

**WEST VIRGINIA
SECRETARY OF STATE
BETTY IRELAND
ADMINISTRATIVE LAW DIVISION**

Form #3

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2007 JUL 27 AM 10:35
OFFICE WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE
AND
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

AGENCY: WV Dept. of Environmental Protection - Office of Oil and Gas TITLE NUMBER: 35

CITE AUTHORITY: §22-21-4

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 3

TITLE OF RULE BEING AMENDED: Coalbed Methane Wells Rule

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE FOR THEIR REVIEW.


Authorized Signature

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 25, 2007

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, SE Charleston, WV 25304
(304) 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:
June 15, 2007

b. What other notice, including advertising, did you give of the hearing?
Class I legal ad in Charleston Gazette and Daily Mail, Agency mailing list, Agency website,
Agency newsletter

c. Date of Public Hearing(s) or Public Comment Period ended:
July 17, 2007

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 27, 2007

- 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 SE, Charleston, WV 25304

phone: (304) 926-0499 ext. 1654 fax: (304) 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

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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 will:

- 1.) Address the establishment of special field rules to promote the orderly development of coalbed methane fields;
- 2.) Protect the correlative rights of all owners located within the geographic area for which special field rules are established;
- 3.) Provide a process by which the Review Board may hold a hearing on an application for special field rules and issue such rules;
- 4.) Insert language (Section 17) which was inadvertently deleted from the rule during the 2006 legislative session. This language existed in the rule prior to the revisions in 2006.

C. STATEMENT OF CIRCUMSTANCES WHICH REQUIRE RULE:

Continued interest in coalbed methane development has resulted in the need for provisions to establish special field rules as identified in WV Code §22-21-20. These field rules will allow for various exploration techniques and provide for an orderly development of the State's coalbed methane resources.

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

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

E. CONSTITUTIONAL TAKINGS DETERMINATION:

In accordance with §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 meetings on May 21, 2007, and May 30, 2007, the Environmental Protection Advisory Council discussed this rule. (See attached minutes for Council's discussion.)

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Coalbed Methane Wells Rule

Type of Rule: Legislative Interpretive Procedural

Agency: WV Department of Environmental Protection - Office of Oil and Gas

Address: 601 57th Street Charleston, WV 25304

Phone Number: 304-926-0450 Email: martin@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 proposed rule amendment addressing "special field rules", may result in a few additional hearings before the Coalbed Methane Review Board. Hearings before that Board cost the DEP approximately \$1,030.00 per hearing.

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	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost	0.00	2,060.00	6,180.00
Personal Services	0.00	1,660.00	4,980.00
Current Expenses	0.00	400.00	1,200.00
Repairs & Alterations			
Assets			
Other			
2. Estimated Total Revenues			

Rule Title: _____

Rule Title: 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.

We are estimating six additional Coalbed Methane Review Board hearings annually. There are no fees associated with this proceeding.

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.

Date: _____

Signature of Agency Head or Authorized Representative

TITLE 35
LEGISLATIVE RULE
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

FILED
2007 JUL 27 AM 10:35
COURT CLERK
WEST VIRGINIA
DEPARTMENT OF STATE

SERIES 3
COALBED METHANE WELLS RULE

§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. "Authorized agent" means a representative as designated by the Review Board.

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

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

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

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

2.6. "Chairman" means the chairman as defined in W. Va. Code §22-21-2(a).

2.7. "Coal operator" shall mean a coal operator as defined in W. Va. Code §22-21-2(g).

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

2.39. "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.

2.4410. "Expanding Cement" shall have the meaning set forth in W. Va. Code §22-6-1:

2.11. "Field" means a geographic area which is underlain or appears to be underlain by at least one (1) coal seam that may comprise a coalbed methane pool. The words "Field" and "Pool" are synonymous when only one (1) underground coal seam is involved; however, "Field" may relate to two (2) or more coal seams in the same geographic area.

2.12. "Hearing" means a proceeding in which an applicant or the Review Board on its own motion seeks to establish special field rules for a specific geographic area.

2.413. "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

2.614. "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.

2.4215. "Plat" shall have the meaning set forth in W. Va. Code §22-6-1.

2.16. "Pool" means an underground accumulation of gas in a single and separate natural reservoir. It is characterized by a single natural-pressure system so that production of gas from one part of the pool tends to or does affect the reservoir pressure

throughout its extent. A pool is bounded by geologic barriers in all directions, such as geologic structural conditions, impermeable strata, and water in the formation, so that it is effectively separated from any other pools which may be present in the same district or in the same geologic structure;

2.17. "Review Board" means the board as defined in W. Va. Code §22-21-2(a).

2.18. "Special field rules" are rules ordered by the Coalbed Methane Review Board on an application for such rules filed by the operator, or by the operator of any CBM wells directly and immediately affected by the drilling of such CBM well or wells to establish the field or pool, or by the Review Board on its own motion.

2.19. "Statute" means W.Va. Code §22-21-1, et seq.

2.520. "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.

