

2012 SESSION

INTRODUCED

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SENATE BILL NO. 153

Offered January 11, 2012

Prefiled January 10, 2012

A *BILL to amend the Code of Virginia by adding a section numbered 45.1-361.42:1, relating to the records of pooled operation income and costs in gas or oil wells.*

Patron—Puckett

Referred to Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 45.1-361.42:1 as follows:

§ 45.1-361.42:1. Records of pooled operation income and costs.

A. Each unit operator shall maintain records of production, income, payments made to participating and nonparticipating operators, payments made to lessors and escrow agents, any suspended payments, and other information prescribed by the Board.

B. Each unit operator shall maintain itemized records of all costs charged to participating or nonparticipating operators.

C. Each unit operator shall send a copy of the information maintained pursuant to subsections A and B to each participating and nonparticipating operator no less often than quarterly. All production information provided to the participating or nonparticipating operator shall be the exact information provided to the Commonwealth of Virginia and kept in the operator's records.

D. Each unit operator required to send accounting information to the Internal Revenue Service shall send such information to each participating and nonparticipating operator prior to January 31 of each year. The information shall include an accounting of the income of each participating or nonparticipating operator, the cost allocation to the participating or nonparticipating operator, the depreciation allocation to the participating or nonparticipating operator, and other information necessary for the participating or nonparticipating operator to properly report income or investment to the Internal Revenue Service.

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