

**Protect Northern PA**  
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July 21, 2020

**Governor Tom Wolf**  
**Office of the Governor**  
**508 Main Capitol Building**  
**Harrisburg, PA 17120**

Dear Governor Wolf,

We are greatly concerned that DEP is continuing to give new permits to drill and operate wells and to create residual waste and drill cutting sites to Chesapeake Appalachia LLC (Chesapeake), a company that declared bankruptcy in June. Examples appear at the end of this document.

**Are bonding amounts sufficient?**

Whereas the Pennsylvania Oil and Gas regulations require bonding, we are concerned that the amounts many not be sufficient:

*(ii) For wells with a total well bore length of at least 6,000 feet:*

*(D) For operating more than 150 wells, \$430,000 plus \$10,000 per well for each well in excess of 150 wells, but no bond may be required under this clause in excess of \$600,000.<sup>1</sup>*

DEP estimates well decommissioning costs to range from tens of thousands of dollars to over \$100,000 per well.<sup>2</sup> Examples from across the nation suggest plugging costs for unconventional wells can be much, much higher, up to three times more.<sup>3</sup>

We didn't do a count of how many wells are operated by Chesapeake (because that would have required counting in eFACTS how many wells are per well site). However, we could readily count that Chesapeake operates 964 active sites and each site could have multiple wells.<sup>4</sup>

**Conclusion: The amount set aside for bonding is only a fraction of what is considered sufficient.**

**Will the money set aside as bonds be there and available to pay the bonds?**

Nationally, *"Chesapeake Energy, which declared bankruptcy last month after paying out executive bonuses, might also be environmentally insolvent, Mr. Rogers estimates, with potential cleanup costs of \$1.4 billion, nearly as much as its year-end market value of \$1.6 billion. Chesapeake's filings show that it has set aside only \$41 million in bonds to cover the cleanup of its 6,800 wells."*<sup>5</sup>

Will the Pennsylvania State Treasurer be able to recover the assets set aside for bonding? Are the funds sufficiently liquid? *"An analysis of recently bankrupt oil and gas companies' financial statements, prepared for The New York Times, shows a funding shortfall."*<sup>6</sup>

How will the Chapter 11 reorganization apportion assets among multiple states in which Chesapeake does business? Could repairs on leaking wells be held up, pending bankruptcy court administrative decisions, as happened elsewhere?

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<sup>1</sup><https://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=58&div=0&chpt=32&ctn=25&subsctn=0>

<sup>2</sup> <https://www.dep.pa.gov/Business/Energy/OilandGasPrograms/OilandGasMgmt/LegacyWells/Pages/default.aspx>

<sup>3</sup> <https://carbontracker.org/reports/its-closing-time/>

<sup>4</sup> [https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults\\_singleClient.aspx?ClientID=246326](https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults_singleClient.aspx?ClientID=246326)

<sup>5</sup> <https://www.nytimes.com/2020/07/12/climate/oil-fracking-bankruptcy-methane-executive-pay.html>

<sup>6</sup> Id.

### **Will some wells become abandoned?**

Whereas, some of the wells may be purchased by another company, some may not. Due to market forces, many wells will no longer be financially viable and will become stranded assets.<sup>7</sup>

DEP acknowledges the scope of the abandoned well problem. The costs of plugging abandoned wells is shifted to the state and, ultimately, to taxpayers: *“Although owners and operators are legally responsible for plugging wells when oil and gas production is no longer economically viable, this does not always happen. In addition to the wells that were drilled historically – prior to regulations pertaining to well decommissioning – there are instances in which an oil and gas company files for bankruptcy protection or moves out of the commonwealth, leaving its wells improperly abandoned.”*<sup>8</sup>

### **Methane leakage from gas operations is already excessive.**

Even before the recent economic downturn, we know from the recent Attorney General’s report (*Report 1 of the Forty-Third Statewide Investigating Grand Jury*) that companies have cut corners. DEP data of violation, by type, shows incidents of methane leaks.<sup>9</sup>

The underfunded DEP has not been able to keep up with the volume of inspections needed. The scientific community reports how methane leaks have been greatly underestimated.<sup>10</sup>

In the past year, as industry revenues have plummeted, we fear that there has been poor maintenance.

We must all be concerned and act proactively to limit current and future methane leaks that contribute substantially to climate change and to the adverse health effects described in *Report 1 of the Forty-Third Statewide Investigating Grand Jury*.

We urge you, with your authority as Governor of the Commonwealth of Pennsylvania, to order DEP to put a stay on new well permits for Chesapeake and any other company undergoing bankruptcy. This is a prudent action in order to avoid potentially enormous impending costs to taxpayers for the remediation required in the wake of the extraction bust.

Thank you for your consideration of this matter.

