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SENATE BILL NO. 376

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Agriculture, Conservation and Natural Resources  
on February 8, 2010)

(Patron Prior to Substitute—Senator Puckett)

A BILL to amend and reenact § 45.1-361.22 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 45.1-361.21:1 and 45.1-361.22:1, relating to coalbed methane gas; conflicting claims of ownership; arbitration.

Be it enacted by the General Assembly of Virginia:

1. That § 45.1-361.22 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 45.1-361.21:1 and 45.1-361.22:1 as follows:

§ 45.1-361.21:1. Presumption regarding estate of owner of surface rights.

A conveyance, reservation, or exception of coal shall not be deemed to include coalbed methane gas. Nothing in this section shall affect a coal operator's right to vent coalbed methane gas for safety purposes or release coalbed methane gas in connection with mining operations. The provisions of this section shall not affect any settlement of any dispute, or any judgment or governmental order, as to the ownership or development of coalbed methane gas made or entered prior to July 1, 2010.

2. That the Auditor of Public Accounts shall conduct an operational and performance review of the accounting policies and procedures for the collection and disbursement of the escrow accounts established pursuant to §§ 45.1-361.21 and 45.1-361.22 of the Virginia Gas and Oil Act (§ 45.1-361.1 et seq.) of the Code of Virginia. The review shall determine the best practices for the collection of funds from gas operators to ensure that the Virginia Gas and Oil Board receives all moneys owing under law and allocates such moneys to entitled owners. The review shall also determine the best management practices for the disbursement of funds to ensure that entitled owners are promptly notified and able to access their funds. The review shall also include any recommendations for statutory or regulatory changes governing the management and accounting of all escrow funds under the control of the Virginia Gas and Oil Board. The Auditor of Public Accounts will not perform detailed reviews of any corporate entity or individual escrow accounts, or comment on any matters pending adjudication. However, if the Auditor of Public Accounts finds any errors, he shall notify the Virginia Gas and Oil Board for correction. The Auditor of Public Accounts, by December 1, 2010, shall submit a report of their findings and recommendations, including any discrepancies and errors found in the administration or collection of funds in the account, to the Governor and to the Chairmen of the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources.

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