

QUESTIONNAIRE

(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)

DATE: July 28, 2005

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: (Agency Name, Address & Phone No.) WV Department of Environmental Protection
Office of Oil and Gas
601 57th Street Charleston, WV 25304
926-0450

LEGISLATIVE RULE TITLE: Coalbed Methane Wells Rule, 35CSR3

1. Authorizing statute(s) citation WV Code 22-21-4

2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:
6-15-05

b. What other notice, including advertising, did you give of the hearing?
Provided direct notice to WV Oil and Natural Gas Association, Independent Oil and Gas
Association of WV and David McMahon with Mountain State Justice. Published in the
Charleston newspapers and listed on the WVDEP website.

c. Date of Public Hearing(s) *or* Public Comment Period ended:
July 20, 2005

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached X No comments received

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

July 28, 2005

- f. **Name, title, address and phone/fax/e-mail numbers** of agency person(s) to receive all *written correspondence* regarding this rule: (Please type)

James Martin, Chief

WV DEP - Office of Oil and Gas 601 57th Street, Charleston, WV 25304

phone 926-0499 ext: 1654 fax: 926-0452

email: jmartin@wvdep.org

- g. **IF DIFFERENT FROM ITEM 'f'**, please give **Name, title, address and phone number(s)** of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)

same as above

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

n/a

b. Date of hearing or comment period:

n/a

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

n/a

d. Attach findings and determinations and reasons:

Attached n/a

**WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS**

BRIEFING DOCUMENT

Rule Title: Coalbed Methane Wells Rule, 35CSR3

A. AUTHORITY: WV Code 22-21-4

B. SUMMARY OF RULE:

The WVDEP, Office of Oil and Gas is proposing to revise existing rule 35CSR3. Series 3 is a legislative rule in place to enforce the provisions in WV Code §22-21-1 et seq., Coalbed Methane Wells and Units, commonly referred to as the Coalbed Methane Act. The revisions can be summarized into three substantive categories:

- 1) Changes in section 4.7.c. reflect revisions made to the CBM statute in the 2005 legislative session, regarding spacing. Those changes address distance requirements for CBM wells, from particular boundaries. The rule as originally written mirrored the statute and consequently needs to incorporate the recent statutory change. Additionally, plat requirements need changed to define these boundaries (9.2.d.5.).
- 2) Due to the nature of CBM "reservoirs", well operators continue to search for improvements in drilling and completion techniques. Unlike typical conventional wells, horizontal drilling has become a common method of CBM well construction. Since the CBM rule, passed in 1996, envisioned the standard vertical type well, the horizontal segments or laterals, have created the need for modifications to address such things as distance limitations. Consequently, section 4.9. has been changed in an effort to better protect water supplies by applying the current distance requirement regarding water wells, to the laterals, in addition to the vertical portions. Related to this issue is the need to change plat requirements in regard to well laterals (9.2.d.2.).
- 3) For the same reasons as described in 2) above, the rule needs modified to incorporate the horizontal portion of wells regarding the requirements for water testing (13.6.).

C. STATEMENT OF CIRCUMSTANCES WHICH REQUIRE RULE:

Recent changes to the coalbed methane statute and developments related to well design and construction, have resulted in the necessity to revise the existing rule for the proper and effective administration of WV Code §22-21.

In response to filed comments some proposed changes have been removed. Please see the "Response to Comments".

D. FEDERAL COUNTERPART REGULATIONS – INCORPORATION BY REFERENCE/DETERMINATION OF STRINGENCY:

There is no federal counterpart regulation. Therefore, no determination of stringency is required.

E. CONSTITUTIONAL TAKINGS DETERMINATION:

In accordance with W.Va. Code §§22-1A-1 and 3(c), the Secretary has determined that this rule will not result in taking of private property within the meaning of the Constitutions of West Virginia and the United States of America.

F. CONSULTATION WITH THE ENVIRONMENTAL PROTECTION ADVISORY COUNCIL:

At its June 8, 2005 meeting, the Environmental Protection Advisory Council reviewed and discussed this proposed rule. The Council's comments are contained in the attached minutes.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: 35CSR3 - Coalbed methane Wells Rule

Type of Rule: Legislative Interpretive Procedural

Agency: WV Department of Environmental Protection

Address: 601 57th Street, SE
Charleston, WV 25304

Phone Number: (304) 926-0450 Email: jmartin@wvdep.org

Fiscal Note Summary

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

The changes are primarily for clarification and consistency purposes. No cost or revenue impacts are expected.

Fiscal Note Detail

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	2005 Increase/Decrease (use "-")	2006 Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost	0.00	0.00	0.00
Personal Services	0.00	0.00	0.00
Current Expenses	0.00	0.00	0.00
Repairs & Alterations	0.00	0.00	0.00
Assets	0.00	0.00	0.00
Equipment	0.00	0.00	0.00
Other	0.00	0.00	0.00
2. Estimated Total Revenues	0.00	0.00	0.00

Rule Title: 35CSR3 - Coalbed methane Wells Rule

3. **Explanation of above estimates (including long-range effect):**
Please include any increase or decrease in fees in your estimated total revenues.

MEMORANDUM

Please identify any areas of vagueness, technical defects, reasons the proposed rule would not have a fiscal impact, and/or any special issues not captured elsewhere on this form.

See fiscal note summary.

Date: _____

Signature of Agency Head or Authorized Representative

West Virginia Department of Environmental Protection

ADVISORY COUNCIL MEETING MINUTES

Wednesday - June 8, 2005

601 57th Street, SE, Charleston, WV

Dolly Sods Conference Room – 1st Floor

ATTENDEES:

Advisory Council Members:

Larry Harris

Jackie Hallinan

Rick Roberts

Lisa Dooley

Bill Raney

Karen Price

DEP:

Stephanie R. Timmermeyer, Cabinet Secretary

Karen G. Watson, Assistant General Counsel

Ken Ellison, Director - Division of Land Restoration

Lisa McClung, Director – Division of Water and Waste Management

John Benedict, Director – Division of Air Quality

Mike Zeto, WVDEP

Charlie Sturey, WVDEP

Jessica Greathouse, Chief Communication Officer – WVDEP – Public Information Office

James Martin, Chief, WVDEP - Office of Oil & Gas

Brett Loflin, WV Oil and Gas Conservation Commission

Dave Bassage- WVDEP

Greg Adolpson – WVDEP

Jim Mason – WVDEP

Fred Durham – WVDEP

Jim Mason – WVDEP

Mike Johnson – WVDEP

VISITORS:

Linda Tennant, Spilman, Thomas, Battle

Don Garvin – WVEC

Bob Asplund - Dominion

Karen Watson, WVDEP – Assistant General Counsel, called the meeting to order at 10:00 a.m.

Proposed rules for the 2006 legislative session are as follows:

- **45CSR1 “Control and Reduction of Nitrogen Oxides from Non-Electric Generating Units as a Means to Mitigate Transport of Ozone Precursors”**

This rule partially fulfills the State’s obligations in response to U.S. EPA’s final rule, *Findings of Significant Contribution and Rulemaking for Certain States in the Ozone Transport Assessment Group region for Purposes of Reducing Regional Transport of Ozone* 27 Oct 1998, herein referred to as the *NO_x SIP Call*). Essentially, the federal rule requires that large emitters of Nitrogen Oxides (NO_x) significantly reduce emissions and constrains them to set budgets, starting in 2004 and maintaining them thereafter. Flexibility is built in through market-based “cap and trade” provisions which allow sources to buy/sell NO_x emission allowances from /to other program participants. For example, a source which has emitted NO_x in excess of its NO_x allowance allocation may purchase NO_x allowances under the federal NO_x Budget Trading Program to obtain the needed NO_x emission allowances to cover its actual NO_x emissions during an ozone season. Conversely, a source which emits fewer tons of NO_x than its NO_x allowance allocation may either bank or sell (trade) the excess NO_x allowances to another sources which needs them to cover its excess NO_x emissions.

45CSR1 applies to large fossil fuel-fired stationary sources (large industrial boilers) with heat inputs greater than 250 mmBtu/hr. The Department of Environmental Protection, Division of Air Quality (DAQ) addresses Electric Generation Units (EGUs) in a separate rulemaking, 45CSR26. 45CSR1 also applies to large cement kilns and internal combustion engines which emitted more than one ton per day of NO_x from May 1 through September 30, 1995, although these sources are not subject to the NO_x Budget Trading Program.

Comments:

How will this relate to the new rule 40?

Rule 40 will repeal Rule 1 in 2009.

Are these kinds of trading effective in lowering NO_x emission?

Yes, West Virginia has dropped from one of the highest to one of the lowest states.

If one is testing, how do you see which sources account for improvement?

Have CEMS on stacks so we can analyze data.

- **45CSR15 – “Emission Standards for Hazardous Air Pollutants Pursuant to 40CFR Part 61”**

This rule establishes and adopts national emission standards for hazardous air pollutant (NESHAP) and other regulatory requirements promulgated by the United States Environmental Protection Agency (USEPA) pursuant to 40CFR part 61 and section 112 of

the federal clean Air Act, as amended (CAA). This rule codifies general procedures and criteria to implement emission standards for stationary sources that emit (or have the potential to emit) one or more of the eight substances listed as hazardous air pollutants in 40 CFR §61.01(a). The rule incorporates by reference the NESHAP standards of 40 CFR Parts 61 and 65 (consolidated Federal Air Rule), to the extent referenced in 40CFR part 61, promulgated as of June 1, 2005. The rule also adopts associated appendices, reference methods, performance specifications and other test methods which are appended to these standards and contained in 40 CSR parts 61 and 65. Any person who constructs, reconstructs, modifies or operates any source subject to the provisions of 40 CFR Part 61 must comply with the applicable NESHAPS and this rule.

45CSR15, in conjunction with 45CSR34, establishes general provisions for emission standards for hazardous air pollutants (NESHAP) and other regulatory requirements promulgated by USEPA pursuant to section 112 of the federal Clean Air Act, as amended. 45CSR34 incorporates hazardous air pollutant standards codified by USEPA under 40CFR part 63 whereas 45CSR15, incorporates hazardous air pollutant standards promulgated by USEPA under 40 CFR Part 61.

This revised rule incorporates by reference the following new or revised NESHAP standards promulgated as of June 1, 2005: National Emission Standards for Hazardous Air Pollutants for Asbestos.

No Comments

- **45CSR16 – “Standards of Performance for New Stationary Sources Pursuant to 40CFR Part 60”**

This rule establishes and adopts national standards of performance for new stationary sources and other regulatory requirements promulgated by the United States Environmental Protection Agency (USEPA) pursuant to section 111(b) of the federal Clean Air Act, as amended (CAA). This rule codifies general procedures and criteria to implement standards of performance for new stationary sources set forth in 40 CFR Part 60. The rule incorporates by reference New Sources Performance Standards (NSPS) promulgated as of June 1, 2005. The rule also adopts associated appendices, reference methods, performance specifications and other test methods which are appended to such standards. Any person who constructs, modifies, reconstructs or operates an affected facility after the effective date of any NSPS under 40 CFR Part 60 must comply with the applicable NSPS and this rule.

This revised rule incorporates by reference the following new or revised NSPS standards promulgated as of July 1, 2005: Standards of performance for Industrial-Commercial-Institutional Steam Generating units; Stationary Gas Turbines; Steel Plants; and new and Existing Stationary Sources: Electric Utility Steam Generating Units (CAMR).

No Comments

- **45CSR25 – “To Prevent and Control Air Pollution from Hazardous Waste Treatment Storage or Disposal Facilities.”**

This rule establishes and adopts national standards of performance for new stationary sources and other regulatory requirements promulgated by the United States Environmental Protection Agency (USEPA) pursuant to the Resource Conservation and Recovery Act, as amended (RCRA). This rule codifies general procedures and criteria to implement emission standards set forth in the Code of Federal Regulations as listed in Table 25-A of the rule. The rule also adopts associated appendices, reference methods, performance specifications and other test methods, which are appended to these standards. Any person, who constructs, reconstructs, modifies or operates any hazardous waste treatment, storage, or disposal facility must comply with the West Virginia Hazardous Waste management Program, the codified federal emission standards, and this rule.

45CSR25 establishes a program of regulation over the treatment, storage, and disposal of hazardous wastes in order to achieve and maintain such levels of air quality as will protect the public health and safety and the environment from the effects of improper, inadequate, or unsound treatment, storage, or disposal of hazardous wastes.

This revised rule incorporates by reference the following provisions of 40 CFR Part 262 promulgated as of June 1, 2005: National Environmental Performance Track Program.

Comments:

What does the term “constituents” mean and how does one decide whether a source has prevented emissions that would cause harm under section 1.1.b of the rule?

