1	H. B. 3046
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3	(By Delegates Manypenny, Fleischauer and Morgan)
4	[Introduced March 22, 2013; referred to the
5	Committee on the Judiciary then Finance.]
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10	A BILL to amend and reenact $\$22-6-9$, $\$22-6-10$ and $\$22-6-11$ of the
11	Code of West Virginia, 1931, as amended; and to amend and
12	reenact §22-6A-8, §22-6A-10 and §22-6A-11 of said code, all
13	relating to requiring the Department of Environmental
14	Protection to issue a procedural rule to allow surface owners
15	a right to a hearing and appeal of a decision of the
16	department to issue, condition or deny a permit for certain
17	well work on the surface owner's land.
18	Be it enacted by the Legislature of West Virginia:
19	That $\$22-6-9$, $\$22-6-10$ and $\$22-6-11$ of the Code of West
20	Virginia, 1931, as amended, be amended and reenacted; and that $\$22-$
21	6A-8, §22-6A-10 and §22-6A-11 of said code be amended and
22	reenacted, all to read as follows:
23	ARTICLE 6. OFFICE OF OIL AND GAS; OIL AND GAS WELLS;
24	ADMINISTRATION; ENFORCEMENT.

1 §22-6-9. Notice to property owners.

2 (a) No later than the filing date of the application, the 3 applicant for a permit for any well work shall deliver by personal 4 service or by certified mail, return receipt requested, copies of 5 the application, well plat and erosion and sediment control plan 6 required by section six of this article to each of the following 7 persons:

8 (1) The owners of record of the surface of the tract on which 9 the well is, or is to be located; and

10 (2) The owners of record of the surface tract or tracts 11 overlying the oil and gas leasehold being developed by the proposed 12 well work, if such surface tract is to be utilized for roads or 13 other land disturbance as described in the erosion and sediment 14 control plan submitted pursuant to section six of this article.

(b) If more than three tenants in common or other coowners of interests described in subsection (a) of this section hold interests in such lands, the applicant may serve the documents required upon the person described in the records of the sheriff prequired to be maintained pursuant to section eight, article one, chapter eleven-a of this code, or publish in the county in which the well is located or to be located a Class II legal advertisement as described in section two, article three, chapter fifty-nine of this code, containing such notice and information as the director at hall prescribe by rule, with the first publication date being at

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1 least ten days prior to the filing of the permit application: 2 *Provided*, That all owners occupying the tracts where the well work 3 is, or is proposed to be located at the filing date of the permit 4 application shall receive actual service of the documents required 5 by subsection (a) of this section.

6 (c) Materials served upon persons described in subsections (a) 7 and (b) of this section shall contain a statement of the methods 8 and time limits for filing comments <u>and requesting a hearing</u>, who 9 may file comments <u>and request a hearing</u> and the name and address of 10 the director for the purpose of filing comments, <u>requesting a</u> 11 <u>hearing</u> and obtaining additional information and a statement that 12 such persons may request, at the time of submitting comments, 13 notice of the permit decision and a list of persons qualified to 14 test water as provided in this section.

15 (d) Any person entitled to submit comments shall also be 16 entitled to receive a copy of the permit as issued or a copy of the 17 order denying the permit if such person requests the receipt 18 thereof as a part of the comments concerning said permit 19 application.

(e) Persons entitled to notice may contact the district office (e) Persons entitled to notice may contact the district office 21 of the division to ascertain the names and location of water 22 testing laboratories in the area capable and qualified to test 33 water supplies in accordance with standard accepted methods. In 24 compiling such list of names the division shall consult with the

1 State Bureau of Public Health and local health departments.

2 §22-6-10. Procedure for filing comments; certification of notice.
3 (a) All persons described in subsections (a) and (b), section
4 nine of this article may file comments <u>and may also request a</u>
5 <u>hearing</u> with the director as to the location or construction of the
6 applicant's proposed well work within fifteen days after the
7 application is filed with the director.

8 (b) Prior to the issuance of any permit for well work, the 9 applicant shall certify to the director that the requirements of 10 section nine of this article have been completed by the applicant. 11 Such certification may be by affidavit of personal service or the 12 return receipt card, or other postal receipt for certified mailing. 13 §22-6-11. Review of application; issuance of permit in the absence

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of objections; copy of permits to county assessor.

