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HOUSE BILL NO. 1921

Offered January 18, 1999

A BILL to amend and reenact § 45.1-361.22 of the Code of Virginia, relating to coalbed methane pooling orders.

Patron—Phillips

Referred to Committee on Mining and Mineral Resources

Be it enacted by the General Assembly of Virginia:**1. That § 45.1-361.22 of the Code of Virginia is amended and reenacted as follows:**

§ 45.1-361.22. Pooling of interests for coalbed methane gas wells; conflicting claims to ownership.

A. When there are conflicting claims to the ownership of coalbed methane gas, the Board, upon application from any claimant, shall enter an order pooling all interests or estates in the coalbed methane gas drilling unit for the development and operation thereof. In addition to the provisions of § 45.1-361.21, the following provisions shall apply:

1. Simultaneously with the filing of such application, the gas or oil owner applying for the order shall provide notice pursuant to the provisions of § 45.1-361.19 to each person identified by the applicant as a potential owner of an interest in the coalbed methane gas underlying the tract which is the subject of the hearing.

2. The Board shall cause to be established an escrow account into which the payment for costs or proceeds attributable to the conflicting interests shall be deposited and held for the interest of the claimants.

3. The coalbed methane gas well operator shall deposit into the escrow account any money paid by a person claiming a contested ownership interest as a participating operator's share of costs pursuant to the provisions of § 45.1-361.21 and the order of the Board.

4. The coalbed methane gas well operator shall deposit into the escrow account one-eighth of all proceeds attributable to the conflicting interests plus all proceeds in excess of ongoing operational expenses as provided for under § 45.1-361.21 and the order of the Board attributable to a participating or nonparticipating operator.

5. The Board shall order payment of principal and accrued interest from the escrow account to all persons legally entitled thereto pursuant to the provisions of § 45.1-361.21 and the order of the Board. Such order shall be issued *conflicting claimants* within thirty days of receipt of notification of the final legal determination of entitlement thereto or upon agreement of all claimants of (i) a final decision of a circuit court or a court of equivalent jurisdiction outside the Commonwealth adjudicating the ownership of coalbed methane gas as between them, or (ii) an agreement among claimants owning conflicting estates or any undivided interest therein. The interests of any co-tenants who have not entered into an agreement shall remain in the escrow account.

6. Any person who does not make an election under the pooling order shall be deemed, subject to a final legal determination of ownership, to have leased his gas or oil interest to the coalbed methane gas well operator as the pooling order may provide.

INTRODUCED

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