2.21. "Waste" shall have the meaning set forth in W. Va. Code §22-21-2(q).

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

§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 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 outermost boundary of a 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.3. Stream; and

9.2.d.4. 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, "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 or 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.

§ 35-3-16. General Rules for Special Field Rules; Operational Rules for Special Field Rules.

16.1. General Criteria for Special Field Rules.

16.1.a.1. Scope. -- The rules contained in this section govern the application for, the process by which applications are considered and the orders entered by which the Review Board establishes special field rules. Subsequent orders may amend, modify, alter or enlarge generally a prior special field rule.

16.1.a.2. Purpose. -- A special field rule may be issued by the Review Board to allow the efficient and economic development of coalbed methane, to prevent waste and to otherwise achieve the purposes of the Statute expressed at WV Code §22-21-1(b). No special field rule issued by the Review Board shall be deemed, however, to preclude any person from asserting any right or legal interest protected by the Statute, or to modify, amend or diminish any procedure or obligation, including the obligation to secure a permit, imposed by the Statute and this rule.

16.1.b.1. Providing Necessary Records. -- The establishment of a special field rule requires sharing with the secretary and other participants in the special field some information an applicant may perceive as a trade secret. Because this information is necessary for the establishment and management of a special field, the voluntary submission of an application to participate in or establish a special field rules is a limited waiver of the protections of the state freedom of information act [W.Va. Code §29-1-1 et seq.]. This waiver is limited by and for the purposes contained in subsection 16.1.b.2 of this rule.

16.1.b.2. Access to Records. -- The Review Board and/or its authorized agent shall have access to such CBM well and lease

records, wherever located, as may be necessary in the performance of its statutory duties with respect to special field rules. All persons or operators, drilling or servicing CBM wells, shall permit the Review Board, and/or its authorized agent, to come upon any coalbed methane lease, coalbed methane property or CBM well operated or controlled by such persons or operators, and to inspect the records and operation of such CBM wells and to have access at reasonable times to such records of CBM wells; provided, that information so obtained may be kept confidential consistent with the provisions of West Virginia Code §29B, Article 1.

16.1.c. Reports. -- All operators of CBM wells within a geographic area for which special field rules have been established shall, from time to time, file reports containing such information and covering such periods as the Review Board, in order to perform its statutory duties, may require by order or rule.

16.1.d. Access to Confidential Records. -- Any coal operator or any oil and gas operator within the proposed or established area for special field rules desiring access to the records or other information obtained by the Review Board pursuant to sections 16.1.b or 16.1.c shall file an application with the Board. Such application shall demonstrate that the requested records or information are necessary to:

(a) facilitate the expeditious, safe evacuation of coalbed methane from the coalbeds of this state;

(b) foster, encourage and promote the commercial development of this state's coalbed methane without adversely affecting the safety of mining for coal;

(c) facilitate safe mining in the vicinity of and/or through coalbed methane wells; or

(d) carry out such other clearly specified purpose that is consistent with the public policy outlined in W. Va. Code §22-21-1.

The application shall further confirm that the requested records or information shall be used solely to facilitate and further the purposes stated in the application.

Upon receipt of an application by the Chief of the Office of Oil and Gas, the Chief shall provide a convenient date and time for a hearing by the Review Board on the application, which hearing shall be no sooner than forty-five (45) days nor more than sixty (60) days from the date the application is filed. The Review Board shall take evidence, making a record thereof, by the procedures detailed in sections 16.2.k.1, 16.2.k.2 and 16.2.k.3. If the affected CBM well operation for which the information or records are obtained is within the proposed or established area for special field rules and is not within the coal operator's or oil and gas operator's area of operation, both the affected CBM well operator and the coal operator or oil and gas operator shall present evidence regarding the proximity of the operations.

The Review Board shall take into account the evidence introduced, comments received and any objections at the hearing, including any evidence presented regarding the proximity of the coal operation or oil and gas operation to the affected CBM well operation. If satisfied that the coal operator or oil and gas operator has failed to establish the requirements for receipt of the records or information, the Review Board shall enter an order within forty-five (45) days of the conclusion of the

hearing denying the application. If the Review Board is satisfied that the coal operator or oil and gas operator has established the requirements for receipt of the records or information, it shall enter an order within forty-five (45) days of the conclusion of the hearing providing for the dissemination of the records or information. Such order shall provide that the records or information so obtained shall be kept confidential unless the statute provides otherwise. Such order shall further provide that the records or information so obtained shall be used solely to further the purposes addressed in the application.

The operator of any active mining operation or the operator of any permitted, existing oil and gas well or any permitted oil and gas well which will be drilled within thirty (30) days of the date of filing the application described in this section may petition the Review Board to issue an order on an expedited basis. In addition to complying with the requirements of this section, the coal operator or oil and gas operator shall attach to such application a statement that it is involved in active mining operations, permitted and existing oil and gas operations, or permitted oil and gas operations that will commence within thirty (30) days of the date the application is filed. Such attached statement shall further specify that the information requested in the application is needed on an expedited basis to ensure the safety of the mining or drilling operation and shall request an expedited hearing on the application.