Look at the definition of “hazardous waste” and prevention language is meant to set forth overall purpose of the rule.

Does the agency consult with DHHR or other public health officials?

No, the agency uses a risk-based approach and has a toxicologist employed. It also looks to EPA.

- **45CSR33 – “Acid Rain Provisions and Permits”**

This rule establishes and adopts the general provisions and operating permit program requirements for affected sources under the Acid Rain Program promulgated by the United States Environmental Protection Agency (USEPA) under title IV of the Clean Air Act, as amended (CAA). The rule also adopts associated appendices, reference methods, performance specifications and other test methods which are appended to these provisions.

Under the Acid Rain Program and 45CSR33, no person may construct, modify, or operate or cause to be constructed, modified, or operated, an Acid Rain Source in violation of 40CFR Parts 72 through 77.

Title IV of the CAA requires each state to implement an operating permit system conforming to Title IV and Title V of the CAA, as amended. 45CSR33 incorporates by reference the federal counterpart regulation 40 CFR Parts 72 through 77. USEPA approved West Virginia's Acid Rain Program with its approval of the state's Title V Operating Permit Program on December 15, 1995.

This revised rule incorporates by reference the following revisions to 40CFR Parts 72 through 77 promulgated as of June 1, 2005: Permits Regulation, Sulfur Dioxide Allowance System, Sulfur Dioxide Opt-Ins, continuous Emission Monitoring, Excess Emissions (CAIR & CAMR).

No Comments

- **45CSR34 – “Emission Standards for Hazardous Air Pollutants For Source Categories Pursuant to 40 CFR Part 63**

This rule establishes and adopts national emission standards for hazardous air pollutants (NESHAP) and other regulatory requirements promulgated by the United States Environmental Protection Agency (U.S. EPA) pursuant to section 112 of the federal Clean Air Act, as amended (CAA). This rule codifies general procedures and criteria to implement emission standards for stationary sources that emit, or have the potential to emit, one or more of the hazardous air pollutants set forth in section 112(b) of the CAA. The rule incorporates by reference the NESHAP standards of 40 CFR Parts 63 and 65 (Consolidated Federal Air Rule), to the extent referenced in 40 CFR Part 63, promulgated as of June 1, 2005. The rule also adopts associated appendices, reference methods, performance specifications and other test methods which are appended to these standards and contained in 40 CFR Parts 63 and 65. Any person who constructs, reconstructs, modifies or operates any source subject to the provisions of 40 CFR Part 63 must comply with the applicable NESHAPS and this rule.

45CSR34, in conjunction with 45CSR15, establishes general provisions for emission standards for hazardous air pollutants and other regulatory requirements promulgated by U.S. EPA pursuant to section 112 of the federal Clean Air Act, as amended. 45CSR34 incorporates hazardous air pollutant standards codified by U.S. EPA under 40 CFR Part 63 whereas 45CSR15 incorporates hazardous air pollutant standards promulgated by U.S. EPA under 40 CFR Part 61.

This revised rule incorporates by reference the following new or revised NESHAP standards promulgated as of June 1, 2005: National Environmental Performance Track Program, National Emission Standards for Hazardous Air Pollutants for Source Categories, Chromium Emissions From Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks, Plywood & Composite Wood Products; Effluent Limitations Guidelines and Standards for Timber Products Point Source Category; List of HAPs, Lesser Quantity Designations, Source Category List, Printing, Coating & Dyeing of Fabrics and Other

Textiles, Stationary Combustion Turbines, Solvent Extraction for Vegetable Oil Production, Industrial, Commercial, Institutional Boilers and Process Heaters, Secondary Aluminum Production, Coke Ovens: Pushing, Quenching, and Battery Stacks, List of Hazardous Air Pollutants, Petition Process, Lesser Quantity Designations, Source Category List; Petition to Delist of Ethylene Glycol Monobutyl Ether, Organic Hazardous Air Pollutants from Synthetic Organic Chemical Manufacturing Industry and Other Processes Subject to the Negotiated Regulation for Equipments Leaks, Coke Ovens: Pushing, Quenching, and Battery Stacks, Leather Finishing Operations, Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units, Revision of December 2000 Regulatory Finding on the Emissions of HAPs from Electric Utility Steam Generating Units & Removal of Coal- and Oil-Fired Electric Utility Steam Generating Units from Section 112(c) List, Generic MACT; Ethylene Manufacturing Process Units: Heat Exchange Systems and Waste Operations, Coke Oven Batteries, Miscellaneous Coating Manufacturing, Pharmaceuticals Production, Asphalt Processing & Asphalt Roofing Manufacturing and Iron and Steel Foundries.

No Comments

- **45CSR37 – “Mercury Budget Trading Program to Reduce Mercury Emissions”**

This rule establishes the general provisions and designated representative, permitting, allowance and monitoring provisions for the Mercury (Hg) Budget Trading Program, as a means of reducing national mercury emissions, pursuant to the federal Clean Air Mercury Rule (CAMR) established under Section 111 of the Clean Air Act (CAA) and 40 CFR 60, Subpart HHHH.

This rule partially fulfills the State’s obligations in response to the United States Environmental Protection Agency’s (U.S. EPA) final rule, *Standards of Performance for New and Existing Stationary Sources: Electric Utility Steam Generating Units* (15 March 2005, at FR XXXXX). The federal rule establishes standards of performance for mercury (Hg) for new and existing coal-fired electric utility steam generating units (utility units). This rule establishes a mechanism by which Hg emissions from new and existing coal-fired utility units are capped at specific nation-wide levels. U.S. EPA has specified that annual Hg emission reductions be implemented in two phases. The first phase of Hg reductions starts in 2010 and the second phase begins in 2018, and continues thereafter. Flexibility is built in through market-based “cap and trade” provisions which allow sources to buy or sell Hg emission allowances from or to other program participants.

45CSR37 applies to coal-fired electric utility steam generating units that have greater than 25 MW_e generating capacity.

Comments:

How will this affect Industrial boilers?

The rule does not cover these sources.

What kind of monitoring is required?

Have to install CEMS.

What happens when there is litigation?

If court remands, we would withdraw the rule.

Does the rule apply to natural gas-fired units?

No, only coal-fired.

Does the rule establish new fees?

No.

John Benedict informed the Council of the following reductions:

Nationally

2010 – 22%

2018 – 69%

WV:

2010 – 43%

2018 – 77%

- **45CSR39 – “Control of Annual Nitrogen Oxide Emissions to Mitigate Interstate Transport of Fine Particulate Matter and Nitrogen Oxides”**

This rule establishes general provisions and the designated representative, permitting, allowance, monitoring, and opt-in provisions for the state CAIR NO_x Annual Trading Program pursuant to the federal Clean Air Interstate Rule (CAIR) under Section 110 of the Clean Air Act (CAA), 40 CFR Part 96, Subparts AA through II, and 40 CFR §51.123 for state implementation plans as a means of mitigating interstate transport of fine particulates and nitrogen oxides (NO_x).

This rule partially fulfills the State’s obligations in response to the United States Environmental Protection Agency’s (U.S. EPA) final rule, *Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone (Clean Air Interstate Rule); Revisions to*

Acid Rain Program; Revisions to the NO_x SIP Call (12 May 2005, at FR 25162). The federal rule requires that large emitters of NO_x reduce annual emissions through the constraint of set budgets. U.S. EPA is specifying that annual NO_x emission reductions be implemented in two phases. The first phase of NO_x reductions starts in 2009; the second phase starts in 2015, and continues thereafter. The NO_x emission reduction requirements are based on controls that are known to be highly cost effective for electric generating units. Flexibility is built in through market-based “cap and trade” provisions which allow sources to buy or sell NO_x emission allowances from or to other program participants. Reducing upwind NO_x emissions will assist downwind PM_{2.5} and 8-hour ozone nonattainment areas in achieving the National Ambient Air Quality Standards (NAAQS).

45CSR39 applies to large fossil fuel-fired electric generating units that have greater than 25 MW_e generating capacity. The CAIR NO_x Ozone Season Trading Program requirements are set forth in 45CSR40.

Comments:

How will this affect industrial boilers?

It will not. It only affects electric utilities.

Is there a set-aside provision?

Yes.

Agency should consider using the money to clean up streams impacted by acid rain.

- **45CSR40 – “Control of Ozone Season Nitrogen Oxide Emissions to Mitigate Interstate Transport of Ozone and Nitrogen Oxides”**

This rule establishes the general provisions and the designated representative, permitting, allowance, monitoring, and opt-in provisions for the state CAIR NO_x Ozone Season Trading Program pursuant to the federal Clean Air Interstate Rule (CAIR) under Section 110 of the Clean Air Act (CAA), 40 CFR Part 96, Subparts AAAA through IIII, and 40 CFR §51.123 for state implementation plans as a means of mitigating interstate transport of ozone and nitrogen oxides (NO_x).

This rule partially fulfills the State’s obligations in response to the United States Environmental Protection Agency’s (U.S. EPA) final rule, *Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone (Clean Air Interstate Rule); Revisions to Acid Rain Program; Revisions to the NO_x SIP Call* (12 May 2005, at FR 25162). The federal rule requires that large emitters of NO_x reduce ozone season emissions through the constraint of set budgets. U.S. EPA is specifying that ozone season NO_x emission reductions be implemented in two phases. The first phase of ozone season NO_x reductions starts in 2009; the second phase starts in 2015, and continues thereafter. The NO_x emission

reduction requirements are based on controls that are known to be highly cost effective for electric generating units and large industrial boilers. Flexibility is built in through market-based "cap and trade" provisions which allow sources to buy or sell NO_x emission allowances from or to other program participants. Reducing upwind ozone season NO_x emissions will assist downwind 8-hour ozone nonattainment areas in achieving the National Ambient Air Quality Standards (NAAQS).

Because CAIR subsumes the ozone season NO_x SIP Call trading program, existing NO_x SIP Call rules 45CSR1 and 45CSR26 and their ozone season NO_x reduction provisions must be "sunsetting" by January 1, 2009. Therefore, 45CSR40 contains a repeal clause which effectively "sunsets" these rules, meeting the approvability requirement for implementing CAIR.

45CSR40 applies to large fossil fuel-fired electric generating units that have greater than 25 MW_e generating capacity and large fossil fuel-fired industrial boilers with a heat input greater than 250 mmBtu/hr. This rule also applies to affected cement kilns and internal combustion engines, by retaining the NO_x SIP Call ozone season NO_x emission reduction requirements for these sources from 45CSR1. These existing requirements do not provide for inclusion in any cap and trade program for cement kilns and internal combustion engines. The CAIR NO_x Annual Trading Program requirements are set forth in 45CSR39.

No Comments.

- **33CSR41 – "Control of Annual Sulfur Dioxide Emissions to Mitigate Interstate Transport of Fine Particulate Matter and Sulfur Dioxide"**

This rule establishes general provisions and the designated representative, permitting, allowance, monitoring, and opt-in provisions for the state CAIR SO₂ Trading Program pursuant to the federal Clean Air Interstate Rule (CAIR) under Section 110 of the Clean Air Act (CAA), 40 CFR Part 96, Subparts AAA through III, and 40 CFR §51.124 for state implementation plans as a means of mitigating interstate transport of fine particulates and sulfur dioxide (SO₂).

This rule partially fulfills the State's obligations in response to the United States Environmental Protection Agency's (U.S. EPA) final rule, *Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone (Clean Air Interstate Rule); Revisions to Acid Rain Program; Revisions to the NO_x SIP Call* (12 May 2005, at FR 25162). The federal rule requires that large emitters of SO₂ reduce annual emissions based upon the implementation of retirement ratios for SO₂ allowances allocated under the Acid Rain Program. U.S. EPA is specifying that annual SO₂ emission reductions be implemented in two phases. The first phase of SO₂ reductions starts in 2010 and requires retiring SO₂ allowances at a 2:1 ratio; the second phase starts in 2015 and requires retiring SO₂ allowances at a 2.86:1 ratio, and continues thereafter. The SO₂ emissions reductions requirements are based on controls that are known to be highly cost effective for electric generating units. Flexibility is built in through market-based "cap and trade" provisions

which allow sources to buy or sell SO₂ emission allowances from or to other program participants. Reducing upwind SO₂ emissions will assist downwind PM_{2.5} and 8-hour ozone nonattainment areas in achieving the National Ambient Air Quality Standards (NAAQS).

45CSR41 applies to large fossil fuel-fired electric generating units that have greater than 25 MW_e generating capacity.

How was the fiscal note derived?

It is based on how many persons will be necessary to implement the rule.

When will these rules be filed with EPA?

