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More Natural-Gas Drillers Comply with Production Reporting

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The Pennsylvania Department of Environmental Protection (DEP) is backing off threats of penalties for natural-gas drillers as their reporting on well production levels improves.

As of September 7, 56 of 74 natural-gas companies drilling in Pennsylvania have reported their production levels to DEP, as required under a new state law. As of the August 15 deadline set under the law, only 33 of the companies reported. The low reporting numbers prompted DEP Secretary John Hanger to warn of penalties.

"When the General Assembly approved this law and the governor signed it, they did so because they believed this requirement provided much-needed transparency into the industry's operations," Hanger said in a statement. "The fact that so many companies failed to meet the deadline for providing this information is troubling. We plan to follow-up with each noncompliant firm and pursue whatever enforcement action is necessary to get them to follow the law."

Industry representatives said companies were not disregarding the law, but cited other reasons for the early low-compliance levels.

"In some cases, we had parent companies reporting for subsidiaries drilling in Pennsylvania," said one industry representative. "So the company actually doing the drilling didn't show up on DEP's watch. In other cases, companies were telling us they tried to comply over the Internet, but there was a glitch in the system."

The law, Act 15 of 2010, required gas companies drilling into the Marcellus Shale formation to report by August 15, 2010, production totals from July 1, 2009, to June 30, 2010. Companies would then be required to report production every six months, making the next report due on February 15, 2011.

Before the law, DEP was required to keep production-reporting data confidential for five years. The confidentiality often protected smaller drilling operations, according to an aide to state Senator Gene Yaw (R-Lycoming), the prime sponsor of the reporting law.

"The idea was that if a mom-and-pop driller hit it big, their areas would be protected from bigger drillers," the aide said. "That's not really an issue anymore with the Marcellus Shale and all the drilling that's going on."

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