When deemed necessary, the Review Board shall schedule a date and time for an expedited hearing on the application no sooner than ten (10) days nor more than twenty-five (25) days from the date the application is filed. At the hearing, the Review Board shall take evidence, making a record thereof, by the procedures detailed in sections 16.2.k.1,

16.2.k.2, and 16.2.k.3. After taking into account the evidence introduced, comments received and any objections made at the hearing, the Review Board shall issue an order either denying or granting the application. Such order shall be issued no later than thirty (30) days from the date the application was filed and shall, in all other respects, comply with the requirements of this section.

16.1.e. Tests and Surveys. -- When deemed necessary or advisable in the performance of its statutory duties with respect to special field rules, the Review Board, by order or rule, may require tests and surveys to determine the occurrence of waste.

16.1.f. Corrective Action. -- The Review Board shall require correction of any condition which is causing or is likely to cause waste of coalbed methane.

16.1.g. Naming of Fields. -- All coalbed methane fields subject to the statute discovered subsequent to the adoption of these rules may be named by the Review Board.

16.2. Operational Rules for Special Field Rules.

16.2.a. Location of Wells for Special Field Rules. -- In establishing special field rules, the Review Board may establish drilling units, authorize well spacing or modify or authorize well distances from the outermost boundary of the coalbed methane lease, tract or unit from which the coalbed methane will be produced, notwithstanding the distances specified in W. Va. Code §22-21-20. The Review Board's authority to authorize or modify these distances is set forth in the final sentence in W. Va. Code §22-21-20. In establishing special field rules the Review Board shall review the location and pattern, if any, of CBM wells adjacent to an area

governed by special field rules where there is sufficient evidence to indicate that the pool or reservoir spaced by the special field rules may extend beyond the boundary of the spacing order and may incorporate such adjacent area into the special field rules where the uniformity of the spacing pattern is necessary to ensure orderly development of the pool or field.

16.2.b. Application for Well Permit in Geographic Area with Established Special Field Rules. -- All applications for a permit to drill or redrill a CBM well in a geographic area with established special field rules, are to be submitted to the Chief of the Office of Oil and Gas on such forms as prescribed by the Chief and shall be reviewed by the Chief of the Office of Oil and Gas for compliance with the special field rules, if any, for the geographic area where such CBM well will be drilled or redrilled. If the applicant is in compliance with all other applicable sections of the statute and rules pertaining to the CBM well, the permit will be issued by the Chief of the Office of Oil and Gas. The application shall, in addition to the requirements of this rule and other requirements set forth in the statute:

16.2.b.1. Tabulate all existing CBM wells or proposed CBM wells for which a permit application is on file that are within the minimum spacing distance between wells set forth in the applicable special field rules and identify the API number of the CBM well, well name and the name and address of the operator shall be provided, if available.

16.2.b.2. Show on a plat for a proposed CBM well location in a geographic area covered by special field rules, the boundaries of the drilling unit, the distances from the proposed CBM surface well location to the nearest outside boundary and the

acreage of each tract within the drilling unit. Such plat shall accompany the application and conform to the requirements of Section 9.2.a of this rule. The plat shall be prepared by a licensed land surveyor or registered engineer showing the district and county in which the tract of land upon which the well to be drilled is located, the acreage of the tract, the name of the coal and oil and gas owners and coal and oil and gas lessees of adjacent tracts within the unit, the proposed or actual surface location of the well determined by survey and the owner of such surface location, the courses and distances of such locations from two (2) permanent points or landmarks on said tracts and the number to be given the CBM well.

16.2.b.3. Provide any other information the Review Board by order, rule or policy may require to perform its statutory duties.

16.2.c. Directional, Deviated or Horizontal Coalbed Methane Drilling and Completion. -- At any hearing for the establishment of special field rules for a geographic area, the applicant and any other CBM well operator, oil and gas operator, coal operator of tracts for said specific geographic area or other person who asserts interests protected by the statute may provide the Review Board with information concerning the drilling and development of the geographic area through either vertical or directional, deviated or horizontal techniques and the Review Board may, at its discretion to carry out its duties as set forth in the statute, enter special field rules that cover the development of such area by either the vertical or directional, deviated or horizontal methods or by the utilization of any such methods. When an applicant has applied for special field rules for a specific area and the applicant's intent is to develop the area through the drilling of directional, deviated or

horizontal wells, notice of intention to do so shall be specifically stated on such application for special field rules and upon completion, the operator shall file a directional survey for all directional wells with the Board.