September of 2006 for the CAIR rules and November 2006 for the mercury rule.

- **33CSR1 – “Solid Waste Management Rule”**

This legislative rule establishes requirements for the siting (including location standards), financial assurance, installation, establishment, construction, design, groundwater monitoring, modification, operation, permitting, closure and post-closure care of any solid waste facility that processes, recycles, composts, transfers or disposes of solid waste pursuant to W. Va. Code §22-15-1 et seq. The rule revision will clarify that the State Division of Highways is subject to an exemption from permitting for its construction/demolition wastes associated with highway construction. The rule will also clarify that the beneficial reuse of clean bituminous concrete (asphalt) is not subject to permitting requirements, just as the beneficial reuse of Portland cement is not subject to permitting.

Comments:

Has the agency worked with the Division of Highways on the rule?

Yes.

- **33-CSR20 – “Hazardous Waste Management”**

The purpose of this rule is to provide for the regulation of the generation, treatment, storage, and disposal of hazardous waste to the extent necessary for the protection of the public health and safety and the environment. The rule changes pick up two new federal regulations.

No Comments.

- **35CSR3 – “Coalbed Methane Wells Rule”**

This rule applies to coalbed methane wells. The rule changes are necessary to conform to recent statutory revisions related to spacing. The changes also address new technology allowing for the horizontal drilling of wells.

Comments:

Are operators required to sample both water quality and quantity?

Just quality.

A question was raised about the 100' and 1000' distance requirements from water wells and the agency explained how these provisions work.

A comment was made that landowners are confused by the rule's requirements and some further explanations would be helpful.

- **39CSR1 – “Rules of the Commission”**

The rule is designed to prevent waste, protect correlative rights and to conserve oil and gas in the State of West Virginia and is applicable to all activities subject to the jurisdiction of the Oil and Gas Conservation Commission. Where special field rules apply, the special field rules shall govern to the extent of any conflict. The rule changes are to clarify the agency can enter consent agreements and establish escrow accounts.

No comments.

- **60CSR8 “Environmental Excellence Program Rule”**

This legislative rule establishes the eligibility, procedures, standards and legal documents required for establishing a voluntary environmental excellence program, consisting of incentives to reward facilities that go beyond regulatory requirements.

Comments:

Will the reports that are filed be shared with the public?

Yes, they will be posted on the internet.

Will people pay the \$1000 fee?

From pre-comments, most are willing to pay some amount. The administrative fund will cover the agency's operating costs.

A comment was made that there should be more programs like this, where companies are rewarded for good performance.

Lisa McClung, Director of DWWM, presented several rules under the water program that will be filed in the future. One was the concentrated animal feeding operation (CAFO) rule that was withdrawn by the agency in

the 2005 session. As soon as EPA repromulgates its rule, the State will need to do so, perhaps by an emergency rule.

Then the new law transferring the authority to adopt water quality standards to the DEP was discussed. A question was raised concerning the public's involvement in the process. Ms. McClung responded that the process would be somewhat different from the agency's normal rulemaking.

Karen Watson then presented a list of bills passed by the Legislature during the 2005 regular session and signed by the Governor as follows:

1. SB 428. Creating the Revitalization Environmental Action Plan.

This legislation transfers the litter control and recycling programs from DNR to DEP and transfers the waste tire remediation program from DOH to DEP. The legislation was amended by the House to require the excess funds to be transferred to the state road fund rather than the solid waste reclamation and environmental response fund. SB 428 bill also incorporates the provisions of Senate Bill 42 at 22-15A-12(f) and (k). These provisions provide liability protection on waste tire remediation to bona fide purchasers of property containing waste tires.

2. SB 603. Higher Education Bill – Brownfield Assistance Centers.

This legislation creates a provision in W.Va. Code § 18B11-7 that authorizes Marshall University and West Virginia University to each create Brownfield Assistance Centers for the purpose of acquiring and developing property; seeking federal brownfield assistance funds; and providing assistance to municipalities and local governments for brownfields development.

Comments:

The Council discussed the funding mechanisms under the new law.

3. HB 3354. Oil and Gas Permit Fee Increase.

This legislation increases the permit fees for shallow wells from \$250 to \$400; the permit fees for deep wells from \$250 to \$650; and the reclamation fees for all well activity from \$100 to \$150. This legislation also includes some technical amendments to the statutes governing oil and gas and coal bed methane drilling and production. As introduced, the legislation increased the permit fees for coal bed methane wells from \$250 to \$650 but the legislation was amended by the Senate to eliminate this permit fee increase. In total, this legislation will generate approximately \$350,000 for the Office of Oil and Gas.

4. SB 406. Uniform Environmental Covenant Act.

This legislation clarifies that environmental covenants containing affirmative obligations issued pursuant to the Voluntary Remediation and Redevelopment Act or other federal or state response actions are enforceable and perpetual; provides notice requirements for those placing environmental covenants on

real property, and authorizes the department and local governments to enforce environmental covenants.

Comments:

A question was raised as to local governments.

The agency responded that they are included and have authority under the new law.

5. HB 2723. Environmental Rules Bundle.

This legislation consolidates the rules proposed by DEP and EQB. The DEP rules include revisions to the air, waste, water and mining programs. The EQB's rule relates to water quality standards. The EQB's rule was amended to eliminate Fill Hollow Creek in Preston County that the Board recommended to be included on the Tier 2.5 list. Tier 2.5 waters are waters of special concern and include naturally reproducing trout streams.

6. HB 3236. Thin Seam Coal Tax Applicability.

This legislation clarifies that the special tax on coal production and the special reclamation tax apply to coal produced from thin seams.

7. HB 2333. Environmental Good Samaritan Act.

This legislation protect landowners, groups and individuals who volunteer to reclaim abandoned mineral extraction lands and abate water pollution caused by abandoned mine lands from civil and environmental liability provided such activities are approved by the department and implemented in accordance with the plans approved by the department.

8. HB 3033. Continuation of Special Reclamation Tax.

This legislation extends the temporary special reclamation tax of seven cents for an additional eighteen months thereby maintaining the total special reclamation tax at fourteen cents per ton of coal produced. The legislation also requires the Secretary to evaluate and consider additional bonding mechanisms, such as full cost bonding and the creation of a water quality trust fund.

9. SB 154. Beneficial Reuse of Water Treatment Plant Sludge.

This legislation authorizes the beneficial reuse of water treatment plant sludge and requires the department to develop rules establishing criteria for the beneficial reuse of water treatment plant sludge.

10. SB 287. Transfer of Rulemaking Authority for Water Quality Standards.

This legislation transfers the authority to promulgate water quality standards and the authority to grant remaining variances from the Environmental Quality Board to the department.

11. SB 748. Credit for Mitigation.

This legislation authorizes the secretary to grant credit for mitigation required by the Corps of Engineers pursuant to permit issued under Section 404 of the Clean Water Act when such mitigation satisfies mitigation required by the West Virginia Water Pollution Control Act.

12. SB 700. Creation of the Community Infrastructure Investment Program.

This legislation authorizes department to grant approval for the construction of privately financed water and sewage treatment facilities without the requirement of a certificate of need and convenience from the Public Service Commission provided that the project results in economic development and improvement of water quality. This legislation also authorizes municipal utilities and public service districts to enter into community service agreements with private developers for the purpose of constructing or expanding public utilities. This legislation also requires the secretary to promulgate emergency rules to implement the program.

Comments:

Two members expressed interest in the future rulemaking efforts and any stakeholders group.

13. HB 3356. Increasing authority of the Solid Waste Management.

This legislation requires the SWMB to conduct biannual performance reviews of county and regional solid waste authorities and grants the SWMB with the authority to supersede or exercise the powers granted to county or regional solid waste authorities that operate a solid waste facility

14. SB 455. Financing of Environmental Control Activities.

This Legislation authorizes the public service commission to review and approve the use of environmental control bonds for environmental control activities by certain qualified electric utilities.

The next meeting date was scheduled for September 15, 2005 – 1:00 p.m. – 3:00 p.m. – Trish will contact everyone with room location and agenda.

Karen Watson adjourned the meeting.

TITLE 35
LEGISLATIVE RULE
~~DIVISION DEPARTMENT OF ENVIRONMENTAL PROTECTION~~ 2005 JUL 20 NP 3:01
OFFICE OF OIL AND GAS

SERIES 3
COALBED METHANE WELLS RULE

FILED
 OFFICE WEST VIRGINIA
 SECRETARY OF STATE

§35-3-1. General.

1.1. Scope. -- This rule shall govern and apply to proceedings under W. Va. Code §22-21-1 et. seq., governing coalbed methane wells. Certain portions of this series shall apply to W. Va. Code §22-10-1 et. seq., related to abandoned wells, W. Va. Code §22-12-1 et. seq., related to groundwater protection, and W. Va. Code §22-6-1 et. seq., related to oil and gas wells and other wells.

1.2. Authority. -- W. Va. Code §§22-21-3 and 4.

1.3. Filing Date. --

1.4. Effective Date. --

1.5. Forms. -- An index of current forms and copies of any forms currently used under or required by this rule may be obtained from the chief. The Office of Oil and Gas may prospectively amend any form at any time without notice to accord more fully with the requirements of W. Va. Code §22-21 and this rule.

§35-3-2. Definitions.

Unless the context in which used clearly requires a different meaning, the definitions contained in W. Va. Code §22-21-2 shall apply to this rule in addition to those definitions set forth below.

2.1. "W.Va. Code" shall mean the West Virginia Code of 1931, as amended.

2.2. "Day" shall mean a period of twenty-four (24) consecutive hours.

2.3. "Designated agent" shall mean a resident of the State of West Virginia designated by an operator as the agent or attorney in fact of the operator upon whom process, notices, orders, or other communications issued pursuant to W. Va. Code §22-21 may be served.

2.4. "Log" or "Well log" shall mean a systematic, detailed geological record of all formations, including coal, fresh water, and salt water encountered in the drilling of a well.

2.5. "Surface owner of record", and the term "owner of record of the surface" as used in W. Va. Code §22-21-9, shall mean any person who is an owner of record of surface land or an undivided interest therein, whether or not the surface ownership is severed from the mineral ownership.

2.6. "Operator" or "gas operator" for notice purposes shall mean any person having the right to operate or who does operate an oil or gas well and is interchangeable with the terms "operator" or "well operator" as defined in W. Va. Code §22-6-1. "Operator" or "gas operator" for the purpose of determining responsibility with the plugging of a coalbed methane well shall be any person having the right to operate the coalbed methane well, which may include all royalty interest owners, plus the owners of any business operating the well.

2.7. "Casing" shall have the meaning set forth in W. Va. Code §22-6-1.

2.8. "Cement" shall have the meaning set forth in W. Va. Code §22-6-1.

2.9. "CBM Well Operator" shall mean a coalbed methane well operator as defined in W. Va. Code §22-21-2(f).

2.10. "CBM Well" shall mean a coalbed methane well as defined in W. Va. Code §22-21-2(e).

2.11. "Expanding Cement" shall have the meaning set forth in W. Va. Code §22-6-1.

2.12. "Plat" shall have the meaning set forth in W. Va. Code §22-6-1.

§35-3-3. Inspectors, Inspection Forms, Violations, Abatement.

3.1. Violations, Findings and Orders. - Findings and orders of oil and gas inspectors concerning violations discovered during an inspection shall be recorded on the appropriate form listed in subsection 3.2. Such finding and orders shall not be construed to limit the office's power to initiate any other lawful proceedings concerning violations of W. Va. Code §22-21 et seq., or this rule.

3.2. Inspectors' Report Forms. - The report forms to be used by inspectors pursuant to W. Va. Code §22-21 will be those forms set forth in 35 CSR, section 3.

§35-3-4. Permit Required for Coalbed Methane Well; Permit Fee; Soil Erosion Control Plan.

