

PUC Secretary
P.O. Box 3265
Harrisburg, PA 17105

10/10/12

Re: Comments to the Petition of Anadarko E&P Company LP for Amendment and Clarification
Filed 9/28/12 **Docket No. M-2012-2288561**

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PA PUC SECRETARY'S BUREAU

Dear Secretary

I would like to offer the following comments to Anadarko's Petition Files 9/28/12. In summary, Anadarko's position is that construction of a well pad and the setting of what they call a "Conductor" pipe in the ground at this pad should not be considered Spudding the well. That this activity does not necessarily infer "drilling for unconventional gas" and thus the wells that Anadarko has started by the setting of these Conductor Pipes should not be subject to the Act 13 Impact Fee. Apparently Anadarko feels that by submitting permits, constructing drill pads, constructing access roads to these drill pads, and actually bringing to the site drilling equipment, (generally smaller) to drill a hole in which to set and grout in-place these conductor pipes does not constitute Spudding nor creating any "Impact".

I want to make the point that the State legislator, with the direction and support of the Drilling Industry as a whole enacted what was clearly termed an "Impact Fee". It was not termed a drilling tax, a production tax, or any other type of Tax, but much effort was made to label it an "Impact Fee". This Impact Fee was established so that the Drilling Companies/Gas Industry could provide direct compensation to both the State and Local Governments for the impacts created throughout the process of drilling Unconventional Gas Wells:

The Gas Well development process consists of several very distinct steps. These would include: leasing access or rights with the landowners, doing seismic testing, applying to DEP or others for all associated drilling or construction permits, clearing/constructing drill pads and the access roads to these pads, setting conductor piping or top-hole pipe strings, heavy drilling, deep to the gas bearing shale rock, fracking of the rock to release the gas, constructing top hole equipment and mid-stream pipelines to transport the gas from the well to an existing interstate pipeline.

Each one of the steps I just mentioned above has varying impact to the various State Agencies charged with regulating the industry, as well as to local Governments and the local residents. The step of applying for a permit causes various State Agencies to expend resources on staff in reviewing and issuing these permits, thus creating an impact to those State Agencies. Same at the local level....once a permit has been issued by the state, now local governments start to deal with the various impacts the drilling process causes. And in just those pre-drilling steps, such as the *Seismic testing, clearing trees or constructing drill pads, constructing access roads to these drill pads, and drilling and setting the Conductor piping* ALL cause heavy impact to the local Municipalities and its residents.

These conductor pipes that have been set in the ground by drilling companies do very much constitute being "Spud" or "Spudding" as the process has been started to drill for Natural Gas. A Drilling Company obviously would not put so much effort (money) into submitting a permit or constructing such a sizeable and solidly built Well Pad because they only simply intend to construct a vertical well or a stripper well. Their intent, as typically shown in the permit application, is to eventually drill a series of Horizontal, Unconventional Wells at these sites and they have started the process by inserting the Conductor Pipes. These well sites are indeed Spud and subject to the Act 13 Impact Fee. If they do not wish to pay the Impact Fee, then they should very simply not construct a pad or set a conductor casing(s) at this pad.

And finally I ask you to consider the following. If Anadarko (or any drilling company) has a lease agreement with a property owner and a condition of that agreement required that Anadarko must SPUD a well within a specific time period, that Anadarko's Attorney's wouldn't argue that by setting the Conductor Casing they satisfied this lease condition?

My personnel position on this issue is that I am NOT anti-drilling. In fact just the opposite, I totally support and encourage the responsible development of the Gas or other resources located under the lands of our state. And I consider responsibility to include that the industry follows the laws of the commonwealth as passed by our state legislature which represents our interests. And these laws include an impact fee on Unconventional Gas Wells that have been Spudded as defined by PA DEP, not as defined by the drilling industry.

Thank You



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