16.2.d. Application for Special Field Rules. -- An application for special field rules for a specific geographic area shall clearly state the name and address of the CBM well operator applicant, the name of the proposed field or pool to be developed and the seams to be developed in such field or pool, the county or counties, the area of the county or counties encompassed within the proposed special field rules, the general method of development through directional, deviated or horizontal holes or vertical holes or any combination of holes, the proposed unit pattern and the proposed minimum distances between both the surface locations and the in seam directional, deviated or horizontal locations from offsetting wells, the proposed direction of deviation and proposed horizontal distance between the bottom of the hole and surface location, reason for intentional deviation and a list of oil and gas operators, CBM well operators and coal operators for the proposed geographic area. Such application shall also specifically outline the applicant's recommended method for determining the bottomhole locations of all horizontal wells and all horizontal segments or legs of such wells. The applicant shall attach to such application a statement that a reasonable effort has been made to determine the oil and gas operators, CBM well operators and coal operators to whom notices must be sent pursuant to Section 16.2.e of these rules. Such application shall be submitted to the Chief of the Office of Oil and Gas.

16.2.e. Notice to Oil and Gas Operators, Coal Operators, CBM Well

Operators and Public Within Proposed Geographic Area. -- On or no later than five (5) days of filing an application for special field rules for a specific geographic area, the applicant shall deliver a copy of the application by personal service or by certified mail, return receipt requested, to (i) any coal operator who is located in either the county encompassing the specific geographic area for which the special field rules are proposed or in a West Virginia county immediately adjacent to such specific geographic area, and who also has a permit for a mine issued by, or has an application for a mining permit on record with the West Virginia Department of Environmental Protection; (ii) any surface owner or coal owner identified as such in a mining permit issued by the West Virginia Department of Environmental Protection for a mine in the county encompassing the specific geographic area for which the special field rules are proposed or to any surface owner or coal owner listed as such by any coal operator on an application for a mining permit on record with the West Virginia Department of Environmental Protection in the county encompassing the specific geographic area for which the special field rules are proposed; and (iii) any CBM well operator and oil and gas operator within the specific geographic area. Such notice shall set forth the date set for hearing by the Review Board and the date by which such operators shall file a statement of opposition, if any, as set forth in section 16.2.f. The applicant shall also publish a Class II legal advertisement as described in W.Va. Code §59-3-2 in a newspaper of general circulation in the county or counties where the land which is the subject of the application is located. Such advertisement notice shall be published no later than fifteen (15) days from the date the application is filed and shall include, at a minimum, the time, date and location of the hearing by the Review Board, the name of the applicant, a general

description or map of the location of the land which is the subject of the special field rules, the purpose of the hearing and the date by which a statement of opposition must be filed as set forth in section 16.2.f. In addition, no later than five (5) days from the date the application is filed, the applicant shall also provide notice to the following trade associations:

(a) West Virginia Coal Association;

(b) Independent Oil and Gas Association;

(c) West Virginia Oil and Natural Gas Association; and

(d) West Virginia Mineral and Land Owners Council.

Such notice shall include, at a minimum, the time, date and location of the hearing by the Review Board, the name of the applicant, a general description or map of the location of the land which is the subject of the special field rules, the purpose of the hearing and the date by which a statement of opposition must be filed as set forth in section 16.2.f.

Provided, however, that nothing in this section operates to relieve the CBM well operator from providing notice prior to filing an application for a permit to drill a CBM well, as required by W. Va. Code §22-21-9.

16.2.f. Interventions -- Any oil and gas operator, coal operator, CBM well operator, surface owner, or other person who asserts an interest protected by the statute desiring to intervene in the hearing shall, at least (15) fifteen days prior to the date of the hearing, file a motion for intervention and statement of position with the Review Board and all oil and gas coalbed methane and coal operators within the geographic area.

16.2.g. Hearing Date to be Set by Chief and Conducted by Review Board. -- Upon receipt of an application by the Chief of the Office of Oil and Gas, the Chief shall provide a convenient date and time for a hearing by the Review Board on the application for special field rules which hearing shall be no sooner than forty-five (45) days nor more than sixty (60) days from the date the application is filed. The Review Board shall review the application and on the date specified for a hearing conduct a public hearing.

16.2.h. Evidence to be Submitted by Applicant at Hearing. -- At hearing the applicant shall submit the following:

16.2.h.1. A topographic map at a scale of 1 inch equal to 2,000 feet with an outline of the geographic area for which special field rules are requested;

16.2.h.2. Oil and gas operators, coal operators, and CBM well operators for the geographic area for which special field rules are requested by plat at a scale of 1 inch equal to 2,000 feet and/or a tabulation of such ownership;

16.2.h.3. Geological mapping, records, testimony and any other information relevant to the area for which special field rules are sought, which other information shall include geological information on any workable coal seams that will be penetrated;

16.2.h.4. If the applicant is seeking special field rules that include a minimum spacing of less than 1,600 feet, the identity of any coal operator within the specific geographic area who has a permit for a mine issued by or has an application for a permit on record with the West Virginia Department of Environmental Protection and if there is such a coal operator, the applicant shall provide

relevant available information concerning both the preservation of coal seams in that geographic area for future safe mining and the facilitation of the expeditious, safe evacuation of coalbed methane from the coalbeds in that geographic area;

16.2.h.5. Reservoir data anticipated for the average proposed drilling units for either vertical or directional drilling or both, within the geographic area;

