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HOUSE BILL NO. 1184**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Agriculture, Chesapeake and Natural Resources
on February 10, 2010)

(Patron Prior to Substitute—Delegate Phillips)

A BILL to amend and reenact § 45.1-361.29 of the Code of Virginia, relating to permit fees for oil and gas wells.

Be it enacted by the General Assembly of Virginia:

1. That § 45.1-361.29 of the Code of Virginia is amended and reenacted as follows:

§ 45.1-361.29. Permit required; gas, oil, or geophysical operations; coalbed methane gas wells; environmental assessment.

A. No person shall commence any ground disturbing activity for a well, gathering pipeline, geophysical exploration or associated activity, facilities or structures without first having obtained from the Director a permit to conduct such activity. Every permit application or permit modification application filed with the Director shall be verified by the permit applicant and shall contain all data, maps, plats, plans and other information as required by regulation or the Director.

B. For permits issued on July 1, 1996, or thereafter, new permits issued by the Director shall be issued only for the following activities: geophysical operations, drilling, casing, equipping, stimulating, producing, reworking initially productive zones and plugging a well, or gathering pipeline construction and operation. Applications for new permits to conduct geophysical operations shall be accompanied by an application fee of \$130. Applications for all other new permits shall be accompanied by an application fee of ~~\$260~~ \$600.

C. For permits issued prior to July 1, 1996, prior to commencing any reworking, deepening or plugging of the well, or other activity not previously approved on the permitted site, a permittee shall first obtain a permit modification from the Director. All applications for permit modifications shall be accompanied by a permit modification fee of ~~\$430~~ \$300. For permits issued on July 1, 1996, or thereafter, prior to commencing any new zone completions a permittee shall first obtain a permit modification from the Director.

D. All permits and operations provided for under this section shall conform to the rules, regulations and orders of the Director and the Board. When permit terms or conditions required or provided for under Article 3 (§ 45.1-361.27 et seq.) of this chapter are in conflict with any provision of a conservation order issued pursuant to the provisions of Article 2 (§ 45.1-361.13 et seq.) of this chapter, the terms of the permit shall control. In this event, the operator shall return to the Board for reconsideration of a conservation order in light of the conflicting permit. Every permittee shall be responsible for all operations, activity or disturbances associated with the permitted site.

E. No permit or permit modification shall be issued by the Director until he has received from the applicant a written certification that (i) all notice requirements of this article have been complied with, together with proof thereof, and (ii) the applicant has the right to conduct the operations as set forth in the application and operations plan.

F. A permit shall be required to drill any coalbed methane gas well or to convert any methane drainage borehole into a coalbed methane gas well. In addition to the other requirements of this section, every permit application for a coalbed methane gas well shall include:

1. The method that the coalbed methane gas well operator will use to stimulate the well.

2. a. A signed consent from the coal operator of each coal seam which is located within 750 horizontal feet of the proposed well location (i) which the applicant proposes to stimulate or (ii) which is within 100 vertical feet above or below a coal bearing stratum which the applicant proposes to stimulate.

b. The consent required by this section may be (i) contained in a lease or other such agreement; (ii) contained in an instrument of title; or (iii) in any case where a coal operator cannot be located or identified and the operator has complied with § 45.1-361.19, provided by a pooling order entered pursuant to § 45.1-361.21 or 45.1-361.22 and provided such order contains a finding that the operator has exercised due diligence in attempting to identify and locate the coal operator. The consent required by this section shall be deemed to be granted for any tract where title to the coal is held by multiple owners if the applicant has obtained consent to stimulate from the co-tenants holding majority interest in the tract and none of the coal co-tenants has leased the tract for coal development. The requirement of signed consent contained in this section shall in no way be considered to impair, abridge or affect any contractual rights or objections arising out of a coalbed methane gas contract or coalbed methane gas lease entered into prior to January 1, 1990, between the applicant and any coal operator, and any extensions or renewals thereto, and the existence of such lease or contractual arrangement and any

60 extensions or renewals thereto shall constitute a waiver of the requirement for the applicant to file an
61 additional signed consent.

62 3. The unit map, if any, approved by the Board.

63 G. No permit required by this chapter for activities to be conducted within an area of Tidewater
64 Virginia where drilling is authorized under subsection B of § 62.1-195.1 shall be granted until the
65 environmental impact assessment required by § 62.1-195.1 has been conducted and the assessment has
66 been reviewed by the Department.

67 H. The applicant for a permit for a gathering pipeline, oil or gas well, or coal bed methane well shall
68 identify in the permit application any cemetery, as identified on a U.S.G.S. topographic map or located
69 by routine field review, within 100 feet of the permitted activity.

70 I. The operator of any coalbed methane well drilled within 250 feet of a cemetery shall comply with
71 a written request of any person owning an interest in a private cemetery or the authorized agent of a
72 public cemetery that the operator of such well suspend operations for a period from two hours before to
73 two hours after any burial service that takes place on the surface area of such cemetery. However, if the
74 well operator or a mine operator determines that suspension of such operations will have an adverse
75 effect on the safety of the well operations or mining operations, the operator shall be under no
76 obligation to comply with the request, and operation of the well shall continue.