

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

Senate Bill 383

BY SENATORS BOSO AND FERNS

[Introduced January 25, 2016;

Referred to the Committee on Energy, Industry and Mining;

and then to the Committee on the Judiciary.]

1 A BILL to amend and reenact §22-6-31 of the Code of West Virginia, 1931, as amended, relating
2 generally to prevention of waste by joint development of oil and gas lease tracts of land;
3 allowing joint development of oil and natural gas wells by horizontal drilling under certain
4 circumstances; providing that joint development promotes efficient extraction of oil and
5 gas resources and prevents waste; and addressing production royalties where multiple
6 contiguous leases are developed.

Be it enacted by the Legislature of West Virginia:

1 That §22-6-31 of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted as follows:

**ARTICLE 6. OFFICE OF OIL AND GAS; OIL AND GAS WELLS; ADMINISTRATION;
ENFORCEMENT.**

**§22-6-31. Preventing waste of gas; plan of operation required for wasting gas in process
of producing oil; rejection thereof.**

1 (a) Prevention of waste of gas; plan of operation required for wasting gas in process of
2 producing oil; rejection thereof. -- Natural gas shall not be permitted to waste or escape from any
3 well or pipeline, when it is reasonably possible to prevent such waste, after the owner or operator
4 of such gas, or well, or pipeline, has had a reasonable length of time to shut in such gas in the
5 well, or make the necessary repairs to such well or pipeline to prevent such waste: *Provided, That*
6 (a) if, in the process of drilling a well for oil or gas, or both, gas is found in such well, and the
7 owner or operator thereof desires to continue to search for oil or gas, or both, by drilling deeper
8 in search of lower oil or gas-bearing strata, or (b) if it becomes necessary to make repairs to any
9 well producing gas, commonly known as "cleaning out," and if in either event it is necessary for
10 the gas in such well to escape therefrom during the process of drilling or making repairs, as the
11 case may be, then the owner or operator of such well shall prosecute such drilling or repairs with
12 reasonable diligence, so that the waste of gas from the well shall not continue longer than

13 reasonably necessary, and if, during the progress of such deeper drilling or repairs, any temporary
14 suspension thereof becomes necessary, the owner or operator of such well shall use all
15 reasonable means to shut in the gas and prevent its waste during such temporary suspension:
16 *Provided, however,* That in all cases where both oil and gas are found and produced from the
17 same oil and gas-bearing stratum, and where it is necessary for the gas therefrom to waste in the
18 process of producing the oil, the owner or operator shall use all reasonable diligence to conserve
19 and save from waste so much of such gas as it is reasonably possible to save, but in no case
20 shall such gas from any well be wasted in the process of producing oil therefrom until the owner
21 or operator of such well shall have filed with the director a plan of operation for said well showing,
22 among other things, the gas-oil production ratio involved in such operation, which plan shall
23 govern the operation of said well unless the director shall, within ten days from the date on which
24 such plan is submitted to the director, make a finding that such plan fails, under all the facts and
25 circumstances, to propose the exercise of all reasonable diligence to conserve and save from
26 waste so much of such gas as it is reasonably possible to save, in which event production of oil
27 at such well by the wasting of gas shall cease and desist until a plan of operation is approved by
28 the director. Successive plans of operation may be filed by the owner or operator of any such well
29 with the director.

30 (b) Production of oil and gas to prevent waste. – Operators should maximize efficient
31 extraction of oil and natural gas reserves and prevent waste by using horizontal drilling technology
32 where practical based on the geology and the nature of the reserves. Where an operator has the
33 right to develop multiple contiguous oil and gas leases separately, the operator may develop these
34 leases jointly by horizontal drilling unless the development is expressly prohibited by the terms of
35 a lease. The operator's use of any surface tract overlying the jointly developed leases shall be
36 permissible for that joint development. In determining the royalty where multiple contiguous
37 leases are developed, in the absence of an agreement by all affected royalty owners, the
38 production shall be allocated to each lease in such proportion as the operator reasonably

39 determines to be attributable to each lease.

NOTE: The purpose of this bill is to promote efficient extraction of oil and gas resources and to prevent waste by authorizing the development of horizontal drilling of multiple adjacent leases held by the same operator.

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