16.2.i. The Review Board shall take evidence making a record thereof and consider:

16.2.i.1. The area which may be drained efficiently and economically by the proposed CBM well or wells;

16.2.i.2. The plan of development of the coal and the need for proper ventilation of any mines or degasification of any affected coal seams;

16.2.i.3. The nature and character of any coal seam or seams which will be affected by the CBM well or wells and, if directional, deviated or horizontal drilling will be employed, the proposed method of determining the location of the vertical and non-vertical portions of the well bores;

16.2.i.4. The surface topography and property lines of the lands underlaid by the coal seams to be included in the unit;

16.2.i.5. Evidence relevant to the proper boundary of the drilling units;

16.2.i.6. Any other available geological or scientific data pertaining to the pool which is proposed to be developed;

16.2.i.7. Whether the proposed special field rules for a specific geographic

area will:

16.2.i.7.a. preserve coal seams in that area for future safe mining; facilitate the expeditious, safe evacuation of coalbed methane from the coalbeds in that geographic area, and maintain the ability and absolute right of coal operators at all times to vent coalbed methane from mine areas within that geographic area;

16.2.i.7.b. foster, encourage and promote the commercial development of coalbed methane by establishing special field rules for CBM wells in that specific geographic area without adversely affecting the safety of mining or the mineability of coal seams within said geographic area;

16.2.i.7.c. safeguard, protect and enforce the correlative rights of CBM well operators and coalbed methane owners in the specific geographic area to the end that each such operator and owner may obtain his or her just and equitable share of production from coalbed methane recovered and marketed from that geographic area; and

16.2.i.7.d. safeguard and protect the mineability of coal during the removal of coalbed methane from that geographic area.

16.2.i.8. Whether the comments or objections made at the hearing were from oil and gas operators, coal operators, CBM well operators or others who assert interests protected by statute and who are located in the proposed area for special field rules.

16.2.j. The Review Board shall take into account the evidence introduced, comments received and any objections at the hearing, and if satisfied that special field rules should not be established, shall enter an order within forty-five (45) days of the conclusion of the hearing denying the application. If the

Review Board is satisfied that a special field rules should be established, it shall enter an order within forty-five (45) days of the conclusion of the hearing establishing such special field rules. Such special field rule order shall:

16.2.j.1. Establish the boundary of the geographical area to be covered by special field rules, establish the unit sizes to be utilized in vertical or directional drilling or through both methods, establish minimum distances, if any, between surface locations of wells and the horizontal portions of wells, and establish minimum distances, if any from the unit boundaries of the surface locations of wells and the horizontal portions of wells;

16.2.j.2. Address the various drilling methods to be utilized for the drilling of all wells, including any non-production holes that are associated with the drilling of or production from CBM wells.

16.2.j.3. Such other findings and provisions as are appropriate for each order.

16.2.k. Procedures to be Utilized During Special Field Rules Hearing.

16.2.k.1. The applicant will open the hearing and present the testimony and exhibits offered in support of the application. The applicant's witnesses will be subject to cross-examination by the Review Board or any interested parties. The Review Board shall determine the order of the appearances of the other participants in the hearing. Each interested party affected by the application who has complied with the requirements of these rules may present testimony and exhibits in support of or in opposition to the applicant's proposals. The applicant or interested parties may request to enter as evidence information of a proprietary nature. Proprietary

information is defined as information that is not readily available in the public domain. If objections arise concerning the proprietary nature of evidence, the Review Board may hear arguments with regard to the validity of the request and rule prior to the submission of evidence. If the evidence is found to be of a proprietary nature the Review Board will issue a protective order restricting the use of that evidence to the hearing and in deliberations of the Review Board. A copy of all proprietary evidence shall be sealed and held by the Review Board. All other copies utilized in the hearing shall be returned to the submitting parties. All witnesses shall be subject to cross-examination as previously set forth.

16.2.k.2. The applicant may offer rebuttal testimony and exhibits, but the witnesses will again be subject to cross-examination. Surrebuttal testimony and exhibits and subsequent testimony and exhibits may be permitted at the discretion of the Review Board.

16.2.k.3. Closing statements and statements of position may be made by the participants and all other interested persons before the hearing is closed or at such time as designated by the Review Board.

16.2.k.4. The Review Board may continue a hearing to its next meeting to allow for further investigation and the gathering of additional data and evidence. If at the time of a hearing there is not sufficient evidence for the Board to determine field boundaries or drilling unit size and shape, the Board may enter a temporary order establishing provisional drilling units and field boundaries for the orderly development of the pool pending receipt of the information necessary to determine the ultimate pool boundaries and

spacing of wells. Upon additional findings of fact, the boundaries of a pool and drilling units for the pool may be modified by the Review Board.

