

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1398

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Puckett

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Coalbed methane gas; conflicting claims to ownership.

5. Summary: This bill provides that, in order to establish a conflicting claim to the ownership of coalbed methane gas, a claimant who is not the surface owner must submit the document by which the interest in coalbed methane gas was severed from the surface estate and identify with specificity the writing that conveys such interest. Pursuant to statutory and case law, the Gas and Oil Board may not find a conflicting claim to the ownership to coalbed methane gas pursuant if the claimant fails to show a severance of mineral interests other than coal. Affirmative determinations by the Board to find a conflicting claim to the ownership of coalbed methane gas and to place the royalties attributable to such claims into an escrow account shall be considered a case decision under the Administrative Process Act. Upon the request of a claimant, the Board or a hearing officer appointed by the Board shall also review any pooling order entered prior to July 1, 2011, to ensure that previous claims have met the same threshold requirements.

6. Budget Amendment Necessary: Possibly, see Item 8 below.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: This bill would require the Virginia Gas and Oil Board, overseen by the Department of Mines, Minerals and Energy (DMME) to review any pooling order entered prior to July 1, 2011. This requirement may result in a large increase in the number of orders reviewed by the Board, as it would validate a review of all orders processed since the revision of the Gas and Oil Act in 1990. The bill authorizes the Board to hire a hearing officer to review these orders; however, it is likely that at least one administrative person would be needed due to the potential magnitude of orders returning for review. This bill does not address how these additional personnel are to be supported. DMME does not have the capacity to absorb this additional workload within current resources.

9. Specific Agency or Political Subdivisions Affected: Virginia Gas and Oil Board, Department of Mines, Minerals and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: Included in HB1500 is a technical adjustment that transfers dollars and position within DMME to create an additional administrative staff position for the Gas and Oil Board to support the current workload. This bill would create an increased workload for the Board that would require additional staff, for which expenses are not provided for in this bill. Finally, this bill is identical to HB2181.

Date: January 27, 2011

c: Secretary of Commerce and Trade