The director shall review each application for a well work for permit and shall determine whether or not a permit shall be issued. No permit shall be issued less than fifteen days after the filing date of the application for any well work except plugging or preplugging; and no permit for plugging or replugging shall be issued less than five days after the filing date of the application except a permit for plugging or replugging a dry hole: *Provided*, That if the applicant certifies that all persons entitled to notice a of the application under the provisions of this article have been

1 served in person or by certified mail, return receipt requested, 2 with a copy of the well work application, including the erosion and 3 sediment control plan, if required, and the plat required by 4 section six of this article, and further files written statements 5 of no objection waiving, in the case of those entitled notice under 6 section nine of this article, the right to a hearing by all such 7 persons, the director may issue the well work permit at any time. 8 If any person entitled to a notice pursuant to subsections (a) 9 and (b) of section nineteen of this article requests a hearing on 10 the permit on issues upon which the director can condition or deny 11 issuance of a permit, the director shall provide such a hearing. 12 The hearing does not have to be provided pursuant to the 13 administrative provisions for contested cases as provided in 14 article five, chapter twenty-nine-a of this code. The secretary 15 shall promulgate a procedural rule for the hearing pursuant to this 16 provision. Appeals shall be pursuant to article five, chapter 17 twenty-nine-a of this code.

18 The director may cause such inspections to be made of the 19 proposed well work location as to assure adequate review of the 20 application. The permit shall not be issued, or shall be 21 conditioned including conditions with respect to the location of 22 the well and access roads prior to issuance if the director 23 determines that:

24 (1) The proposed well work will constitute a hazard to the

1 safety of persons; or

2 (2) The plan for soil erosion and sediment control is not 3 adequate or effective; or

4 (3) Damage would occur to publicly owned lands or resources;5 or

6 (4) The proposed well work fails to protect fresh water 7 sources or supplies.

8 The director shall promptly review all comments filed. If 9 after review of the application and all comments received, <u>and</u> 10 <u>after holding any hearing requested pursuant to this section by</u> 11 <u>persons entitled to a notice pursuant to subsections (a) and (b) of</u> 12 <u>section nineteen of this article</u>, the application for a well work 13 permit is approved, and no timely objection or comment has been 14 filed with the director or made by the director under the 15 provisions of section fifteen, sixteen or seventeen of this 16 article, the permit shall be issued, with conditions, if any. 17 Nothing in this section shall be construed to supersede the 18 provisions of sections six, twelve, thirteen, fourteen, fifteen, 19 sixteen and seventeen of this article.

The director shall mail a copy of the permit as issued or a 21 copy of the order denying a permit to any person who submitted 22 comments to the director concerning said permit and requested such 23 copy.

24 Upon the issuance of any permit pursuant to the provisions of

1 this article, the director shall transmit a copy of such permit to 2 the office of the assessor for the county in which the well is 3 located.

4 ARTICLE 6A. NATURAL GAS HORIZONTAL WELL CONTROL ACT.

5 §22-6A-8. Review of application; issuance of permit; performance standards; copy of permits to county assessor.

7 (a) The secretary shall review each application for a well 8 work permit and shall determine whether or not a permit is issued. 9 (b) No permit may be issued less than thirty days after the 10 filing date of the application for any well work except plugging or 11 replugging; and no permit for plugging or replugging may be issued 12 less than five days after the filing date of the application except 13 a permit for plugging or replugging a dry hole: Provided, That if 14 the applicant certifies that all persons entitled to notice of the 15 application under the provisions of subsection (b), section ten of 16 this article have been served in person or by certified mail, 17 return receipt requested, with a copy of the well work application, 18 including the erosion and sediment control plan, if required, and 19 the well plat, and further files written statements of no objection 20 waiving, in the case of those entitled notice under section ten-b 21 (1), (2) and (4) of this article, the right to a hearing by all 22 such persons, the secretary may issue the well work permit at any 23 time.