16.2.1. Exception to Location of Wells Established by Special Field Rules. -- When an exception to a specific special field rule order applicable to the location of CBM wells is desired, the operator shall file a supplemental application with the Chief of the Office of Oil and Gas requesting an exception to the special field rule order. The provisions of 16.2.f, 16.2.g, 16.2.h, 16.2.j and 16.2.k shall apply except that they shall be limited in application, including with respect to the notice provisions, to the unit at issue and the units surrounding such unit at issue as opposed to the geographic area encompassed by the proposed special field rules. The supplemental application shall be accompanied by a plat, in conformance with the requirements of Section 9.2.a of this rule with appropriate coordinates, drawn to the scale of 1 inch equaling to 2,000 feet accurately showing to scale all other completed, drilling or permitted CBM wells including their actual or proposed horizontal bores if any, and all other oil and gas and CBM wells within the unit at issue and all units immediately surrounding such unit at issue. The plat shall show:

16.2.1.1. The location at which a CBM well could be drilled in order to be in compliance with the applicable special field rule;

16.2.1.2. The location at which the applicant requests permission to drill; and

16.2.1.3. The location at which CBM wells have been drilled or could be drilled in accordance with the applicable special field

order or rule, directly or otherwise offsetting the proposed exception.

The Review Board, after notice and hearing, may grant or deny the supplemental application. No exception shall prevent any operator from drilling a CBM well on adjacent lands, directly or otherwise offsetting the exception, at locations permitted by any applicable special field rules ordered by the Review Board.

§35-3-17.Variances.

17.1. Upon request, or upon his own initiative, the chief may grant a variance from any other requirements of this series upon a showing by an operator that alternate practices will satisfy the requirements of the W. Va. Code, would not significantly increase the risk to coal mines, mine workers, fresh water aquifers, surface owners and exhibit sound engineering practice. Prior to taking final action to grant or deny such a variance, the chief shall provide notice of his proposed action to the public and to the surface owners of record and any coal owner, operator or lessee and provide all such persons with an opportunity to comment on such a proposal.

BEFORE THE DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

IN THE MATTER OF:

PROPOSED RULE 35CSR3

Coalbed Methane Wells Rule

TRANSCRIPT OF PROCEEDINGS had or testimony of adduced pursuant to the West Virginia Rules of Civil Procedure in the above-entitled action, on the 17th day of July, 2007, commencing at 6:00 p.m. and concluding at 6:30 p.m., at the office of the West Virginia Department of Environmental Protection, 601 57th Street, S.E., Cooper's Rock Training Room, Charleston, Kanawha County, West Virginia, pursuant to notice to all interested parties.

BEFORE: GREG ADOLFSON, Facilitator, Executive Office

ORIGINAL

NANCY MCNEALY
CERTIFIED COURT REPORTER

Post Office Box 13415
Charleston, West Virginia 25360-0415
(304) 988-2873 FAX (304) 988-1419

APPEARANCES: JAMES MARTIN, West Virginia Department of
Environmental Protection
DREW MCCALLISTER, Attorney at Law
Spilman Thomas & Battle

I N D E X

Reporter's Certificate.....Page 6

1 MR. ADOLFSON: Good evening. My name is Greg
2 Adolfson, and I'm going to be the Facilitator for tonight's
3 meeting. The purpose of tonight's hearing is to accept
4 comments on Proposed Rule 35 Code of State Regulations 3,
5 the Coalbed Methane Wells Rule..

6 Please make sure that you have signed in
7 and indicated if you are going to make a comment. Comments
8 shall be limited to the proposed revisions to this rule.
9 Copies of the rules are available from the Secretary of
10 State's Office or from the DEP webpage at
11 [www.WVDEP.org/2008 Rules](http://www.WVDEP.org/2008%20Rules).

12 We are here this evening to listen to your
13 comments and questions and include them in the official
14 record. Written comments must be submitted to the West
15 Virginia Department of Environmental Protection Public
16 Information Office, at 601 57th Street, S.E., Charleston,
17 West Virginia, 25304. Comments may also be e-mailed to
18 Comments@WVDEP.org. The meeting is being recorded. The
19 comment period will end at the conclusion of the hearing.

20 Are there any comments.

21 (No response.)

22 MR. ADOLFSON: If there are no comments and
23 we'll wait for about 15 minutes and if we don't have
24 anybody else show up, then we will take it from there.

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(WHEREUPON, a recess was taken,
after which the proceedings
continued as follows:)

MR. ADOLFSON: This completes our official
comment period. We will file our rule with our responses
to your comments with the Secretary of State's Office.
Please sign up to be on our public notice mailing list.
You can receive this information from us online or by mail
and you can contact the Public Information Office at 304-
926-0440. Thanks again for your patience and your interest
and your participation.

(WHEREUPON, the hearing was closed.)

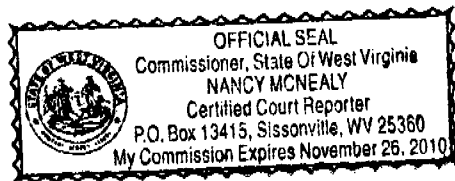
WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, to wit:

I, **NANCY MCNEALY**, Certified Verbatim Reporter and Commissioner of West Virginia, do hereby certify that the foregoing is, to the best of my skill and ability, a true and accurate transcript of all the proceedings as set forth in the caption hereof.