4.1. Application for Permit; Issuance, Conditions, and Modifications.

4.1.a. An application for any well work permit required for a CBM Well, except permits to plug a well, shall be made on Form WW-5B, "Application for Coalbed Methane Well Work Permit," and shall be accompanied by:

4.1.a.1. A "Notice of Application for a CBM Well Work Permit" in the form prescribed by W. Va. Code §22-21-9;

4.1.a.2. A plat in the form prescribed by §22-21-6 (5) and W. Va. Code §22-6, and further described in section 9 of this rule;

4.1.a.3. A Performance Bond,

Corporate Security, or other security in one of the forms prescribed by W. Va. Code §22-6-26, or in lieu thereof cash or collateral security allowed by W. Va. Code §22-21-8;

4.1.a.4. Form WW-9, "Construction and Reclamation Plan," applicable to the plan required by W. Va. Code §22-21-6(d) and a plan for performing the reclamation required by section 14 of this rule;

4.1.a.5. With any initial application to drill a Coalbed Methane well the fees required by W. Va. Code §22-21-6(c)(2) (application fee of two hundred fifty dollars), W. Va. Code §22-6-29, (special reclamation fee of one hundred dollars) and any fees associated with any environmental permits required under Chapter 22;

4.1.a.6. If applicable, the consent required by W. Va. Code §22-6-21;

4.1.a.7. If stimulation of the well is proposed, the consent required by W. Va. Code §22-21-7 or in lieu thereof the request for hearing prescribed by W. Va. Code §22-21-7(b);

4.1.a.8. Copies of statements of no objection from persons entitled for notice pursuant to W. Va. Code §22-21-7;

4.1.a.9. A statement describing whether any users under subdivision 13.3.e were identified and the manner in which any such users were provided with notice as required under subdivision 13.3.f; and

4.1.a.10. If applicable, the consent required by W. Va. Code §22-21-20.

4.1.b. Where there is more than one type of well work, a single application may be used provided all such well work is noted on the Form WW-5b filed in connection therewith.

4.1.c. The applicant for any permit mentioned in this rule must file an original and two (2) copies of the Application and an original and four (4) copies of the Notice, plat and, except

for application for a permit to plug a CBM Well, a Construction and Reclamation Plan.

4.2. Notice to Surface Owners of Record; Proof of Notice; Comments.

4.2.a. For purposes of notice of surface owners of record, pursuant to W. Va. Code §22-21-6, the applicant CBM well operator shall be entitled to assume, subject to performing the public record review described in subdivision 4.2.b. below, that the specific person(s) listed on the relevant tax ticket(s) maintained by the Sheriff pursuant to W. Va. Code §11A-1-8 (as distinguished from the listing of an estate, or of person(s) as "agent" or with "et al" or "heirs" or other designation indicating unspecified owners or record) were in fact surface owners of record when the tax ticket was prepared.

4.2.b. To establish that a surface owner identified on a tax ticket has not transferred an interest in the surface, the CBM well operator must review, from the date the surface owner acquired the surface, or for ten (10) years prior to the date of the review, whichever period is shorter, the "Grantor Index" and the "Fiduciary Index" maintained in the office of the Clerk of the County Commission. If the review identifies surface owner(s) in replacement of or in addition to the tax ticket listing, all successor names shall likewise be checked in the Grantor and Fiduciary Indexes to establish the surface owner(s) of record on the date the review is made.

4.2.c. Where the relevant tax ticket(s) list an estate, or list person(s) as "agent" or with "et al" or "heirs," or other designation indicating unspecified owners of records in the office of the clerk of the county Commission to determine whether the total number of such owners is more than three (3) and, if the total number of such owners is three (3) or less, the names(s) of the surface owner(s) of record on the date the review is made.

4.2.d. If the identification of the surface owners of record is made pursuant to the criteria of subdivisions 4.2.a., 4.2.b. or 4.2.c. within ninety

(90) days of the date of filing of the application for a permit, the CBM well operator need not review the records again prior to the filing.

4.2.e. Except where notice by publication is permissible under the provisions of W. Va. Code §22-21-9(c), the notice to surface owners of record required by W. Va. Code §22-21-9 shall consist of true, complete copies of all documents required under subdivision 4.1.a. of this rule and shall contain a statement of the methods and time limits for filing comment and objection, who may file comment and objection, the name and address of the chief with whom the comment and objection must be filed, the ability to obtain additional information from the chief, the fact that such persons may request notice of the permit decision, and a list of persons qualified to test water as provided in this section.

4.2.f. All comments filed pursuant to the provisions of W. Va. Code §22-21-10 shall be in writing, and should contain the name, address and telephone number of the person filing the comment, the CBM well operator's name and CBM well number, and the approximate location of the proposed CBM well site including district and county as indicated in the permit application. Comments may be accompanied by other pertinent documents. Other than as prescribed in this rule, no particular form for the comment is prescribed.

4.2.g. Proof of personal service may be made by the return of any sheriff or other official empowered by law to serve process, or by affidavit of personal service on Form WW-70 by any person, including but not limited to any employee or agent of the CBM well operator. If service is effected by certified mail, service is effective upon mailing and the return receipt card or other postal receipt for certified mailing with postal stamp affixed or photocopy will be accepted as proof of service.

4.2.h. Notice of publication under the provision of W. Va. Code §22-21-9(c) shall be substantially as provided in Form WW-71CBM. Proof shall be supplied by affidavit of publication from the newspaper.

4.2.i. No permit will be issued until all required proof of notice has been filed with the chief.

4.3. Notice to Coal Owners or Operators, Proof of Notice.

4.3.a. Notice to Coal Operators, Owners or Lessees - A copy of the completed notice and application of any CBM well permit as required by W. Va. Code §22-21-6, including the associated Construction and Reclamation Plan, Consent and Agreement (if applicable), Plat, and Certificate of Notice required by subdivision 4.3.c., shall be used as the form of the notice to Coal Operators, Owners or Lessees required by W. Va. Code §§22-21-6, 22-21-7 and 22-21-9, and shall be mailed by registered or certified mail to coal operators, owners or lessees.

4.3.b. Proof of personal service may be made by the return of any sheriff or other official empowered by law to serve process, or by affidavit of personal service on Form WW-70 by any person, including but not limited to any employee or agent of the CBM well operator. If service is effected by certified mail, service is effective upon mailing and the return receipt card or other postal receipt for certified mailing with postal stamp affixed or photocopy will be accepted as proof of service.

4.3.c. Notice of publication under the provisions of W. Va. Code §22-21-9 shall be substantially as provided in Form WW-71CBM. Proof shall be supplied by affidavit of publication from the newspaper.

4.3.d. No permit will be issued until all required proof of notice has been filed with the chief.

4.4. Notice to Natural Gas Owners, Lessees, and Operators.

4.4.a. A copy of the completed notice and application of any CBM well permit including the plat shall be used as the form of Notice required to

be provided to each owner and lessee of record and each operator of natural gas surrounding the well bore of a proposed CBM well and existing in formations above the top of the uppermost member of the "Onondaga Group" or at a depth less than six thousand feet, whichever is shallower, pursuant to W. Va. Code §22-21-9. Notices to gas operators shall be sufficient if served upon the agent of record with the office of oil and gas.

4.4.b. Proof of personal service may be made by the return of any sheriff or other official empowered by law to serve process, or by affidavit of personal service on Form WW-70 by any person, including but not limited to any employee or agent of the CBM well operator. If service is effected by certified mail, service is effective upon mailing and the return receipt card or other postal receipt for certified mailing with postal stamp affixed or photocopy will be accepted as proof of service.

4.4.c. Notice of publication under the provisions of W. Va. Code §22-21-9 shall be substantially as provided in Form WW-71CBM. Proof shall be supplied by affidavit of publication from the newspaper.

4.4.d. No permit will be issued until all required proof of notice has been filed with the chief.

4.5. Review of Application; Issuance of Permit for CBM well in the absence of objections.

4.5.a. The chief shall review each application for a CBM well work permit and shall determine whether or not a permit shall be issued.

4.5.b. No Permit shall be issued less than fifteen days after the filing date of the application for any CBM well work except plugging or replugging; Provided, that if the applicant certifies that all persons entitled to notice of the application under the provisions of W. Va. Code §22-21-9 have been served in person or by certified mail, return receipt requested, with a copy of the CBM well work application, including the erosion and sediment control plan, and the plat and further files

written statements of no objection by all such persons, the chief may issue the CBM well work permit at any time.

4.5.c. Subject to the requirements of W. Va. Code §22-21-22, 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 of the application under the provisions of W. Va. Code §22-21-9 have been served in person or by certified mail, return receipt requested, with a copy of the CBM well work application, including the erosion and sediment control plan, and the plat and further files ~~chief~~ written statements of no objection by all such persons, the chief may issue the CBM well work permit at any time.

4.5.d. The chief may cause such inspections to be made of the proposed CBM well work location as to assure adequate review of the application. The permit shall not be issued, or shall be conditioned, including conditions with respect to the location of the well and access roads, prior to issuance if the chief determines that:

4.5.d.1. The proposed CBM well work will constitute a hazard to the safety of persons; or

4.5.d.2. The plan for soil erosion and sediment control is not adequate or effective; or

4.5.d.3. Damage would occur to publicly owned lands or resources; or

4.5.d.4. The proposed CBM well work fails to protect fresh water sources or supplies.

4.5.e. The chief shall promptly review all comments filed. If after review of the application and all comments received, the application for a CBM well work permit is approved, and no timely objection or comment has been filed with the chief under the provisions of W. Va. Code §§22-21-10, 22-21-11 and 22-21-22, the permit shall be issued,

with conditions, if any.

4.6. Consent and Agreement of Coal Owner or Operator.

4.6.a. Evidence of the Coal Owner, lessee, or operator consent and agreement as required by W. Va. Code §22-21-6 shall be submitted to the chief on Form WW-5A and shall become a part of the permanent well record.

4.6.b. In the absence of the applicant submitting evidence of a consent and agreement on Form WW-5A, a request for hearing before the board may be submitted accompanied by an affidavit which shall include all the information required by W. Va. Code §22-21-7.

4.7. Issuance of Permits.

4.7.a. The determination to deny a permit under the provisions of W. Va. Code §22-21-6(g), or to deny or condition a permit under the provisions of W. Va. Code §22-21-12 shall be in writing and issued within thirty (30) days from the date the Notice and Application in complete form with the required documents are filed, except in those cases where comments or objections have been filed pursuant to W. Va. Code §§22-21-10 and 22-21-11 or where an applicant has submitted a request for hearing before the Board as provided by W. Va. Code §22-21-7(b).

4.7.b. The determination to deny, issue or condition a permit under the provisions of W. Va. Code §22-21-13, shall be in writing and issued within thirty (30) days from the date of receipt of the Coalbed Methane Well Review Board order by the chief in complete form with all documents as required.

4.7.c. In the absence of a pooling order or an order establishing special field rules issued by the Board, no permit to drill a CBM well within 100 feet of the ~~outside outermost~~ boundary of a ~~coal tract~~ coalbed methane tract, leased premises, or unit from which coalbed methane will be produced or within 1,600 feet of an existing CBM well for which a permit application is on file, shall

be issued by the chief unless the CBM well operator has provided consent as required by W. Va. Code §22-21-20.

4.7.d. The permit and any conditions to or modifications of the proposed permitted well work shall be issued by endorsement on or attachment to the "Permit" copy of the Application Form WW-5B.

4.7.e. Any permit issued shall expire automatically unless the permit well work is commenced within twenty-four (24) months of the date the permit was issued. No permit shall be extended to authorize the commencement of well work after the expiration date of twenty-four (24) months.

4.7.f. Upon the issuance of any permit pursuant to the provisions of this article, the chief shall transmit a copy of such permit to the Office of the Assessor for the county in which the well is located.

4.7.g. Upon the issuance or denial of any permit pursuant to the provisions of this article, the chief shall transmit a copy of such permit or denial to all persons noticed in the permit application pursuant to W. Va. Code §22-21-9.

4.8. Prior to the construction of roads, locations and pits for any permitted well work, the CBM well operator or his contractor shall notify the appropriate oil and gas inspector and allow the opportunity of inspecting and approving the construction and method of reclamation for all proposed areas to be disturbed in siting, drilling, completing or producing the well. In addition, the CBM well operator or his contractor shall notify the appropriate district oil and gas inspector twenty-four (24) hours before actual permitted well work is commenced.

4.9. Drilling prohibition 200 feet - No coalbed methane well shall be drilled nearer than two hundred feet from an existing water well or dwelling without first obtaining the written consent of the owner of such water well or dwelling.

§35-3-5. Casing Requirements - Coalbed Methane Wells.

5.1. Fresh Water Casing - For each coalbed methane well, the operator shall run and permanently cement a string of casing through the fresh water bearing strata. The fresh water protective casing shall extend at least thirty (30) feet below the deepest fresh water horizon (that being the deepest horizon which will replenish itself and from which fresh water or usable water for household, domestic, industrial, agricultural, or public use may be economically and feasibly recovered) and shall have cement circulated in the annular space outside the casing. The volume of cement needed shall be calculated using approved engineering methods to assure the return of the cement to the surface. In the event cement does not return to the surface, the district Inspector shall be notified. If the top of cement cannot be located using sound engineering practices approved by the chief or his authorized representative, then an electric log or similar technology approved by the chief shall be used. Sound engineering practice approved by the chief or his authorized representative shall be used to fill the annular space back to the surface. Requests to approve methods, other than pre-approved practices, shall be acted upon by the chief or his authorized representative within twelve (12) hours of actual notice to the chief or his authorized representative, otherwise the request will be deemed approved. In no case shall the fresh water casing penetrate salt water or extend below sea level. There shall be no oil and gas production through the fresh water casing for new wells or the redrilling of existing wells permitted on or after August 1, 1993. Variances from the requirements of this section shall be granted on a site specific or area basis in accordance with section 16 of this rule.

