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SENATE BILL NO. 1271

Senate Amendments in [] - January 29, 2019

A *BILL to amend and reenact §§ 45.1-361.19 and 45.1-361.31 of the Code of Virginia, relating to oil and gas wells; bonding requirements; application notice.*

Patron Prior to Engrossment—Senator Stuart

Referred to Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That §§ 45.1-361.19 and 45.1-361.31 of the Code of Virginia are amended and reenacted as follows:

§ 45.1-361.19. Notice of hearing; standing; form of hearing.

A. Any person who applies for a hearing in front of the Board pursuant to the provisions of § 45.1-361.20, 45.1-361.21, or 45.1-361.22 shall simultaneously with the filing of such application, provide notice by *commercial delivery service, return receipt requested, or* certified mail, return receipt requested, to each gas or oil owner, coal owner, or mineral owner having an interest underlying the tract which is the subject of the hearing, and to the operator of any gas storage field certificated by the State Corporation Commission as a public utility facility whose certificated area includes the tract which is the subject of the hearing. Whenever a hearing applicant is unable to provide such written notice because the identity or location of a person to whom notice is required to be given is unknown, the hearing applicant shall promptly notify the Board of such inability.

B. At least 10 days prior to a hearing, the Board shall publish its agenda in newspapers of general circulation that are widely circulated in the localities where the lands that are the subject of the hearing are located. The agenda shall include the name of each applicant, the localities where the lands that are the subject of the hearing are located, the purpose of the hearing, and the date, time and location thereof.

C. The Board shall conduct all hearings on applications made to it pursuant to the formal litigated issues hearing provisions of the Administrative Process Act (§ 2.2-4000 et seq.). The applicant and any person to whom notice is required to be given pursuant to the provisions of subsection A of this section shall have standing to be heard at the hearing. The Board shall render its decision on such applications within thirty days of the hearing's closing date and shall provide notification of its decision to all parties to the hearing pursuant to the provisions of the Administrative Process Act.

§ 45.1-361.31. Bonding and financial security required.

A. To ensure compliance with all laws and regulations pertaining to permitted activities and the furnishing of reports and other information required by the Board or Director, all permit applicants shall give bond with surety acceptable to the Director and payable to the Commonwealth. At the election of the permit applicant, a cash bond may be given. The amount of the bond required shall be sufficient to cover the costs of properly plugging the well and restoring the site, but in no case shall the amount of the bond be less than \$10,000 per well plus \$2,000 per acre of disturbed land, calculated to the nearest tenth of an acre. Bonds shall remain in force until released by the Director. *The Director may require additional bond or financial security for any well proposed to be drilled in Tidewater Virginia.*

B. Upon receipt of an application for permits for gas or oil operations and at the request of the permit applicant, the Director may, in lieu of requiring a separate bond for each permit, require a blanket bond. The amount of the blanket bond shall be as follows:

1. For one to ~~fifteen~~ 10 wells, \$25,000.
2. For ~~sixteen to thirty~~ wells, \$50,000.
3. For ~~thirty-one~~ 11 to fifty 50 wells, ~~\$75,000~~ \$50,000.
4. 3. For ~~fifty-one or more~~ 51 to [~~400~~ 200] wells, \$100,000.
4. For more than [~~400~~ 200] wells, \$200,000.

For purposes of calculating blanket bond amounts, from one-tenth of an acre to five acres of disturbed land for a separately permitted gathering pipeline shall be equivalent to one well. The Director shall promulgate regulations for the release of acreage used to calculate blanket bond amounts for separately permitted gathering pipelines in cases where sites have been stabilized.

C. Any gas or oil operator who elects to post a blanket bond shall pay into the Gas and Oil Plugging and Restoration Fund those fees and assessments required under the provisions of § 45.1-361.32.

D. This section's minimum requirements for bonding shall be met by all permitted gas or oil operations by July 1, 1991.

ENGROSSED

SB1271E