

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB1344

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

**2. Patron:** Kilgore

**3. Committee:** Agriculture, Conservation and Natural Resources

**4. Title:** Coalbed methane gas; conflicting claims of ownership; arbitration.

**5. Summary:** This bill requires that the Virginia Gas and Oil Board order arbitration to resolve conflicting claims of ownership over coalbed methane upon (i) written request from all claimant as to the ownership of coalbed methane gas, (ii) upon receipt of an affidavit affirming that there is no other known owner having an interest underlying the subject tract; (iii) after a hearing noticed; and (iv) upon a determination by the Department of Mines, Minerals and Energy (DMME) whether sufficient funds are available to pay the estimated cost of the arbitration. The arbitrator, appointed by the circuit court in accordance with the three requirements set-out by the bill, shall cause written notification of the hearing to be served on each party having an interest underlying the tract that is the subject of the hearing. The arbitrator shall make his determination within six months, unless a longer period is otherwise agreed to by all parties. After receiving notice of the written determination and subject to the availability of funds, the fees and expenses of the arbitration, not including fees or costs of counsel or any other costs of the claimants, shall be paid from the accrued interest on general escrow account funds. The bill has an enactment clause that requires the Virginia Gas and Oil Board to adopt regulations to implement the provisions of this act within 280 days of its enactment.

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

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** The language of the bill stipulates that fees and costs associated with arbitration are to be paid from accrued interest on the general escrow account funds. If there is insufficient interest to cover the costs, the parties either agree to cover those costs or the arbitration does not go forward.

The Department of Mines, Minerals and Energy (DMME), the state agency responsible for oversight of the Virginia Gas and Oil Board, states that any fiscal impact resulting from this bill can be absorbed by the agency within existing resources.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Gas and Oil Board, Department of Mines, Minerals and Energy, possibly the Department of Taxation and the Office of the Attorney General, local courts.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** It is unclear how or if the Uniform Disposition of Unclaimed Property Act (§ 55-210.1, et seq., Title 55, Chapter 11.1 of the Code of Virginia) could apply to this bill. This bill is similar to SB376 and HB1179 in that all of the bills deal with conflicting claims of ownership over coalbed methane.

**Date:** 3/10/2010 dpbaek

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