(c) Prior to the issuance of any permit, the secretary shall 1 2 ascertain from the Executive Director of Workforce West Virginia 3 and the Insurance Commissioner whether the applicant is in default 4 pursuant to the provisions of section six-c, article two, chapter 5 twenty-one-a of this code, and in compliance with section five, 6 article two, chapter twenty-three of this code, with regard to any 7 required subscription to the Unemployment Compensation Fund or 8 mandatory workers' compensation insurance, the payment of premiums 9 and other charges to the fund, the timely filing of payroll reports 10 and the maintenance of adequate deposits. If the applicant is 11 delinquent or defaulted, or has been terminated by the executive 12 director or the Insurance Commissioner, the permit may not be 13 issued until the applicant returns to compliance or is restored by 14 the executive director or the Insurance Commissioner under a 15 reinstatement agreement: *Provided*, That in all inquiries the 16 Executive Director of Workforce West Virginia and the Insurance 17 Commissioner shall make response to the Department of Environmental 18 Protection within fifteen calendar days; otherwise, failure to 19 respond timely is considered to indicate the applicant is in 20 compliance and the failure will not be used to preclude issuance of 21 the permit.

(d) The secretary may cause such inspections to be made of the proposed well work location as necessary to assure adequate review of the application. The permit may not be issued, or may be

1 conditioned including conditions with respect to the location of 2 the well and access roads prior to issuance if the director 3 determines that:

4 (1) The proposed well work will constitute a hazard to the 5 safety of persons;

6 (2) The plan for soil erosion and sediment control is not7 adequate or effective;

8 (3) Damage would occur to publicly owned lands or resources;9 or

10 (4) The proposed well work fails to protect fresh water 11 sources or supplies.

12 (e) In addition to the considerations set forth in subsection 13 (d) of this section, in determining whether a permit should be 14 issued, issued with conditions, or denied, the secretary shall 15 determine that:

16 (1) The well location restrictions of section twelve of this 17 article have been satisfied, unless the requirements have been 18 waived by written consent of the surface owner or the secretary has 19 granted a variance to the restrictions, each in accordance with 20 section twelve of this article;

(2) The water management plan submitted to the secretary, if 22 required by subdivision (e), section seven of this article, has 23 been received and approved.

24 (f) The secretary shall promptly review all written comments

1 filed by persons entitled to notice pursuant to subsection (b), 2 section ten of this article. If after review of the application 3 and all written comments received from persons entitled to notice 4 pursuant to subsection (b), section ten of this article, <u>and after</u> 5 <u>holding any hearing requested pursuant to subsection (d) of section</u> 6 <u>eleven of this article</u>, the application for a well work permit is 7 approved, and no timely objection has been filed with the secretary 8 by the coal operator operating coal seams beneath the tract of 9 land, or the coal seam owner or lessee, if any, if said owner or 10 lessee is not yet operating said coal seams, or made by the 11 secretary under the provisions of section ten and eleven of this 12 article, the permit shall be issued, with conditions, if any. This 13 section does not supersede the provisions of section five of this 14 subdivisions (6) through (9), subsection (a), section five of this

16 (g) Each permit issued by the secretary pursuant to this 17 article shall require the operator at a minimum to:

(1) Plug all wells in accordance with the requirements of this
article and the rules promulgated pursuant thereto when the wells
become abandoned;

(2) With respect to disposal of cuttings at the well site, all cuttings and associated drilling mud generated from horizontal well sites shall be disposed of in an approved solid waste facility, or if the surface owner consents, the drill

1 cuttings and associated drilling mud may be managed on-site in a
2 manner approved by the secretary;

3 (3) Grade, terrace and plant, seed or sod the area disturbed 4 that is not required in production of the horizontal well where 5 necessary to bind the soil and prevent substantial erosion and 6 sedimentation;

7 (4) Take action in accordance with industry standards to 8 minimize fire hazards and other conditions which constitute a 9 hazard to health and safety of the public;

10 (5) Protect the quantity and the quality of water in surface 11 and groundwater systems both during and after drilling operations 12 and during reclamation by: (A) Withdrawing water from surface 13 waters of the state by methods deemed appropriate by the secretary, 14 so as to maintain sufficient in-steam flow immediately downstream 15 of the withdrawal location. In no case shall an operator withdraw 16 water from ground or surface waters at volumes beyond which the 17 waters can sustain; (B) casing, sealing or otherwise managing wells 18 to keep returned fluids from entering ground and surface waters; 19 (C) conducting oil and gas operations so as to prevent, to the 20 extent possible using the best management practices, additional 21 contributions of suspended or dissolved solids to stream flow or 22 run-off outside the permit area, but in no event shall the 23 contributions be in excess of requirements set by applicable state 24 or federal law; and (D) registering all water supply wells drilled

1 and operated by the operator with the Office of Oil and Gas. All 2 drinking water wells within one thousand five hundred feet of a 3 water supply well shall be flow and quality tested by the operator 4 upon request of the drinking well owner prior to operating the 5 water supply well. The secretary shall propose legislative rules 6 to identify appropriate methods for testing water flow and quality.