5.2. Casing When Drilling Encounters Coal Seams.

5.2.a. Coal Protection String - Except for those coalbeds which the coalbed methane operator proposes to complete for production or produce from, or where a ventilation hole is being

converted to a well, when a well penetrates one or more workable coalbeds, the well operator shall run and cement a string of casing in the hole through the workable coalbed or beds in such a manner as will exclude all oil, gas or gas pressure from such coalbed or beds, except such oil, gas or gas pressure as may be naturally present in each coal seam. Such string of casing shall have cement circulated in the annular space outside the casing. The casing shall either be cemented to the surface or at least into the fresh water casing to at least 100 feet above the uppermost workable coal seam. If the casing is not cemented to the surface, the operator will demonstrate that the casing has been cemented to 100 feet above the uppermost workable coal seam. The volume of cement needed shall be calculated using approved methods to assure cementing to the required level. In the event cement does not return to the required level, every reasonable attempt will be made to fill the annular space by introducing cement from the surface.

The fresh water casing may be extended through the workable coal seams and also serve as the coal protection string provided the casing is cemented as required in subsection 5.1 through the fresh water horizons, and subsection 5.2 through the workable coal seams, and subdivision 5.2.b regarding when a worked-out coal seam is encountered.

5.2.b. When Drilling Encounters a Mined Zone - Except where the horizon of a previously mined coalbed and its associated gob are expected to be the producing zone, when a coalbed methane well is drilled through the horizon of a coalbed from which the coal has been removed, the hole shall be drilled at least thirty feet below the coalbed, of a size sufficient to permit the placing of a liner which shall start not less than 20 feet below the coal seam and extend not less than 20 feet above the void created by the mined area. This liner, which may be welded to the casing being used, shall be centered in the borehole, and the space between the liner and casing shall be filled with cement as they are lowered into the hole. Cement shall be placed in the bottom of the hole to a depth of at least 20 feet to form a sealed seat for

both liner and casing.

Following the setting of the liner, drilling shall proceed in the manner provided in subdivision 5.2.a. Should it be necessary to drill through the horizon of two or more workable coalbeds from which the coal has been removed, such liner shall be started not less than 20 feet below the lowest such horizon penetrated and shall extend to a point not less than 20 feet above the highest such horizon, provided that, where two or more horizons from which the coal has been removed are sufficiently far apart, separate liners for each horizon or combination of horizons from which coal has been removed may be used. In any event, each segment of liner shall start not less than 20 feet below the lowest such horizon penetrated and extend to a point not less than 20 feet above the highest such horizon.

5.3. For gob wells, drilled after the effective date of this rule and vent holes converted to gob wells, a single string of casing may be used as the fresh water, coal protection and the production casings. In any event, a string of casing shall extend 30 feet below the deepest fresh water horizon (that being the deepest horizon which will replenish itself and from which fresh water or usable water for household, domestic, industrial, agricultural, or public use may be economically and feasibly recovered). Such casing shall have cement circulated in the annular space outside the casing. The volume of cement needed shall be calculated using approved methods to assure the return of cement to the surface. In the event cement does not return to the surface, every reasonable attempt will be made to fill the annular space by introducing cement from the surface.

5.4. Production Casing - For all coalbed methane wells, production casing shall, through cementing or other mechanical means such as a packer, be set in such a manner as to prevent the migration of stimulation pressure or fluid, or any produced gas or water into the space between the well bore or any other casing set and the production casing.

The coal protection string may also serve as the

production casing. However, if the fresh water casing and the coal protection string are the same as provided for in subdivision 5.2.a, then a separate string of casing shall be used as the production string, except for those wells as provided for in subsection 5.3.

5.5. Cement Type and Strength - When cement is used to fill the annular space around the casing required in this section, it shall be American Petroleum Institute Class A Ordinary Portland Cement with no greater than three percent (3%) calcium chloride; provided that, if the coalbed methane operator furnishes satisfactory proof that different cement types are adequate, the chief may approve use of such different cement types.

The cement placed in the annular space around the casing shall be allowed to set to a minimum compressive strength of five hundred (500) pounds per square inch using approved engineering data for the type of cement used, or the waiting time for all cement used shall not be less than eight (8) hours.

5.6. Variances from Cementing Requirements - The chief may also allow, upon sufficient proof by the coalbed methane operator that it will not affect mine safety or fresh water aquifers and upon consent of all coal owners or operators effected, variances from the requirement of subdivision 5.2.1, and subsections 5.4 and 5.5 regarding the cementing of the coal protection and/or the production casing along its full length.

5.7. Drilling Practices Prior to Freshwater Casing - Prior to the cementing of the freshwater casing as required by subsection 5.1, drilling practices and procedures, such as air or water pressure and soaping, shall be conducted using operating practices so as to minimize damage or disturbance or the possibility of unnecessary damages or disturbance to the uncased strata/formations and groundwater contained in any of those formations. The requirements of this section shall not prevent the use of drilling practices and procedures reasonably necessary to the successful drilling of the well in a safe manner. The requirements of this section shall not be

construed to prohibit practices specifically allowed by statute or other regulation.

5.8. Blowout Prevention Training - The well operator shall assure that at all times during the operation of the drilling rig a person shall be present that has successfully completed a training course on blowout prevention approved by the chief.

5.9. Well Identification - Every well shall have attached or stamped, in a permanent manner, the API identification number which consists of the state (047), county (001 through 109), and permit number. Such number shall be no less than one half (1/2) inch in height and detectable by any interested person approaching the well. Any additional information the well operator desires to display may be incorporated in such a manner that it will not confuse or distort the permanent API identification number.

§35-3-6. Notice of Plugging and Reclamation of a CBM Well; Right to Take Well; Objection; Plugging Order; Plugging for Mine Through.

6.1. Notice of Intention to Plug and Abandon a CBM Well.

6.1.a. Prior to filing an application for a permit to plug a coalbed methane well under W. Va. Code §22-21-22, the applicant shall deliver by personal service or by certified mail, return receipt requested, copies of the application, well plat and erosion and sediment control plan to the following:

6.1.a.1. The "chief" as defined in W. Va. Code §22-21-2(i);

6.1.a.2. The owners of record of the surface of the tract on which the CBM well is located; and

6.1.a.3. The name and address of each coal operator and each coal owner and coal lessee of record, or providing a record declaration of notice pursuant to section thirty-six, article six of this chapter, of any coal seam which is (i) penetrated by the well; (ii) within seven hundred

fifty horizontal feet of any portion of the well bore; or (iii) within one hundred vertical feet of the completed coal seams of the well, except that in the case of an application to plug a well which was converted from a ventilation hole, the name and address only of such owner or operator of the seams penetrated by the well shall be necessary.

6.2. An application for a permit to plug a CBM well shall be made on form, "Application to Plug and Abandon a CBM Well" and shall be accompanied by:

6.2.a. A plat in the form prescribed by W. Va. Code §22-21-6(C)(5);

6.2.b. The CBM well name, well number, and permit number or such other identification as the chief may require;

6.2.c. The anticipated date plugging operations will commence;

6.2.d. The total depth to which the well was drilled, deepened or converted, the coal seams (stating the depth and thickness of each seam) in which the well was completed for production, and any other coal seams (including the depth and thickness of each seam) which penetrated by the well; and

6.2.e. A certification to the chief the notice requirements of this article have been completed by the applicant. Such certification shall be by affidavit(s) of personal service or return receipt card(s), or other postal receipt(s) for certified mailing.

§35-3-7. Work Order: Manner and Method of Plugging a CBM Well.

7.1. An applicant for a permit to plug a well shall set forth a detailed statement of the manner in which the work of plugging and filling such well is to be performed, including:

7.1.a Location (by depth);

7.1.b. Kind and length of plugs to be used and the method chosen to insure that no gap exists between the bottom of the coal protection string of casing and the expanding cement plug thereunder;

7.1.c. Plans for mudding, cementing, and filling;

7.1.d. Plans for altering or removing casing if required; and

7.1.e. All other pertinent information regarding said plugging and filling, all of which shall be in compliance with W. Va. Code §22-21-23. The information shall be submitted on Form WW-6B "Application to Plug and Abandon a CBM Well".

7.2. Rights of Coal Owner or Operator Pursuant to W. Va. Code §22-21-22(b).

7.2.a. Any coal owner or operator noticed within the "Application to Plug and Abandon" and whose coal seam is affected by such well shall have the following rights pursuant to W. Va. Code §22-21-22:

7.2.a.1. To convert the well to a vent hole or otherwise take the well. In such event the chief, upon determination that the coal owner or operator has placed the well under a mining permit, shall release the well operator's bond and the well operator shall be relieved of further responsibility for the well.

7.2.a.2. To file comment or objection with the chief, within fifteen (15) days after receipt of intent to plug, with respect to the proposed manner or method of plugging. The chief shall consider any such comment or objection and issue an order specifying the manner and method of plugging and reclamation.

7.3. Issuance of a Permit to Plug and Abandon a CBM Well.

7.3.a. The chief shall issue an order within fifteen (15) days after the expiration of the comment and objection period, either permitting or

rejecting such application and endorsed on Form WW-6B. The issuance or rejection shall be mailed to all parties noticed on the application to plug and abandon a CBM well. In entering any such order, the chief shall give special consideration to the ability to mine any affected coal seam safely and the protection of any affected coal seam for future mining.

7.3.b. Verbal permission may be given pursuant to WV Code §22-6-23 (c) in the event the well to be plugged and abandoned is one on which drilling or working operations have been continuously progressing pursuant to authorization granted by the office. Any verbal permission shall be given by the chief, or the supervising inspector, or any inspector who is available to supervise the plugging work. Unless such verbal approval is given by the chief, the well operator shall notify the chief's office by telephone of such verbal approval no later than the next regular working day.

7.4. When any coalbed methane well is located in that portion of a coal seam which will be mined within six (6) months, the well operator shall, within sixty (60) days after notice from the coal owner or coal operator that the well is to be mined through, plug the well. The well shall be plugged in accordance with the requirements of section 8 of this rule.

§35-3-8. Plugging of Coalbed Methane Wells When a Workable Coal Seam is Encountered.

8.1. All coalbed methane and gob wells shall be plugged upon abandonment and shall be plugged in accordance with a plan filed and approved by the chief. The approved method of plugging shall require the plugging of the well will be sufficient to allow the well to be mined through safely.

8.2. Method of Plugging.

8.2.a. Materials Used in Plugging. Any non-porous materials including gels and cements to be used in plugging must be specified in the work order portion of Form WW-6B. All cement,

except where expanding cement is used in conjunction with plugging, shall be American Petroleum Institute Class A Ordinary Portland Cement with no greater than 3% calcium chloride and no other additives. All non-porous materials used in conjunction with plugging shall be at least six percent (6%) bentonite gel.

If the operator furnishes satisfactory proof that different cement or non-porous material types are adequate, the chief may approve use of such different cement or non-porous materials. Materials and cements must be of a kind and quality accepted by the oil and gas industry and approved by the chief as suitable for the intended purpose and which otherwise comply with all provisions of law and accepted standards. The chief may approve the use of non-standard material or cement.

8.3. Length of Plug - All cement plugs, other than those across coal seams, shall be at least one hundred (100) feet in length unless a variance from such a requirement is granted pursuant to section 16 of this rule.

8.4. Retrieving Casing and Completing a Seal - The operator shall make reasonable efforts to cut and pull all recoverable casing (as determined by methods approved by the chief or his authorized representative). Equipment used to pull recoverable casing shall be rated and rigged at or above one hundred and fifty percent (150%) of the estimated weight of the heaviest string of recoverable casing, unless otherwise approved by the chief or his authorized representative. Sufficient instrumentation shall be used to accurately indicate the pulling force applied. When the fresh water casing has not been cemented to surface and the casing cannot be pulled, the operator shall make reasonable attempts to perforate the casing and squeeze cement behind the casing in the vicinity of the fresh water zones to prevent the contamination of the fresh water zone.

8.5. Cleaning Out and Preparing Wells.

8.5.a. The well shall be cleaned out along

its entire length or, in the case of gob wells, if it is not feasible to clean out along the entire length, the well shall be cleaned to the lowest practical depth or at least below the lowest workable coal seam.

