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## HOUSE JOINT RESOLUTION NO. 781

Offered January 19, 2001

*Directing the Virginia Coal and Energy Commission to study issues that have arisen under the Virginia Gas and Oil Act.*

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Patron—O'Brien

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Referred to Committee on Rules

WHEREAS, during 1980-81 and again in 1989, Virginia's Coal and Energy Commission conducted detailed studies of the Commonwealth's oil and gas laws and made recommendations; and

WHEREAS, pursuant to the recommendations that resulted from those studies, significant legislation governing coal, oil, and gas operations was passed during the 1982 and 1990 Sessions of the Virginia General Assembly; and

WHEREAS, the legislation passed in 1982 and 1990 was supported by both the coal and gas industries and contained a number of provisions, arrived at by compromise, which have allowed Virginia's gas industry to prosper, protected the safety of miners and interests of coal operators, and helped to ensure that the economies of coalfield localities do not suffer as a result of a conflict between the two industries; and

WHEREAS, in order to allow the gas industry to take advantage of a federal tax credit that was scheduled to soon expire, the 1990 legislation included unique escrow provisions that allowed the gas industry to drill wells and produce coalbed methane gas without having to prove prior to commencement of drilling and production who was the actual owner of the coalbed methane gas; and

WHEREAS, questions regarding the ownership of coalbed methane gas in Virginia have yet to be definitively resolved; and

WHEREAS, Virginia's coal and gas industries have been unable to agree on proposed changes to the Gas and Oil Act that relate to well spacing, strict liability, and coal owner consent; and

WHEREAS, an appropriate resolution of these issues is necessary to ensure the maximum recovery of resources by both industries and to avoid any negative effect on the economies of Virginia's coalfield communities; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, that the Virginia Coal and Energy Commission be directed to study issues that have arisen under the Virginia Gas and Oil Act. The Commission's study shall examine and make recommendations on the following issues: (i) when and in what cases should a coal or gas owner be considered to be the owner of coalbed methane gas; (ii) the extent to which the Act's provisions on coal owner consent for well spacing and fracing are necessary to protect the safety of miners and the economic interest of the coal owner; (iii) how best to maximize the recovery of resources by both industries; and (iv) whether Virginia should enact a strict liability provision in order to fully protect the interests of the coal owner from potential damage by gas operations. In recommending any changes, the Commission shall specifically consider the potential impact of such changes upon future severance tax revenues, employment, and the economies of Virginia's coalfield communities.

The Division of Legislative Services shall provide staff support for the study. The Department of Mines, Minerals, and Energy shall provide assistance to the Commission upon request.

The Virginia Coal and Energy Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 2002 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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