Diana G. Dakey and David A. Buck

On behalf of **Protect Northern PA**

***Working together to protect our communities from fracked-gas industrialization***

***Protect Northern PA is an alliance of community members, environmental groups, civic organizations, and local businesses formed to critically examine potential air, water, public health, safety, and climate threats from the natural gas industry in the Marcellus Shale region of Pennsylvania. We share a concern that a gas-related industrial buildout will negatively and irreversibly change the environment and character of the region.***

**ProtectNorthernPA.org**

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<sup>7</sup> <https://carbontracker.org/reports/its-closing-time/>

<sup>8</sup> <https://www.dep.pa.gov/Business/Energy/OilandGasPrograms/OilandGasMgmt/LegacyWells/Pages/default.aspx>

<sup>9</sup> <https://www.fractracker.org/2020/01/fracking-in-pennsylvania-in-2019/>

<sup>10</sup> <https://www.edf.org/climate/methane-studies>

Examples of recent DEP permits.

### #1 TANNER AND HANA

[https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults\\_singleSite.aspx?SiteID=842592](https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults_singleSite.aspx?SiteID=842592)

Site ID:	842592
Site Name:	Tanner & Hana
Address:	485 BROWN HOMESTEAD LANE WYALUSING, PA 18853
Status:	Unspecified

#### Clients (1)

Client List
<a href="#">CHESAPEAKE APPALACHIA LLC (246326)</a>

#### Programs (1)

DEP Programs
Oil & Gas

#### PA Municipalities (1)

Municipalities/Counties
Wyalusing Twp, Bradford County

#### Site Permits (1)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1312120</a>	Erosion and Sediment Control General Permit 3	04/24/2020	Pending

#### Facility Permits (3)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1315277</a>	Drill & Operate Well Permit (Unconventional)	05/26/2020	Issued 07/06/2020
<a href="#">1315283</a>	Drill & Operate Well Permit (Unconventional)	05/26/2020	Issued 07/06/2020
<a href="#">1315270</a>	Drill & Operate Well Permit (Unconventional)	05/26/2020	Issued 07/06/2020

### #2 RAINBOW

[https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults\\_singleSite.aspx?SiteID=759052](https://www.ahs.dep.pa.gov/eFACTSWeb/searchResults_singleSite.aspx?SiteID=759052)

Site ID:	759052
Site Name:	RAINBOW LOCATION OG ESCGP
Address:	986 Rouse Road NEW ALBANY, PA 18833
Status:	Unspecified

#### Clients (1)

Client List
<a href="#">CHESAPEAKE APPALACHIA LLC (246326)</a>

#### Programs (2)

DEP Programs
Environmental Cleanup & Brownfields
Oil & Gas

#### PA Municipalities (1)

Municipalities/Counties
Terry Twp, Bradford County

#### Site Permits (3)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1318065</a>	Erosion and Sediment Control General Permit 3	06/23/2020	Pending
<a href="#">917018</a>	Expedited E&S Stormwater General Permit 1	03/02/2012	Issued 03/23/2012
<a href="#">1172378</a>	Expedited E&S Stormwater General Permit 1	03/06/2017	Withdrawn 08/21/2017

#### Facility Permits (4)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">935352</a>	Drill & Operate Well Permit	07/16/2012	Issued 08/24/2012
<a href="#">1316006</a>	Drill & Operate Well Permit (Unconventional)	06/02/2020	Issued 07/10/2020
<a href="#">952033</a>	Alternate Waste Management Practice	11/13/2012	Issued 11/27/2012
<a href="#">1316001</a>	Drill & Operate Well Permit (Unconventional)	06/02/2020	Issued 07/10/2020

### #3. CLARKE

Site ID:	736739
Site Name:	CLARKE 1H-6H OG ESCGP
Address:	ALONG OVERTON RD OVERTON TWP, PA 18833
Status:	Active

#### Clients (1)

Client List
<a href="#">CHESAPEAKE APPALACHIA LLC (246326)</a>

#### Programs (1)

DEP Programs
Oil & Gas

#### PA Municipalities (1)

Municipalities/Counties
Overton Twp, Bradford County

#### Site Permits (1)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">841305</a>	Expedited E&S Stormwater General Permit 1	07/14/2010	Issued 08/10/2010

#### Facility Permits (11)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1316221</a>	Drill & Operate Well Permit (Unconventional)	06/03/2020	Issued 07/10/2020
<a href="#">1316194</a>	Drill & Operate Well Permit (Unconventional)	06/03/2020	Issued 07/10/2020
<a href="#">1316189</a>	Drill & Operate Well Permit (Unconventional)	06/03/2020	Issued 07/10/2020
<a href="#">1319329</a>	Alt Method of Equipping, Casing, or Venting Well	07/02/2020	Pending
<a href="#">1319326</a>	Alt Method of Equipping, Casing, or Venting Well	07/02/2020	Pending
<a href="#">1319330</a>	Alt Method of Equipping, Casing, or Venting Well	07/02/2020	Pending
<a href="#">1319323</a>	Alt Method of Equipping, Casing, or Venting Well	07/02/2020	Pending

