



# Fully Fund the DEP Office of Oil & Gas

SB 448 / HB 3110 / SB 13 / HB 2021

## Crisis

The DEP Office of Oil and Gas (OOG) has been forced to severely reduce its staff due to budget shortfalls. Currently, OOG only has 10 inspectors overseeing approximately 75,000 wells and over 20,000 tanks across the state. That's **1 inspector for every 7,500 wells**. Even when OOG had 1 inspector per 4,000 wells, scientists found that 53% of a sample of conventional wells in WV were leaking an average of 9 cubic feet of methane per hour.

## Cause

The problem is OOG is primarily funded through a one-time well work permit fee, though routine oversight and emergency response is needed beyond the initial drilling phase to help prevent environmental harms and threats to public safety. Over reliance on a one-time fee for the only DEP permitting program that gets no federal money, subjects OOG's budget to dramatic shifts based on number of wells drilled in any given year.

## Solutions

SB 448/HB 3110 and SB 13/HB 2021 all provide for an **annual oversight fee per well**. ***Every other regulated industry has to pay an annual permit fee.*** Under SB 13, only wells producing 10MCF/day of gas or greater would pay a flat annual \$100 fee. SB 13 would only get OOG back to 1 inspector for 4,000 wells. Under HB 2021, all wells would pay an annual fee of \$100 resulting in approximately \$6.5M for OOG annually. SB 448 and HB 3110 take a tiered approach to a fee structure where higher producing wells pay more annually but cap out at a maximum of \$350. Some wells in WV are producing gas worth more than a million dollars per year. Four companies would not have to pay fees on all of their wells due a cap on number of wells subject to the fee owned by any one company.

In addition to a tiered approach to annual oversight fees, SB 448 and HB 3110 dedicate **0.75% of oil and gas severance tax** collections to the OOG. In total, this would result in an approximate average of \$2.1M for OOG annually (though it can fluctuate dramatically), and the ability to add around 10 inspectors – which is still simply not enough.

## Bottom Line

OOG needs more resources to properly manage its oil and gas program than SB 448 and HB 3110 provides. We believe OOG needs stable revenue that supports at least 40 inspectors; this would put WV in line with the oversight capacity of PA and OH. We support the oil and gas industry paying their fair share to do business in our state, as other industries do, and the need to have a strong and effective OOG program as the industry grows.