7 (6) In addition to the other requirements of this subsection, 8 an operator proposing to drill any horizontal well requiring the 9 withdrawal of more than two hundred ten thousand gallons in a 10 thirty-day period shall have the following requirements added to 11 its permit:

12 (A) Identification of water withdrawal locations. Within 13 forty-eight hours prior to the withdrawal of water, the operator 14 shall identify to the department the location of withdrawal by 15 latitude and longitude and verify that sufficient flow exists to 16 protect designated uses of the stream. The operator shall use 17 methods deemed appropriate by the secretary to determine if 18 sufficient flow exists to protect designated uses of the stream.

19 (B) Signage for water withdrawal locations. All water 20 withdrawal locations and facilities identified in the water 21 management plan shall be identified with a sign that identifies 22 that the location is a water withdrawal point, the name and 23 telephone number of the operator and the permit numbers(s) for 24 which the water withdrawn will be utilized.

1 (C) Record keeping and reporting. For all water used for 2 hydraulic fracturing of horizontal wells and for flowback water 3 from hydraulic fracturing activities and produced water from 4 production activities from horizontal wells, an operator shall 5 comply with the following record keeping and reporting 6 requirements:

7 (i) For production activities, the following information shall8 be recorded and retained by the well operator:

9 (I) The quantity of flowback water from hydraulic fracturing 10 the well;

11 (II) The quantity of produced water from the well; and

12 (III) The method of management or disposal of the flowback and 13 produced water.

14 (ii) For transportation activities, the following information 15 shall be recorded and maintained by the operator:

16 (I) The quantity of water transported;

17 (II) The collection and delivery or disposal locations of 18 water; and

19 (III) The name of the water hauling company.

20 (iii) The information maintained pursuant to this subdivision 21 shall be available for inspection by the department along with 22 other required permits and records and maintained for three years 23 after the water withdrawal activity.

24 (iv) This subdivision is intended to be consistent with and

1 does not supersede, revise, repeal or otherwise modify articles
2 eleven, twelve or twenty-six of this chapter and does not revise,
3 repeal or otherwise modify the common law doctrine of riparian
4 rights in West Virginia law.

5 (h) The secretary shall mail a copy of the permit as issued or 6 a copy of the order denying a permit to any person entitled to 7 submit written comments pursuant to subsection (a), section eleven 8 of this article and who requested a copy.

9 (i) Upon the issuance of any permit pursuant to the provisions 10 of this article, the secretary shall transmit a copy of the permit 11 to the office of the assessor for the county in which the well is 12 located.

13 §22-6A-10. Notice to property owners.

(a) Prior to filing a permit application, the operator shall provide notice of planned entry on to the surface tract to conduct any plat surveys required pursuant to this article. Such notice r shall be provided at least seven days but no more than forty-five days prior to such entry to: (1) The surface owner of such tract; (2) to any owner or lessee of coal seams beneath such tract that has filed a declaration pursuant to section thirty-six, article six, chapter twenty-two of this code; and (3) any owner of minerals underlying such tract in the county tax records. The notice shall include a statement that copies of the State Erosion and Sediment 24 Control Manual and the statutes and rules related to oil and gas

1 exploration and production may be obtained from the Secretary, 2 which statement shall include contact information, including the 3 address for a web page on the Secretary's website, to enable the 4 surface owner to obtain copies from the secretary, and a statement 5 that a notice of rights to a hearing on the permit will be included 6 in a notice to them of the permit application at a later time.