8.5.b. Either at the time of drilling the well or at least prior to the application to plug, a suite of logs shall be made consisting of a caliper survey if an open hole section is to be plugged, directional deviation surveys (at a minimum), logs or drillers' records suitable for determining the top and bottom of all coalbeds, logs or other mechanical means to determine the lengths along the casing where cement is present, and the location of the bridge plugs. If the required logs are done at the time of drilling, then they shall be filed with the chief and be available to the coal owner and operator.

8.5.c. When cleaning out a well, and based on the information determined in subdivision 8.5.a of this rule, a diligent effort will be made to remove all uncemented casing from at least 200 feet below to 100 feet above each workable coal seam in the well bore. Any remaining uncemented casing, as determined by cement bond log, shall be perforated or ripped at a minimum of 200 feet below and 100 feet above each workable coalbed at intervals spaced close enough to permit expanding cement slurry to infiltrate the annulus between the casing and the well bore.

8.5.d. The wellbore shall be completely filled and circulated with a gel that inhibits any flow of gas, supports the walls of the borehole, and densifies the expanding cement. This gel shall be pumped through open-end tubing run into the well.

8.6. Plugging Coalbed Methane Wells to the Surface. The following procedures shall be used when plugging coalbed methane wells to the surface:

8.6.a. A cement plug shall be set in the wellbore by pumping an expanding cement slurry down the tubing to displace the gel and fill the borehole to the surface. As an alternative, after the expanding cement slurry is pumped down the

tubing so that the wellbore is filled to a point approximately 100 feet above the top of the topmost workable coalbed, materials permitted under subsection 8.2 of this rule may be used to fill the wellbore from that point to the surface.

8.6.b. A small quantity of steel turnings, or other detectable material, shall be embedded in the top of the cement near the surface to serve as a permanent magnetic monument of the borehole.

8.7. Plugging Coalbed Methane Wells Using the Vent Pipe Method. The following procedures shall be used when using the vent pipe method for plugging coalbed methane wells:

8.7.a. A vent pipe sized appropriately based on the existing casing in the well shall be run into the wellbore to a depth of the lesser of the bottom of the well or 100 feet below the workable coalbed and cemented to 100 feet above the uppermost workable coalbed.

8.7.b. A cement plug shall be set in the wellbore by pumping an expanding cement slurry, Portland cement, or a Portland cement-fly ash mixture down the tubing to displace the gel so that the borehole is filled with cement. The borehole shall be filled with expanding cement from the bottom of the well to 100 feet above the target seam or producing horizon.

8.7.c. All fluid shall be evacuated from the vent pipe to facilitate testing for gases.

8.7.d. The top of the vent pipe shall be protected to prevent liquids or solids from entering the wellbore, but permit ready access to the full internal diameter of the vent pipe when necessary.

8.7.e. The vent shall extend at least 30 inches above the ground and have a tag affixed with the well identification or in some manner identify the well.

8.8. The chief may allow alternate plugging methods or waive certain of the requirements of subsections 8.5 and 8.6 provided the coal owner and operator consents in writing to such alternate

methods. The chief may also require additional steps to be taken during plugging to insure conformance with any requirements a state or federal agency which has jurisdiction over mine safety may impose or require for a safe mine through of the well.

8.9. An affidavit of plugging shall be filed with the chief, stating the plugging method used and any deviations from the proposed plugging plan.

8.10. Plugging when a coalbed methane well does not encounter a workable coalbed, including the target horizon, or a gob well does not encounter a workable coal seam.

8.10.a. When a coalbed methane well or gob well does not encounter a workable coalbed, upon abandonment shall be plugged in accordance with the provision of this section.

8.10.b. All materials used in plugging shall be in accordance with subsection 8.2 of this rule.

8.10.c. The wellbore shall be filled from the bottom of the well with non-porous material and cement to the surface. At a minimum, a cement plug extending from the surface to a depth of 100 feet shall be placed in the well.

8.10.d. An affidavit of plugging shall be filed with the chief by the operator stating the method of plugging used and any deviation from the plugging plan.

8.11. Permanent Marker. - Except as provided below, upon the completion of the plugging and filling of any abandoned CBM well which was not subsequently converted to a vent hole by the coal operator, a permanent monument or marker consisting of a length of pipe (minimum diameter size six (6) inches) filled with concrete (or the equivalent thereof approved by the chief) shall be erected over the well. The marker shall extend no less than thirty (30) inches above the surface and no less than ten (10) feet below the surface and into the well, and shall be sealed with concrete for

the purpose of making the marker permanent. The API well identification number which consists of the state (047), county (001 through 109), and permit number shall be attached or stamped in a permanent manner to said monument. Such number shall be no less than one half (1/2) inch in height and detectable by any interested person approaching the monument. The erection of a monument shall in no way interfere with the bleeder pipe from the well where such pipe is required, or the vent or other device installed pursuant to W. Va. Code §22-6-24. Such monument shall be accurately described on Form WR-38, "Affidavit of Plugging and Filling Well" as well as the time and manner of plugging and filling and shall be approved by the chief as a satisfactory landmark which may be used as such in the location of adjacent wells. Two (2) permanent reference points with courses and distances from the abandoned well shall be designated and prescribed on the plat required by 35 CSR 4, subdivision 5.2.d, in the form prescribed by 35 CSR 4, section 9, accompanying the Form WW-6A, "Notice of Intention to Plug and Abandon a Well", or if any change in the plat is necessary, accompanying Form WR-38, "Affidavit of Plugging and Filling Well".

§35-3-9. Form and Contents of Plats.

9.1. Statutory Requirements for Plats - Any plats required to be furnished under W. Va. Code §§22-21-6 or 22-21-15 shall contain all information specified in those statutory sections.

9.2. Additional Requirements for Plats - Any plat required to be furnished under W. Va. Code §§22-21-6 or 22-21-15 for coalbed methane wells shall conform to the standards of accuracy and depiction for plats for wells:

9.2.a. The plat shall conform to the standards and depictions set forth in 35 CSR 4, subdivisions 9.2.a. through 9.2.h.

9.2.b. Topographic Map Location of Coalbed Methane Well - The topographic map location of the coalbed methane well for which any permit application is made pursuant to W. Va.

Code § 22-21-6 shall be shown on the plat by a "cross" with the measured distance in feet from the nearest two point five (2.5) minute latitude and longitude intersection using the North East (upper right) border of the plat on a seven point five (7.5) minute (1:24,000) topographic map. Each plat shall indicate the quadrangle name of the topographic map used.

9.2.c. Wells - All wells, including coalbed methane wells, within the scope of the plat, whether active, drilling or abandoned, shall be shown. The scope of every plat shall be sufficient to show all wells within two thousand five hundred (2,500) feet of the well which is the subject of the application. Each well so shown, including the subject well, shall bear a designation that permits the type (oil, gas, coalbed methane, liquid injection, under W. Va. Code §22-6-14 underground storage, or storage observation) and status (active, abandoned, or drilling) of each such well to be determined by use of the API permit number (excluding state and county) for each well having such a permit number, and in parenthesis, and following the API number if such is listed, the kind and status numbers and symbols provided for in 35 CSR 4, paragraphs 9.2.k.1 through 9.2.k.6, and 35 CSR 4, subdivision 9.2.1.

9.2.d. Other Surface Features - In addition to the surface features and owner identification data required by statute or by the foregoing specification of subsection 9.2, the plat shall also show the following surface features lying within the scope of the plat:

9.2.d.1. Dwellings within two hundred (200) feet of the well for which any such permit is being sought;

9.2.d.2. Water wells within two hundred (200) feet of the well, for which any such permit is being sought;

9.2.d.23. Stream; and

9.2.d.34. Roads and highways;

9.2.d.5. Applicable boundaries as

described in W. Va. Code §22-21-20.

9.2.e. Names - The plat shall show:

9.2.e.1. The information specified in W. Va. Code §22-21-6(c)(5);

9.2.e.2. If the application is for a drilling unit, the information specified in §22-21-15(c)(1); Provided, however, that upon establishment of any drilling unit by the Board that differs from the applicant's original unit as shown in said plat, the applicant shall revise the plat so that the information is consistent with the unit established by the Board; and

9.2.e.3. Any other information the chief may require.

9.3. Plat Certification - The plat shall be certified pursuant to the requirements of 35 CSR 4, subsection 9.3.

9.4. Re-use of Plats - Following issuance of an initial permit for a CBM well, any subsequent application for a new permit involving the same CBM Well may be accompanied by an accurate copy of the plat accepted by the Office for use with the permit issued for the most recent previous application, updated as necessary to reflect new data or additional data not required by statute or this rule; provided, that a new certification as required by subsection 9.3 of this rule shall be necessary.

9.5. Permanent Character of Plats - The plat submitted under section 9 of this rule shall be of permanent character as specified in 35 CSR 4, subsection 9.5.

§35-3-10. Rules Applicable to Separate Bonds; Blanket Bonds; Financial Responsibility; Financial Security for Stimulation in the Absence of Consent of Affected Coal Operators or Owners; Regulation; Designation of Agent; Transfer of Title and Operator Status; Transfer Procedures; Periodical Circular; Ineffective Bonds; and Financial Responsibility.

10.1. **Separate Bonds** - Each permit application filed after the effective date of this rule for a coalbed methane well shall be accompanied by a separate bond with corporate surety or cash or other collateral security in compliance with W. Va. Code §22-21-8 and shall be submitted with Form OP-7, "Bond for Single Well", except where (a) a blanket bond is being furnished pursuant to W. Va. Code §22-21-8(c); or (b) the permit application is for a permit to convert an existing oil or gas well to a coalbed methane well or to plug a coalbed methane well which is already subject to corporate surety, cash or collateral security which satisfied applicable requirements at the time such corporate surety, cash or collateral security was furnished. Any corporate surety bond, cash or collateral security furnished prior to the effective date of this rule shall remain in effect for the office until such time as the well operator is issued any new determination of financial responsibility as may be required by this rule.

10.2. **Blanket Bonds** - Any blanket bond for coalbed methane wells furnished after the effective date of this rule, shall have corporate surety or cash or other collateral security and shall be submitted with Form OP-8 "Blanket Bond for Wells." Any blanket bond with corporate surety, cash or collateral security furnished in connection with any coalbed methane permit or permits issued prior to the effective date of this rule, shall remain in effect for the benefit of the office until such time as the well operator is issued any additional permit and such well operator has furnished new or additional corporate surety cash or collateral security complying with W. Va. Code §22-21-8; provided, that if a blanket bond furnished prior to the effective date of this rule complies with the requirements of W. Va. Code §22-21-8, a new blanket bond shall not be required to be submitted with a permit application; provided, further, that if a permit application is for a permit to plug a well which is already subject to a corporate surety, cash or collateral security which satisfied applicable requirements at the time such corporate security, cash or collateral security was furnished, no additional corporate security, cash or collateral security shall be required. Any corporate surety

bond, cash or collateral security furnished prior to the effective date of this rule shall remain in effect for the office until such time as the well operator is issued any new determination of financial responsibility as may be required by this rule.

10.3. **Financial Security for Individual Coalbed Methane Wells that will be Stimulated in the Absence of consent of Affected Coal Owners or Operators.**

10.3.a. In addition to the bond required by W. Va. Code §22-21-8, where a board order directs the chief to issue a permit authorizing stimulation in the absence of consent of the affected coal operators or owners of workable coal seams, prior to the chief issuing the permit the applicant must file Form OP-10, "Bond to Stimulate Coalbed Methane Well in the Absence of Coal Owner/Operator's Consent" which form shall be accompanied by a separate bond with corporate surety or cash or other collateral security in the amount set by order of the board pursuant to W. Va. Code §22-21-13(d)(5).

10.4. **Registration; Designated Agent; Transfer of Title for Coalbed Methane Well.**

10.4.a. All persons owning or operating or proposing to own or operate any coalbed methane well in West Virginia shall register with the chief. In all cases an agent or attorney in fact shall be designated on Form OP-1, A Operator Registration and Designation of Agent@ by and for each CBM well or operator, upon whom process, notices, orders and other communications issued pursuant to W. Va. Code §22 may also be served; but the designation shall not be effective until it has been accepted in writing by the designee and approved by the office. Every well owner or operator who has designated such agent or attorney in fact shall within five (5) days after termination of such designation, notify the office of such termination and designate a new agent on Form OP-1. This rule applies to all well operators, not merely those whom W. Va. Code §22-21-6, subsection (e), specifically requires to designate an agent; provided, that a well operator who is a natural person and a resident of the State of West Virginia

may list himself instead of an agent for service of all papers.

