

## Department of Planning and Budget 2001 Fiscal Impact Statement

**1. Bill Number** HB1941

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**       Kilgore, T.

**3. Committee**    Mining and Mineral Resources

**4. Title**           Gas and oil permits for coalbed methane wells.

**5. Summary/Purpose:**

Removes the authority for coal owners to object to the location of a coalbed methane gas well located closer than 2,500 feet from another gas well. Removes the requirement that a gas company wishing to stimulate the coal seam around a coalbed methane well must receive consent from all owners of the coal seam within 750 horizontal feet of the well location or other coal seams within 100 vertical feet of the seam to be stimulated. The Virginia Gas and Oil Board would no longer address stimulation of coal seams in its orders providing for pooling of ownership interests around a coalbed methane well.

**6. Fiscal Impact Estimates are: Preliminary**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	0	0	N/A
2001-02	4,000	0	G
2002-03	4,000	0	G

**7. Budget amendment necessary: No**

**8. Fiscal implications:** HB 1941 would allow DMME to issue gas well permits in cases where the coal owner has not provided his consent to stimulate. A coal owner would have to object to the permit before the Virginia Gas and Oil Board if he believed the proposed well work and coal stimulation would harm him. Hearing such coal owner objections would lengthen Board hearings. DMME estimates that four Board hearings a year would extend to a second day. This would increase Board expenses. Based on costs over the past year, this would total to \$1,000 per day in additional transcription services, room rental, legal advertisement costs, and expenses for board members.)

**9. Specific agency or political subdivisions affected:**

Virginia Gas and Oil Board  
Department of Mines, Minerals and Energy  
Office of the Attorney General

**10. Technical amendment necessary: No**

11. Other comments: The Virginia Gas and Oil Board would require additional legal services from the Office of the Attorney General than are required under current Board cases, to address the property ownership issues coal owner objections would raise. This may have a fiscal impact on the Office of the Attorney General.

**Date:** 01/16/01 / saw

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cc: Secretary of Commerce and Trade

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