Given under my hand this 20th day of July, 2007.

My commission expires November 26, 2010.

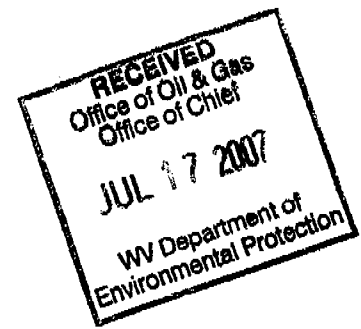


Nancy McNealy

Certified Verbatim Reporter



July 17, 2007



VIA HAND DELIVERY

Public Information Office
WV Department of Environmental Protection
601 57th Street SE
Charleston, WV 25304
Attn: Jessica Greathouse

Re: **Revisions to Coalbed Methane Wells Rule – 35 CSR 3**

Dear Ms. Greathouse:

On behalf of the Independent Oil and Gas Association of West Virginia, Inc. ("IOGA"), I am submitting comments regarding the proposed revisions to the Coalbed Methane Wells rule, 35 CSR 3. IOGA is a statewide non-profit trade association representing companies engaged in the exploration, production and development of natural gas and oil resources in West Virginia, and the companies and individuals who support these activities. We appreciate the opportunity to offer these comments.

Clarifications of New Definitions to the Rule

The West Virginia Department of Environmental Protection ("DEP") has proposed adding several new definitions to 35 CSR 3-2. There are two proposed definitions that we encourage the DEP to clarify. First, the definition of "field" uses a term that is undefined and could lead to confusion. The proposed definition now reads:

"Field" means a geographic area which is underlain by at least one (1) coal seam that may comprise a coalbed methane pool. The words "Field" and "Pool" are synonymous when only one (1) underground coal seam is involved; however, "Field" may relate to two (2) or more coal seams in the same geographic area. 35 CSR 3-2.8.

While the term "Pool" is capitalized and placed in quotations marks as though it is also a defined term in this rule, it is not. IOGA recognizes that "Pool" may be a term of art that is understood by those who operate and regulate CBM wells, however, IOGA urges the DEP to develop a definition for "Pool" so that there is no confusion regarding how this term differs from the definition of "Field."

The second definition that IOGA requests that the DEP clarify is that of "special field rules." The proposed definition states:

"Special field rules" are rules ordered on an application filed by the operator, or by the operator of any CBM wells directly and immediately affected by the drilling of such CBM well or wells to establish the field or pool, or by the Review Board on its own motion. 35 CSR 3-2.11

This definition is problematic for several reasons. First, the phrase "rules ordered on an application" suggests that the rules are applicable only to one CBM well permit application. In fact, the application this definition is referring to is the application for the establishment of special field rules. Second, the definition explains when "special field rules" can be issued but does not say who issues the rules and what the rules purpose is.

Accordingly, IOGA proposes the definition of "special field rules" be revised to read as follows:

"Special field rules" are established and issued by order of the Review Board to allow for the efficient and economic development of coalbed methane, to prevent waste and to otherwise achieve the purposes of the Statute. These rules may be developed only pursuant to the submission of an application for the establishment of special field rules by an operator seeking to drill a CBM well or by an operator of a CBM well that will be directly and immediately affected by the drilling of a CBM well by another operator.

This revised definition clearly sets out that the rules must be ordered by the Coalbed Methane Review Board ("Board"); that the rules must be issued for specific purposes; and that they can be issued by the Board after a CBM operator applies for their establishment. The revised proposed definition removes the Board's authority to issue special field rules on its own motion. IOGA believes that the CBM operators who would be affected by special field rules should be the only entities with the power to request the establishment of special field rules. In the event that an operator who should have been included in a drilling unit or special field is omitted, that CBM operator will still have the ability to apply for the establishment of special field rules; therefore, there is no need for a Board-initiated process.

Procedures for Board Initiated Special Field Rules

In the event that the Board retains the ability to establish special field rules on its own motion, IOGA believes that this power should only be utilized in the rarest of circumstances. IOGA requests that the DEP and the Board confirm that the Board will

use restraint in initiating special field rules and create a representative list of situations where the Board may deem it necessary to take this step.

In addition, while the proposed rule lays out the procedures that must be followed when a CBM operator applies for the establishment of special field rules, the rule does not cover what procedures must be followed when the Board initiates a hearing on its own motion. A CBM operator who may be impacted by the issuance of special field rules must have the opportunity to participate in any hearing where the Board is considering issuing special field rules for a field where the operator has existing wells or has filed permits to drill wells. These procedures should set forth who should be notified when the Board decides to establish field rules. Any CBM operator who will be affected by the Board's proposed special field rules should be notified at least 30 days before any hearing on the proposal. Finally, the procedures for a hearing on any Board-initiated special field rules should be clear that the CBM operator who participates in such a hearing shall have no obligation to provide the Board with the information required in sections 16.2.d and 16.2.h.