10.4.b. When title to a CBM well or the right to operate a CBM well is transferred from one (1) well owner to another, the chief shall be notified in writing within five (5) days by the transferor well owner of the name and address of the transferee well owner. A copy of such notification shall be delivered to the transferee well owner. Failure to notify the chief of such transfer shall be a violation of this rule by said transferor and shall be punishable under W. Va. Code §22-21-28; and in addition all bonds of such transferor under W. Va. Code §22-21-8 shall be forfeited.

10.4.c. The transferee well owner shall forthwith register with the office if he has not previously registered such ownership. In any event, said transferee shall forthwith notify the office of his designated agent or attorney in fact pursuant to subdivision 10.4.a of this rule, unless a designation has already been made and approved. The transferee well owner shall file with the office the well name and the permit number of the subject well. The county and district in which the subject well is located, the names and addresses of the transferor well owners and the transferee well owners, a copy of the instrument of assignment or transfer, or a certification of such assignment or transfer acceptable to the chief, and the applicable bond, cash, or collateral security, described in W. Va. Code §22-21-8.

10.4.d. No assignment or transferor owner shall relieve the transferor well owner of any obligation and liabilities pursuant to this rule, or W. Va. Code §22-6 or §22-21, unless and until the transferee well owner files with the office the well name and the permit number of the subject well, the county and addresses of the transferor well owners and the transferee well owners, a copy of the instrument of assignment or transfer acceptable to the chief, the bond, cash or collateral security, which satisfies the requirements of W. Va. Code §22-21-8, and the name and address of the transferee well owner's designated agent, if the transferee well owner would be required to designate such an agent under W. Va. Code §22-

21-6.

10.4.e. Upon compliance with the requirements of subdivisions 10.4.b and 10.4.c. of this rule by the transferor well owner and transferee well owner, the chief shall release the transferor well owner from all duties and requirements of this rule, and the chief shall give written notice of release to the transferor well owner of any bond and return to the transferor well owner any cash or collateral securities deposited pursuant to W. Va. Code §§22-21-6, 22-21-9 or 22-21-8.

10.5. Filing requirements and procedure for the transfer of operator and declaration of operator status.

10.5.a. General requirements - The procedures of 35 CSR 4, subsections 10.4. and 10.5, shall apply to coalbed methane wells.

10.6. Transfer Procedures.

10.6.a. If for any reason the bond or other proof of financial responsibility on a well is rendered invalid or ineffective, the operator shall have sixty (60) days in which to replace such bond or other proof of financial responsibility. In the event such bond or other proof of financial responsibility is not replaced, then the chief shall order the well to be shut in and may order the well to be plugged.

10.7. Nothing in this section shall prohibit the chief from accepting and holding bonds or other form of financial responsibility from more than one competing interests.

§35-3-11. Waste.

11.1. All CBM well Operators, owners, drillers or contractors shall use reasonable efforts to prevent waste of coalbed methane as defined in W. Va. Code §22-21-2(q).

§35-3-12. Records and Reports.

12.1. Well Records. - Each CBM Well

Operator or his contractor shall comply with all the applicable requirements of 35CSR4, subsections 12.1 and 12.2, related to records required to be kept or submitted to the chief.

12.2. Annual Reports of Production. - Each CBM Well Operator shall submit to the chief the annual report of production as required by 35CSR4, section 15.

12.3. Within 30 days after the completion of stimulation of a CBM Well, the CBM Well Operator shall certify on Form WW-30, "Affidavit of Stimulation of CBM Well," the details of the actual stimulation performed, copies of which shall be submitted to the chief and to the coal owners or operators entitled to notice pursuant to W. Va. Code §22-21-14(c).

12.4. Accident Reports. - If any explosion or other accident causing loss of life or serious personal injury occurs in or about a well or during the drilling, completing or plugging of a well, the CBM Well Operator or his contractor shall give notice, by the most expedient means practical, of the particulars of the explosion or accident to the district oil and gas inspector or the chief.

12.5. Annual Inspection. - The operator shall conduct an inspection at the surface of each unplugged well at which drilling has been completed more than five (5) years. Such an inspection shall be conducted no less frequently than once each calendar year in a method approved by the chief. Certification of the performance of such inspection, in a form approved by the chief, shall be filed with the Office of Oil and Gas in conjunction with the operator's annual report as required under subsection 12.2 of this rule. Should the operator detect evidence of any significant leakage or other indications of casing integrity failure, the operator shall give notice to the Office of Oil and Gas and take such measures as may be appropriate to eliminate or mitigate the leakage.

§35-3-13. Water Protection, Testing and Redemption.

13.1. Before commencing to drill any CBM

well, the CBM Well owner or operator shall make proper and adequate provision to prevent surface and underground water pollution as required by W. Va. Code §22-6-7 and 35CSR1.

13.2. When drilling of a CBM well penetrates a formation known to contain substantial amounts of salt water, drilling will continue to the next casing point by drilling with mud, foaming, or other satisfactory methods for the purpose of isolating the salt water in the formation or preventing the discharge of salt water per se into a fresh water horizon, or above the surface of the ground. In the case of foaming, it is recognized that a certain amount of salt water, mixed with the cuttings, will be discharged above the surface of the ground which will be contained in sump pits no larger than necessary for this purpose.

13.3. Water Testing Rights and Obligations.

13.3.a. Prior to drilling a CBM well at the request of the owners of record of the surface tract as defined in W. Va. Code §22-6-9, or an occupant of land within one thousand (1,000) feet of the proposed well, the CBM well operator shall sample and analyze, in accordance with this section, water from any wells or springs located within one thousand (1,000) feet of the proposed CBM well that is actually used by such owner or occupant for human consumption, domestic animals, or other general use.

13.3.b. If, prior to drilling, no request is made of the CBM well operator pursuant to the previous subsection, the CBM well operator shall sample and analyze, in accordance with this section, water from any one known and existing well or spring within one thousand (1,000) feet of the proposed well. If more than one such well or spring exists, the CBM well operator shall select for sampling and analysis the one well or spring that, in the CBM well operator's judgment, has the highest potential for being influenced by the CBM well operator's well work.

13.3.c. If for any reason the CBM well operator is unable to sample and to analyze water from any such water wells or springs within one

thousand (1,000) feet of the CBM well operator's proposed well, the chief may require the operator to sample and to analyze in accordance with this section water from one existing well or spring located between one thousand (1,000) feet and two thousand (2,000) feet from the CBM well operator's proposed well.

13.3.d. At a CBM well operator's discretion, any or all water wells or springs within one thousand (1,000) feet of CBM well operator's proposed well may be sampled and analyzed in accordance with this section.

13.3.e. Surface Owner Notice - The CBM well operator shall give notice to the owner of record of the surface tract as defined in W. Va. Code §22-6-9 of the right of the user who is either an owner or occupant to request the CBM well operator to sample and analyze a well or spring in accordance with subdivision 13.3.a of this section. The CBM well operator shall be deemed to have satisfied this requirement if notice is provided by the same methods used in conjunction with the permit application.

13.3.f. Additional Notice - The CBM well operator shall make a reasonable attempt to give additional notice of the right to request the operator to sample and analyze a well or spring in accordance with subdivision 13.3.a. of this section. The CBM well operator will be deemed to have satisfied this requirement if notice is provided by any of the following methods:

13.3.f.1. By personal service or by posting of notice at the entrance to any dwellings located within one thousand (1,000) feet and at any other locations within one thousand (1,000) feet of the CBM well operator's proposed well where the use of such water wells and springs is conspicuous;

13.3.f.2. Mailing of notice to dwellings located within one thousand (1,000) feet of the CBM well operator's proposed well and posting at any other locations within one thousand (1,000) feet of the operator's proposed well where the use of such water wells and springs is apparent; or

13.3.f.3. By any other means reasonably calculated by the chief to provide adequate notice to the occupant/user.

13.3.g. Form of Notice - The notice provided by the CBM well operator in accordance with this section shall be in a form approved by the chief, which, at a minimum, shall contain a statement of such user's right to request such sampling and analysis, advise such users of the independent right to sample and analyze any water supply at the expense of the user, advise such users as to whether the operator will use an independent laboratory, or not, to analyze any sample, and to advise such users of the availability through the chief of a list of laboratories.

13.3.h. Timing - The CBM well operator shall provide such notice prior to the time of the filing of any permit application with the chief.

13.3.i. Methods of Sampling - The CBM well operator shall collect and analyze samples in accordance with methods approved by the chief or set forth at 40 CFR Part 136.

13.3.j. Parameters - The CBM well operator shall analyze samples for the following parameters:

13.3.j.1. pH;

13.3.j.2. iron;

13.3.j.3. total dissolved solids;

13.3.j.4. chloride;

13.3.j.5. detergents (MBAS); and

13.3.j.6. any other parameters as determined by the CBM Well Operator.

13.3.k. Laboratories - The laboratory used by the operator shall be approved by the chief as being capable of performing sample analyses in accordance with this section.

13.3.l. Distribution of Results - The CBM well operator shall, no later than thirty (30) days after receipt of such sample analysis provide the results of such sample analysis in writing to the chief, and any of the users who may have requested such analysis in accordance with this section.

13.3.m. After notice as required by this section, the CBM well operator (or any other contractor or laboratory directed by the CBM well operator to collect samples of water for analysis by this section) may enter onto land upon which a water well or spring is located to conduct sampling as authorized.

13.3.n. If any owner of the land or use of the water well or spring protests or acts to block the right of entry, then the right of entry may be enforced by a court with jurisdiction to enter an injunction regarding the land upon which the source or supply is located. However, if any person acts to block the right of entry provided herein, the CBM well operator is not required to enforce this right of entry and shall not be liable for any penalty or loss of rights, privileges or permits based on the failure to exercise the right of entry and obtain the water sample otherwise required by this section. To the extent that a landowners refusal to allow a CBM operator to enter land restricts the CBM operator from compliance with other sections of this rule, the CBM operator is relieved of liability for such non-compliance.

13.4. The CBM well operator is liable for any reasonable actual damages done while gathering the sample required by this section. This provision does not limit other provisions of the law.

13.5. Groundwater Remediation - Where the facilities or activities of an CBM well operator cause or contribute to the concentration of a certain constituent in groundwater which exceeds standards of purity and quality for ground water promulgated by the state Water Resources Board pursuant to W. Va. Code §20-5M-5, every reasonable effort shall be made by the CBM well operator to identify, remove or mitigate the source

of such contamination. Within thirty (30) days following written request by the chief, the CBM well operator shall submit to the chief a groundwater remediation plan to strive where practical to reduce the level of contamination over time to support drinking water use. Such a plan shall include such groundwater monitoring as may be necessary to demonstrate the effectiveness of the plan.

§35-3-14. Operation and Reclamation.

14.1. All proposed reclamation methods for construction of roads, drilling locations, and pits, if any, or alternative overflow prevention facilities, shall be submitted on Form WW-9 with the application for any permit under this series, except a permit to plug a well. Such proposed reclamation methods shall be approved by the chief or his designate, prior to the issuance of the permit, all reclamation shall be done under the supervision of the chief. The reclamation may be altered from that set out in said Form WW-9, if found necessary, with the consent of the chief of his designate, due to topography or other conditions not apparent upon initial submission and approval of the proposed reclamation methods.

14.2. Access Roads - All access road shall be constructed and maintained so as to prevent excess sedimentation, maintain natural drainage areas and, if practicable, to direct or carry away from disturbed areas surface water run-off from undisturbed areas.

14.3. Drilling Sites - Drilling sites shall be constructed and maintained to prevent surface run-off carrying excessive sedimentation from the site, to confine all materials leaked or spilled as a result of drilling operations to the drilling site and to prevent excess sedimentation by not placing in any stream any material moved or cut. Upon the plugging of a non-productive well, whether as a continuous operation with other permitted well work or otherwise, all cementing and other waste materials resulting therefrom shall be stored and disposed of accordance with the permits issued for the site.

14.4. Pits - All field constructed pits which are used to contain waste water shall meet the following minimum requirements:

14.4.a. Any pit shall be constructed and maintained so as to prevent seepage, leakage or overflows and to maintain its integrity.

14.4.b. Provisions shall be made for diverting surface water from the pits.

14.4.c. When an operator is unable to maintain adequate freeboard to prevent overflow from any pit, the district inspector shall be notified by the well operator and an additional pit (or alternative overflow facility) shall be constructed under the supervision of the chief which shall also meet the requirements specified in subsection 14.4 of this section.

14.4.d. If existing soil is not suitable to prevent seepage or leakage, other materials which are impervious shall be used as a liner for a pit. Any such liner shall be installed in such a manner as to protect the structural integrity of both pit and liner.

14.4.e. Dikes associated with pits shall be constructed of compacted material and maintained with a slope that will preserve the structural integrity of such dike.