<a href="#">1316188</a>	Drill & Operate Well Permit (Unconventional)	06/03/2020	Issued 07/10/2020
<a href="#">1316193</a>	Drill & Operate Well Permit (Unconventional)	06/03/2020	Issued 07/10/2020
<a href="#">1319327</a>	Alt Method of Equipping, Casing, or Venting Well	07/02/2020	Pending
<a href="#">861545</a>	Drill & Operate Well Permit	12/14/2010	Issued 01/24/2011

#### #4. Ferraro

Site ID:	757669
Site Name:	FERRARO LOCATION OG ESCGP
Address:	.9 MI S OF SR2010 ON E SIDE OF IRON BRIDGE RD (T438) NEW ALBANY, PA 18833
Status:	Active

#### Clients (1)

Client List
<a href="#">CHESAPEAKE APPALACHIA LLC (246326)</a>

#### Programs (1)

DEP Programs
Oil & Gas

#### PA Municipalities (1)

Municipalities/Counties
Terry Twp, Bradford County

#### Site Permits (1)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">911423</a>	Expedited E&S Stormwater General Permit 1	01/20/2012	Issued 02/08/2012

#### Facility Permits (14)

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1320553</a>	Alternate Disposal Practices - Drill Cuttings	07/13/2020	Issued 07/13/2020
<a href="#">1306588</a>	Drill & Operate Well Permit (Unconventional)	02/26/2020	Issued 03/10/2020
<a href="#">918992</a>	Drill & Operate Well Permit	03/13/2012	Issued 04/25/2012
<a href="#">1320539</a>	Residual Waste Processing	07/13/2020	Issued 07/13/2020
<a href="#">1306586</a>	Drill & Operate Well Permit (Unconventional)	02/26/2020	Issued 03/10/2020
<a href="#">1306587</a>	Drill & Operate Well Permit (Unconventional)	02/26/2020	Issued 03/10/2020
<a href="#">1315548</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Issued 07/14/2020
<a href="#">1315551</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Withdrawn 06/17/2020
<a href="#">1315539</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Withdrawn 06/17/2020
<a href="#">940332</a>	Alternate Waste Management Practice	08/17/2012	Issued 09/10/2012
<a href="#">1315531</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Issued 07/14/2020
<a href="#">1315571</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Issued 07/14/2020
<a href="#">936953</a>	Drill & Operate Well Permit	07/26/2012	Issued 09/06/2012
<a href="#">1315572</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Withdrawn 06/17/2020

**#5. Parkhurst**

Site ID: 776702  
 Site Name: PARKHURST LOCATION  
 Address: MESHOPPEN, PA 18630  
 Status: Active

**Clients (1)**

Client List
<a href="#">CHESAPEAKE APPALACHIA LLC (246326)</a>

**Programs (1)**

DEP Programs
Oil & Gas

**PA Municipalities (1)**

Municipalities/Counties
Auburn Twp, Susquehanna County

**Site Permits (3)**

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">992935</a>	Expedited E&S Stormwater General Permit 1	09/05/2013	Issued 10/08/2013
<a href="#">1104445</a>	Expedited E&S Stormwater General Permit 1	01/05/2016	Denied 01/26/2016
<a href="#">1131145</a>	Expedited E&S Stormwater General Permit 1	03/31/2016	Issued 04/19/2016

**Facility Permits (12)**

Authorization Id	Authorization Type	Date Received	Status/Date
<a href="#">1000332</a>	Drill & Operate Well Permit	10/28/2013	Issued 12/13/2013
<a href="#">1311432</a>	Drill & Operate Well Permit (Unconventional)	04/17/2020	Issued 05/21/2020
<a href="#">1000330</a>	Drill & Operate Well Permit	10/28/2013	Issued 12/13/2013
<a href="#">1026582</a>	Drill & Operate Well Permit	05/12/2014	Issued 06/03/2014
<a href="#">1017160</a>	Drill & Operate Well Permit	03/05/2014	Issued 04/25/2014
<a href="#">1017178</a>	Drill & Operate Well Permit	03/05/2014	Issued 04/23/2014
<a href="#">1049407</a>	Drill & Operate Well Permit	10/28/2014	Issued 12/19/2014
<a href="#">1315349</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Withdrawn 06/16/2020
<a href="#">1315350</a>	Alt Method of Equipping, Casing, or Venting Well	05/19/2020	Issued 06/16/2020
<a href="#">1022028</a>	Alternate Waste Management Practice	04/15/2014	Issued 04/15/2014
<a href="#">1320702</a>	<b>Residual Waste Processing</b>	<b>07/15/2020</b>	<b>Issued 07/16/2020</b>
<a href="#">1000331</a>	Drill & Operate Well Permit	10/28/2013	Issued 12/13/2013