



Senate Environmental Resources and Energy Committee

Senator Mary Jo White
Chairman

Patrick Henderson, Executive Director

Room 169 • State Capitol Building
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May 27, 2009

John Quigley, Acting Secretary
Department of Conservation & Natural Resources
7th Floor, Rachel Carson State Office Building
Harrisburg, PA 17105

Dear Acting Secretary Quigley:

Thank you for your letter of May 26th. I am writing to follow up and request clarification on some of the answers contained in your letter.

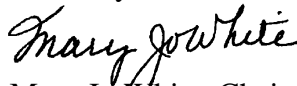
- 1) With respect to Act 129 (carbon sequestration network), your letter states that \$7 million from the Oil and Gas Lease Fund has been encumbered to meet the statutory mandates of the Act.
 - a. Please provide a breakdown of the \$7 million for the various statutorily mandated provisions of Act 129.
 - b. How much (if any) of the \$7 million is for the carbon sequestration pilot project authorized by Act 129, recognizing that construction of a pilot project is not a statutorily mandated provision of the Act?
 - c. Please provide a copy of the Requests for Proposals issued for implementing each of the provisions of the Act, along with copies of any executed contracts or purchase orders associated with implementing the Act.
 - d. The fiscal note for HB 2200 (Act 129), based on information from DCNR, estimated the cost of the legislation at \$500,000. What transpired to raise the cost of compliance so significantly?
 - e. Would DCNR reconsider using any funds it has encumbered specifically for construction of a carbon sequestration network pilot project to address potential funding shortfalls and avoid state park closures, recognizing that such a pilot project, while authorized, is not statutorily required?
- 2) Your letter states that Seneca Resources did not close on two of its successful bids. My understanding is that these two bids totaled approximately \$31 million, with the next successful bids from ExxonMobil totaling approximately \$9 million. According to your letter and other published reports, Seneca Resources cited the higher-than-anticipated cost of connecting to pipeline infrastructure as the primary reason for not closing on the bids.

Did DCNR consider and/or offer to reduce the bid amounts for the two tracts in question that would have eased the higher-than-anticipated infrastructure costs facing Seneca Resources and yet still resulted in more revenue for the Commonwealth than if ExxonMobil exercises its \$9 million in bids on these two tracts?

- 3) Please identify the five or six state parks that would see substantial reductions in park level services should the Governor's proposed 4.5% state park funding reduction be enacted.
- 4) Your letter failed to address the question of whether DCNR would consider raising the price of its tree seedlings rather than eliminate the entire program. Based on the information you provided, the cost of tree seedlings would need to be increased by only \$3.65/seedling for sales to the public (with these funds subsidizing 600,000 tree seedlings for planting in state forests). Therefore, would DCNR be willing to consider raising the price of tree seedlings to cover the true cost of the program – recognizing that most of this money is for personnel – rather than product – costs?
- 5) Would you be supportive of legislation which amends the various laws creating the 'Special Funds' to permit DCNR to use some of this money to support its nursery program?
- 6) Given the higher state deficit facing the Commonwealth than when Governor Rendell unveiled his budget proposal in February, what additional cuts within DCNR, above and beyond the Governor's proposed \$7 million funding reduction, do you believe are necessary to respond to the new \$2.9 billion projected deficit? Please note that I am not asking you to opine on problems outside of the scope of DCNR's own budget.

Thank you for your attention to this request, and I look forward to your reply as soon as possible.

Sincerely,



Mary Jo White, Chairman
Senate Environmental Resources
& Energy Committee