7 (b) No later than the filing date of the application, the 8 applicant for a permit for any well work or for a certificate of 9 approval for the construction of an impoundment or pit as required 10 by this article shall deliver, by personal service or by registered 11 mail or by any method of delivery that requires a receipt or 12 signature confirmation, copies of the application, the erosion and 13 sediment control plan required by section seven of this article, 14 and the well plat to each of the following persons:

15 (1) The owners of record of the surface of the tract on which16 the well is or is proposed to be located;

17 (2) The owners of record of the surface tract or tracts 18 overlying the oil and gas leasehold being developed by the proposed 19 well work, if the surface tract is to be used for roads or other 20 land disturbance as described in the erosion and sediment control 21 plan submitted pursuant to subsection (c), section seven of this 22 article;

(3) The coal owner, operator or lessee, in the event the tract24 of land on which the well proposed to be drilled is located is

1 known to be underlain by one or more coal seams;

2 (4) The owners of record of the surface tract or tracts 3 overlying the oil and gas leasehold being developed by the proposed 4 well work, if the surface tract is to be used for the placement, 5 construction, enlargement, alteration, repair, removal or 6 abandonment of any impoundment or pit as described in section nine 7 of this article;

8 (5) Any surface owner or water purveyor who is known to the 9 applicant to have a water well, spring or water supply source 10 located within one thousand five hundred feet of the center of the 11 well pad which is used to provide water for consumption by humans 12 or domestic animals; and

13 (6) The operator of any natural gas storage field within which14 the proposed well work activity is to take place.

15 (c) (1) If more than three tenants in common or other co-16 owners of interests described in subsection (b) of this section 17 hold interests in the lands, the applicant may serve the documents 18 required upon the person described in the records of the sheriff 19 required to be maintained pursuant to section eight, article one, 20 chapter eleven-a of this code.

(2) Notwithstanding any provision of this article to the 22 contrary, notice to a lien holder is not notice to a landowner, 23 unless the lien holder is the landowner.

24 (d) With respect to surface landowners identified in

1 subsection (b) or water purveyors identified in subdivision (5), 2 subsection (b) of this section, notification shall be made on forms 3 and in a manner prescribed by the secretary sufficient to identify, 4 for those persons, the rights afforded them under sections eleven 5 and twelve of this article, and the opportunity for testing their 6 water well.

(e) Prior to filing an application for a permit for a 7 8 horizontal well under this article, the applicant shall publish in 9 the county in which the well is located or is proposed to be 10 located a Class II legal advertisement as described in section two, 11 article three, chapter fifty-nine of this code, containing notice 12 of the public website required to be established and maintained 13 pursuant to section twenty-one of this article and language 14 indicating the ability of the public to submit written comments on 15 the proposed permit, with the first publication date being at least 16 ten days prior to the filing of the permit application. The 17 secretary shall consider, in the same manner required by subsection 18 (f), section eight of this article and subdivision (1), subsection 19 (c), section eleven of this article, written comments submitted in 20 response to the legal advertisement received by the secretary 21 within thirty days following the last required publication date: 22 Provided, That such parties submitting written comments pursuant to 23 this subsection are not entitled to participate in the processes 24 and proceedings that exist under sections fifteen, seventeen or

1 forty, article six of this chapter, as applicable and incorporated 2 into this article by section five of this article.

3 (f) Materials served upon persons described in subsection (b) 4 of this section shall contain a statement of the time limits for 5 filing written comments <u>and requesting a hearing</u>, who may file 6 written comments <u>and request a hearing</u>, the name and address of the 7 secretary for the purpose of filing the comments, <u>requesting a</u> 8 <u>hearing</u> and obtaining additional information, and a statement that 9 the persons may request, at the time of submitting written 10 comments, notice of the permit decision and a list of persons 11 qualified to test water.

12 (g) Any person entitled to submit written comments to the 13 secretary pursuant to subsection (a), section eleven of this 14 article, shall also be entitled to receive from the secretary a 15 copy of the permit as issued or a copy of the order modifying or 16 denying the permit if the person requests receipt of them as a part 17 of the written comments submitted concerning the permit 18 application.

(h) The surface owners described in subdivisions (1), (2) and (4), subsection (b) of this section, and the coal owner, operator 21 or lessee described in subdivision (3) of that subsection is also 22 entitled to receive notice within seven days but no less than two 23 days before commencement that well work or site preparation work 24 that involves any disturbance of land is expected to commence.