14.4.f. Any unlined dike constructed of existing soil shall be free of trees and other organic matter, large rocks, or any other material which could be reasonably expected to adversely affect the structural integrity of such dike.

14.4.g. Reclamation of the pits shall not cause an overflow or unpermitted discharge of materials to waters of the state.

14.4.h. All drilling pits and alternative overflow prevention facilities shall be constructed, maintained and reclaimed as required by those conditions of any permit issued by the chief pursuant W. Va. Code §22-6-7 and subsection 14.5 of this rule, and so as not to be left in such condition as to constitute a hazard or to prevent use

of the surface for agricultural purposes after the expiration of the six (6) month or extended period for reclamation prescribed by W. Va. Code §22-6-30.

14.5. Water Pollution Control Permit. - Collection, storage and discharge of water, fluids, or other wastes in connection with the drilling or operation of CBM wells shall be pursuant to a permit issued by the chief in accordance with W. Va. Code §22-6-7.

§35-3-15. Requirements for Production and Gathering Pipelines.

15.1. This rule prescribes the minimum requirements for the safe and efficient installation of all production and gathering pipelines installed, relocated or replaced after June 9, 1983, which are not regulated by the United States Department of Transportation minimum safety standards applicable to pipelines.

15.2. The chief reserves the right to direct the burial of any line installed under this regulation to protect the public safety, by order issued after notice and hearing under the office's rules.

15.3. Subject to the reservation in subsection 15.2 of this section, of production and gathering lines subject to this rule shall conform with the following:

15.3.a. Lines shall be buried where practical and reasonable; and practical and reasonable shall be construed to mean lines should be buried in the following situations:

15.3.a.1. Where the line crosses agricultural land as defined in W. Va. Code §19-19-2;

15.3.a.2. Where an unburied line would prohibit use of a pre-existing private roadway or other means of access to a part of or all of surface land;

15.3.a.3. Where the line cannot more practically and reasonably be securely suspended

to cross stream beds;

15.3.a.4. Where the line crosses a public road, in which event it shall be buried and otherwise installed in accordance with the rules of the public agency having jurisdiction over the road; and

15.3.a.5. Where the chief decides prior to installation that burial would be practical and reasonable.

15.3.b. All buried lines shall be installed with a minimum of eighteen (18) inches of cover, except where solid rock is encountered in which case the minimum cover shall be six (6) inches;

15.3.c. Whenever a buried line crosses a pre-existing public or private roadway, the location of the line shall be clearly marked at the point of crossing by an appropriate marker; and

15.3.d. A suitable conductive wire shall be installed with plastic pipe to facilitate locating it with an electronic pipe locator; provided, that any other suitable material or means for accomplishing this purpose may be employed.

15.4. Notwithstanding subsection 15.3 of this rule, the surface owner(s) of record of any tract subject to the provisions of W. Va. Code §22-6-30(d) shall have the right to prescribe that a pipeline or specified parts thereof need not be buried. The prescription shall be on form WR-75, "Permission Not to Bury Production or Gathering Line", unless it is included in the recorded right-of-way or lease under which pipeline is to be installed, which right-of-way or lease was granted by the then surface owner of record. Once executed and delivered to the person who proposed to install and operate the line, the prescription may not be revoked by any subsequent surface owner(s) of record.

15.5. This rule shall not be construed to prohibit a surface owner from preparing a safe crossing of a pipeline for a new means to access of another part of his tract.

TRANSCRIPT

Public Hearing for Coalbed Methane Wells 35CSR3

Rule Changes

6 p.m., Wednesday, July 20, 2005

DEP Headquarters

Charleston, WV

David McMahon: David McMahon, M c m a h o n, with Mountain State Justice, 922 Quarrier Street, 5th Floor, Charleston 25301. Next on the Coalbed Methane Rules—again I support the changes being made. Environmentalists generally applaude gas and coalbed methane use over coal. It's less destructive to the surface and less polluting when used. I particularly applaude the new, the clarification we believe, in the rules for protection of surface owners and the inclusions of laterals in the definition of the wellbore. We are in favor of the laterals because they avoid surface damage, damage from the drilling of many wells. However, to the extent that the secondary recovery or injection methods they use; that does give us some trepidation. Nevertheless, we support in particular the surface owners' notice within the distance of the lateral wellbore and the well protections. The injection is particularly dangerous because these are generally very shallow formations, the coal formations are shallower than maybe the traditional gas formations in which secondary recovery is used. Faults can be a problem and of course our continuing problem with orphan and unplugged wells give particular need for surface owners to know what's going on so they can take whatever action is necessary. Thank you very much.

I submit this transcript and swear that this is a true and accurate copy, to the best of

my ability, of the public hearing held on Wednesday, July 20, 2005 for Coalbed Methane Wells 35CSR3 Rule Changes

Anne Howell, Administrative Secretary, Public Information Office

Thursday, July 21, 2005

RESPONSE TO COMMENTS – 35CSR3

A public hearing for the Coalbed Methane Wells Rule, 35CSR3, was held on July 20, 2005. Written comments were received from the Independent Oil and Gas Association (IOGA), Penn Virginia Oil & Gas Corporation, and CONSOL Energy. David McMahon, with Mountain State Justice, attended the hearing and provided oral comments. Attendees for the public hearing were Anne Howell, Brett Loflin, and James Martin, all with the WVDEP, and David McMahon.

I. COMMENTER – Independent Oil and Gas Association (IOGA)

COMMENT A:

IOGA commented that the proposed changes could result in serious adverse impact to coalbed methane well development.

RESPONSE A:

The West Virginia Department of Environmental Protection (WVDEP), Office of Oil and Gas (OOG), recognizes that the proposed changes could impact coalbed methane development. IOGA does not provide explanation as to how they believe the serious adverse impacts could occur.

COMMENT B:

IOGA commented that the definition found in section 2.13 was unclear and that it could be interpreted to significantly restrict coalbed methane well operations and consequently results in a loss of coalbed methane being recovered and results in increased safety risks for mining operations.

RESPONSE B:

IOGA does not provide specifics to support their concern but the OOG accepts the fact that some confusion exists in regard to the issue of laterals. Further, the OOG understands the safety concerns associated with methane and coal mining. This issue is taken very seriously by the OOG. It is expected that safety procedures will be employed by the mining operator as is done and required in areas where CBM is not produced for sale.

COMMENT C:

IOGA commented that to their knowledge, the WVDEP has not made an analysis of how the application of the proposed definition could impact coalbed methane well operations.

RESPONSE C:

The WVDEP has not conducted a formal analysis, but understands that in the absence of written consent from a water well or dwelling owner, as applicable, some drilling may have to be relocated or eliminated.

COMMENT D:

IOGA commented that they are not aware of any problems or concerns that have resulted from developments in design and construction of coalbed methane wells (horizontal drilling), nor were any specific problems or concerns identified in the Briefing Document prepared by the WVDEP.

RESPONSE D:

The Briefing Document does not address specific instances of problems associated with horizontal drilling of CBM wells. However, the OOG is currently involved in an investigation of a water well contamination case that may have been at least indirectly a result of horizontal drilling.

COMMENT E:

IOGA commented that they support the proposed changes in section 4.7.c., but requests that additional language be added to apply the spacing requirement only in cases where the offset well is owned by someone other than the applicant.

RESPONSE E:

The spacing language in 4.7.c., closely parallels language found in section 20 of the CBM statute (Chapter 22, Article 21). The OOG believes that changes such as those proposed should be first addressed in the statute.

II. COMMENTER – Penn Virginia Oil & Gas Corporation (PVOG)

COMMENT A:

PVOG commented that the proposed definition in section 2.13 could

impede, reduce, and therefore stagnate development of coalbed methane in West Virginia and therefore should be deleted.

RESPONSE A:

As stated in IOGA response A, the OOG understands that the definition could impact CBM development, but no basis was presented by PVOG for assuming this impact would result in stagnation of development.

COMMENT B:

PVOG commented that the 1600' spacing requirement should be waived in cases where the offset well is owned by the new well applicant (see IOGA COMMENT E).

RESPONSE B: See IOGA RESPONSE E.

COMMENT C:

PVOG commented that the changes in section 4.9 should be deleted because no clarification is needed and that the coals being drilled horizontally are significantly deeper than any typical fresh water aquifers.

RESPONSE C:

The OOG does agree that coals being drilled are usually deeper than typical fresh water aquifers, but does not agree that no clarification is needed.

COMMENT D:

PVOG requests the deletion of reference to laterals in sections 6.1.a.3., 9.2.d.2., and 13.6., consistent with deleting 2.13.

RESPONSE D:

The OOG agrees that if the definition in 2.13 is deleted, the references to laterals in sections 6.1.a.3., 9.2.d.2., and 13.6, should be removed. Further, the reference to laterals in 6.1.a.3., can be removed because it is not needed.

III. COMMENTER – CONSOL Energy (CONSOL)

COMMENT A:

CONSOL commented that language should be added in section 4.7.c. to require the 1600' spacing only when the existing offset well is owned or operated by someone other than the applicant (see IOGA comment E and PVOG comment B). CONSOL further stated that this would eliminate the need for an operator to provide consent for his own operations.

RESPONSE A:

See IOGA RESPONSE E. Additionally, the consent requirement is in reference to the spacing section of the statute (22-21-20). That section states that the consent is required from affected workable coal seam owners and operators.

COMMENT B:

CONSOL commented that the lateral language in section 4.9. should be deleted because it could negatively impact CBM well operations. CONSOL stated that it is not aware of any problems in the field that would warrant the inclusion of the laterals in that section and that because laterals are generally too deep to create problems with water wells, consent should be unnecessary.

RESPONSE B:

See IOGA responses A and D, and PVOG response C. Further, under the proposed changes, consent would not be required when the coal seam being drilled was 200' or more (in all directions) away from the water well.

COMMENT C:

CONSOL commented that they support the addition of lateral language in section 6.1.a.3. for mine safety reasons.

RESPONSE C:

The additional language is likely not necessary as the rule currently refers to "any portion of the well bore".

COMMENT D:

CONSOL commented that they believe the lateral language in section 9.2.d.2. should be deleted for the reasons stated in their comments regarding section 4.9. (CONSOL comment B).

RESPONSE D: See CONSOL response B.

COMMENT E:

CONSOL commented that they suggest the addition of language in sections 13.3.a., 13.3.b., 13.3.c., 13.3.d., 13.3.f.1., and 13.3.f.2., defining the 1000' and 2000' distance for water well sampling as being measured from the vertical portion of the proposed well.

RESPONSE E:

The OOG believes that under certain circumstances, horizontal drilling could have an impact on a water well and consequently, sampling and testing may be necessary.

COMMENT F:

CONSOL commented that the language referring to laterals should be deleted from section 13.6. and that language should be added to state that the reference is to only the vertical portion of the well. CONSOL stated that they do not believe that well laterals should be part of any water supply impact evaluation.

RESPONSE F: See CONSOL response E.

IV. COMMENTER – David McMahan

COMMENT A:

Mr. McMahan commented that he supports the inclusion of laterals in reference to wellbores for the protection of surface owners. Additionally he stated that he supported the use of laterals because they result in fewer wells and consequently less surface damage.

RESPONSE A:

The OOG believes that laterals could impact surface owners' water supplies. We also recognize the benefit that laterals can often times provide in the way of less damage to the surface for the amount of acreage drained.

COMMENT B:

Mr. McMahon commented that secondary recovery and injection methods create a concern due to the shallow nature of the formations. He also stated that faults can be a problem as well as orphan and unplugged wells. Consequently, surface owners need to be aware of what is going on so that they can take any necessary action.

RESPONSE B:

Well work activity involving material injected as part of secondary recovery operations, or as part of disposal operations, would be covered by underground injection control (UIC) regulations. These requirements are separate from those contained in 35CSR3. The OOG agrees that faults complicate the geologic picture and can have various impacts. Likewise, orphan and unplugged (abandoned) wells generally need to be considered in most oil, natural gas, and CBM drilling operations.

COMMENT C:

Mr. McMahon commented that he supports notice to the surface owners regarding well laterals.

RESPONSE C:

The OOG believes that consideration needs to be given as to the potential impact of well laterals on water wells.

SUMMARY RESPONSE TO ALL COMMENTS:

As a result of comments filed, the OOG believes that sufficient concerns and confusion exists in regard to the issue of well laterals to warrant further consideration on this issue. Consequently, the OOG has decided to remove the proposed language addressing laterals, specifically that found in sections, 2.13, 4.9., 6.1.a.3., 9.2.d.2., and 13.6., and we will not be pursuing those revisions at this time.