a manner approved as an alternative method in accordance with section 207, and (ii) said plugging is still sufficiently effective to meet the requirements of this act, the obligations imposed by subsection (a) of this section as to plugging said well shall be considered fully satisfied.

(c) In order to meet the requirements of subsection (a) of this section, wells which are to be reconditioned shall be cleaned out from the surface through the storage horizon and the producing casing and such other casing strings which are determined not to be in good physical condition shall be replaced with new casing using the same procedure as is applicable to drilling a new well as provided for in this act. In the case of wells to be used for gas storage, the annular space between each string of casing and the annular space behind the largest diameter casing to the extent possible, shall be filled to the surface with cement or bentonitic mud or such nonporous material as is approved by the division pursuant to section 207. At least fifteen days prior to the time when a well is to be reconditioned, the storage operator shall give notice thereof to the division, setting forth in such notice the manner in which it is planned to recondition such well and any pertinent data known to the storage operator which will indicate the then existing condition of such well. In addition, the storage operator shall give such representative of the division as the deputy secretary shall have designated at least seventy-two hours notice of the time when such reconditioning is to begin. If no objections are raised by the division within ten days, the storage operator may proceed with the reconditioning in accordance with the plan as submitted. If any objections are made by the division, the division shall fix a time and place for a conference in accordance with section 502 at which conference the storage operator and the division shall endeavor to agree upon a plan of reconditioning which meets the requirements herein and which will satisfy such objections. If no plan is approved at such conference, the division shall direct that a hearing be held in accordance with section 502 and after such hearing shall, by an appropriate order, determine whether the plan as submitted meets the requirements set forth herein or what changes, if any, should be made to meet such requirements. If, in reconditioning a well in accordance with said plan, physical conditions are encountered which justify or necessitate a change in said plan, the storage operator may request that the plan be changed. If the request is denied, the division shall arrange for a conference or hearing in accordance with section 502 to determine the matter in the same manner as set forth herein in connection with

original objections to said plan. Applications may be made to the division in the manner prescribed in section 207 for approval of an alternative method of reconditioning a well. When a well located within the storage reservoir has been reconditioned prior to the enactment of this article, or was so drilled and equipped previously and on the basis of the data, information and other evidence submitted to the division, it is determined that:

(1) Such reconditioning or previous drilling and equipping was done in the manner required in this subsection or in a manner approved as an alternative method in accordance with section 207.

(2) Such reconditioning or previous drilling and equipping is still sufficiently effective to meet the requirements of this act, the obligations imposed by subsection (a) as to reconditioning said well shall be considered fully satisfied. Where a well requires emergency repairs, this subsection shall not be construed to require the storage operator to give the notices specified herein before making such repairs.

(d) The requirements of subsection (a) of this section shall not apply to the injection of gas into any stratum when the sole purpose of such injection (such purpose being herein referred to as testing) is to determine whether the said stratum is suitable for storage purposes: Provided, however, That such testing shall be conducted only in compliance with the following requirements:

(1) The person testing or proposing to test shall comply with all of the provisions and requirements of section 601 and shall verify the statement required to be filed thereby.

(2) The storage operator shall give at least six months' written notice to the division of the fact that injection of gas for testing purposes is proposed.

(3) If the division shall have any objections, the division shall fix a time and place for a conference in accordance with section 502, not more than ten days from the date of notice to the storage operator, at which conference the storage operator and the division shall attempt to agree, on the questions involved. If such agreement cannot be reached at such conference, the division shall direct that a hearing be held in accordance with section 502. At such hearing, the division shall determine and set forth in an appropriate order, the conditions and requirements which it shall deem necessary or advisable in order to prevent gas from escaping from such storage reservoir. The storage operator shall comply with such conditions and requirements throughout the period of the testing operations. In determining such conditions and requirements, the division shall take into account the extent to which the matters referred to in subsection (a) of this section have been performed. If, in carrying out said order the storage operator encounters or discovers conditions which were not known to exist at the time of the hearing and which materially affect said order or the ability

of the storage operator to comply with the order, the operator may apply for a rehearing or modification of said order.

(e) If, in any proceeding under this act, the division shall determine that any operator of a storage reservoir has failed to carry out any lawful order of the division issued under this act, the division shall have authority to require such storage operator to suspend the operation of such reservoir and to withdraw the gas therefrom until such violation is remedied. In such an event the gas shall be withdrawn under the following conditions: the storage operator shall remove the maximum amount of gas which is required by the division to be removed from the storage reservoir that can be withdrawn in accordance with recognized engineering and operating procedures, and shall proceed with due diligence in so far as existing facilities used to remove gas from the reservoir will permit.

(f) In addition to initial compliance with the other provisions of this act and any lawful orders issued thereunder, it shall be the duty, at all times, of the person owning or operating any storage reservoir which is subject to the provisions of this article, to keep all wells drilled into or through the storage reservoir in such condition and to operate the same in such manner as to prevent the escape of gas therefrom and to operate and maintain such storage reservoir and its facilities in such manner and at such pressures as will prevent gas from escaping from such reservoir or its facilities but in no case shall such pressure exceed the highest rock pressure found to have existed during the production history of the reservoir, or such other higher pressure as the division may approve after conference or hearing under section 502 based upon geological and production knowledge of the reservoir, its character, permeability distribution and operating experience: Provided, That this duty shall not be construed to include the inability to prevent the escape of gas where such escape results from an act of God or an act of any person not under the control of the storage operator other than in connection with any well which the storage operator has failed to locate and to make known to the division: Provided, however, That, if any escape of gas does result from an act of God or an act of any person not under the control of the storage operator, the storage operator shall be under the duty of taking such action thereafter as is reasonably necessary to prevent further escape of gas.

APPROVED—The 3rd day of March, A. D. 1970.

RAYMOND P. SHAFER

The foregoing is a true and correct copy of Act of the General Assembly
No. 38.

A handwritten signature in cursive script, reading "Joseph P. Kelly II". The signature is written in black ink and is positioned above the printed name and title.

Secretary of the Commonwealth.