1 (i) Persons entitled to notice pursuant to subsection (b) of 2 this section may contact the department to ascertain the names and 3 locations of water testing laboratories in the subject area capable 4 and qualified to test water supplies in accordance with standard 5 accepted methods. In compiling that list of names the department 6 shall consult with the State Bureau for Public Health and local 7 health departments.

8 (j) (1) Prior to conducting any seismic activity for seismic 9 exploration for natural gas to be extracted using horizontal 10 drilling methods, the company or person performing the activity 11 shall provide notice to Miss Utility of West Virginia Inc. and to 12 all surface owners, coal owners and lessees, and natural gas 13 storage field operators on whose property blasting, percussion or 14 other seismic-related activities will occur.

15 (2) The notice shall be provided at least three days prior to 16 commencement of the seismic activity.

17 (3) The notice shall also include a reclamation plan in 18 accordance with the erosion and sediment control manual that 19 provides for the reclamation of any areas disturbed as a result of 20 the seismic activity, including filling of shotholes used for 21 blasting.

(4) Nothing in this subsection decides questions as to whether
seismic activity may be secured by mineral owners, surface owners
or other ownership interests.

\$22-6A-11. Procedure for filing written comments; procedures for
 considering objections and comments; procedures for
 <u>a hearing;</u> issues to be considered; and newspaper
 notice.

5 (a) All persons described in subsection (b), section ten of 6 this article may file written comments with the secretary as to the 7 location or construction of the applicant's proposed well work 8 within thirty days after the application is filed with the 9 secretary and the persons entitled to notice pursuant to paragraphs 10 (1), (2) and (4), subsection (b), section ten of this article may 11 request a hearing.

12 (b) The applicant shall tender proof of and certify to the 13 secretary that the notice requirements of section ten of this 14 article have been completed by the applicant. The certification of 15 notice to the person may be made by affidavit of personal service, 16 the return receipt card or other postal receipt for certified 17 mailing.

18 (c) (1) The secretary shall promptly review all written 19 comments filed by the persons entitled to notice under subsection 20 (b), section ten of this article. The secretary shall notify the 21 applicant of the character of the written comments submitted no 22 later than fifteen days after the close of the comment period. 23 (2) Any objections of the affected coal operators and coal

1 seam owners and lessees shall be addressed through the processes 2 and procedures that exist under sections fifteen, seventeen and 3 forty, article six of this chapter, as applicable and as 4 incorporated into this article by section five of this article. 5 The written comments filed by the parties entitled to notice under 6 subdivisions (1), (2), (4), (5) and (6), subsection (b), section 7 ten of this article shall be considered by the secretary in the 8 permit issuance process, but the parties are not entitled to 9 participate in the processes and proceedings that exist under 10 sections fifteen, seventeen or forty, article six of this chapter, 11 as applicable and as incorporated into this article by section five 12 of this article provided that the persons entitled to notice 13 pursuant to paragraphs (1), (2) and (4), subsection (b), section 14 ten of this article who request a hearing may have a hearing as 15 provided by this section.

16 (3) The secretary shall retain all applications, plats and 17 other documents filed with the secretary, any proposed revisions 18 thereto, all notices given and proof of service thereof and all 19 orders issued and all permits issued. Subject to the provisions of 20 article one, chapter twenty-nine-b of this code, the record 21 prepared by the secretary is open to inspection by the public.

22 (d) If any person entitled to a notice pursuant to 23 paragraphs (1), (2) and (4), subsection (b), section ten of this 24 article requests a hearing on the permit on issues upon which the

1 director can condition or deny issuance of a permit, the director
2 shall provide such a hearing. The hearing shall provide all
3 elements for those required for those entitled to constitutional
4 due process rights to notice and hearing, but does not have to be
5 provided pursuant to the administrative provisions for contested
6 cases as provided in article five, chapter twenty-nine-a of this
7 code. The secretary shall promulgate a procedural rule for the
8 hearing pursuant to this provision. Appeals shall be pursuant to
9 article five, chapter twenty-nine-a of this code.

NOTE: The purpose of this bill is to require the Department of Environmental Protection to issue a procedural rule to allow surface owners a right to a hearing and appeal of a decision of the department to issue, condition or deny a permit for certain well work on the surface owner's land pursuant to the Supreme Court opinion in *Martin v. Hamblet*, No. 11-1157 (W.Va., 2012) to reexamine these procedures.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.