Protection of Trade Secrets

IOGA appreciates the fact that the Board and other operators who will be participating in the special field must have access to records that may otherwise be held confidential in order to establish special field rules. It is less certain, however, the coal operators or oil and gas operators within the special field would have a legitimate reason to review the information submitted by a CBM operator. While the rule specifies that the information gathered must be used only for the purpose identified in the application for information, it will be impossible to govern how these trade secrets are used once in the hands of the coal or oil and gas operators.

Accordingly, the DEP and the Board must take every precaution to keep these trade secrets confidential. IOGA advocates the following revisions which will help protect trade secrets. First, the rule should be clear that any coal or oil and gas operator seeking access to confidential information shall bear the burden of proving in a hearing before the Board the need that justifies its access to the confidential information. This burden should be expressed as a rebuttable presumption that the information should not be released. Second, the rule should provide that any CBM operator whose confidential information will be subject to review by a coal operator or oil and gas operator shall be notified within five days of the receipt of the request that a party is seeking access to the confidential information submitted by the CBM operator and shall list the names and addresses of any person seeking that information. Because this information is a trade secret, the CBM operator should be given ample time to prepare its case for why this information should not be released. Finally, the rule should provide for some sort of penalty for any person or entity that is found to have utilized confidential information for any purpose other than those stated in the rule.

Revisions to Proposed Operational Rules

Section 16.2.a should begin by noting that each special field will be unique and that the Board will not be establishing a standard drilling unit that will apply to all fields. That same section should also be clarified to state that the well spacing provisions contained in W.Va. Code § 22-21-20 only apply to producing wells within CBM well systems that utilize more than one well. In other words, if an operator uses multiple wells to drill horizontal patterns but only has one well which produces coalbed methane, the spacing requirements shall only apply to this one producing well. Therefore, when the producing well is less than 1,600 feet away from a directional well which does not produce gas, there is no spacing requirement that needs to be waived by the permitting authority.

IOGA requests that the DEP provide clarification regarding the requirement that any operator that utilizes directional, deviated, or horizontal techniques file a "directional survey for all directional wells" with the Board in section 16.2.c. CBM operators typically use "measurement while drilling" tools to take continuous surveys during drilling. They do not, however, survey the horizontal wells after the well is completed. IOGA urges the DEP to acknowledge either in the rule or in response to these comments that "measurement while drilling" reports will be sufficient to satisfy the requirements of section 16.2.c.

In section 16.2.d, the proposed rule requires the applicant seeking the issuance of special field rules to submit various information, including, information regarding the depth, direction, and distance of horizontal CBM wells. This information may not be available to the applicant at the time of application. Each CBM well is unique, so while the initial well or wells in the field may be relatively simple to predict, future wells within the field may be completed in directions and patterns that are different than what is expected at the time of application. Accordingly, the rule should note that the information provided shall be based upon the information available to the applicant at the time of application and that nothing in the rule or application shall preclude a CBM operator from using different techniques than those listed in the application.

IOGA believes that the notice requirements of section 16.2.e are overly broad. A special field rules applicant is required to provide notice to any coal operator with a mining permit or an application for a mining permit filed with the DEP within the county immediately adjacent to the proposed special field. It is possible that a coal operator fifty or one-hundred miles from the proposed special field would have to be provided notice under this provision. Therefore, this notice should be limited to any coal operator who has a permit on file to mine within the special field. This will still protect the rights of any coal operator who will be affected by the issuance of the special field rules, but will reduce some of the undue burden on the special field rules applicant.

The spacing issue discussed with regards to section 16.2.a will also impact the applicant's obligation under section 16.2.h.4. That section requires an applicant that is seeking special field rules with a minimum spacing of less than 1,600 feet to submit the

identity of any coal operator with a permit within the specific geographic area and “relevant available information concerning both the preservation of the coal seams . . . and the facilitation of the expeditious, safe evacuation of coalbed methane from the coalbeds in that geographic area.” IOGA urges the DEP to insert a provision in this section noting that when the producing well is less than 1,600 feet away from a directional well which does not produce gas, this does not trigger the 1,600 spacing requirement or the requirements of section 16.2.h.4. Moreover, the term “relevant available information” is overly vague. IOGA requests that the DEP and the Board clarify the types of information that they will deem responsive to this requirement.

IOGA is concerned that the economic evaluation requirement included in section 16.2.h.6 will not provide meaningful information to the Board. This section requires that an applicant submit an economic evaluation of various spacing patterns and unit sizes within the proposed drilling units in the field. This information is unlikely to aid the Board in establishing field rules. We can assume that the CBM operators are going to develop the field in the most efficient and economic manner available. Furthermore, the information regarding how an applicant evaluates a potential development is proprietary and may put an applicant at a competitive disadvantage if it is widely known.

IOGA appreciates the opportunity to provide these comments on the proposed revisions to 35 CSR 3 and looks forward to the DEP’s response.

Very truly yours,



Charlie Burd
Executive Director

cc: James Martin, Chief – Office of Oil and Gas

RESPONSE TO COMMENTS---35CSR3

The following is a response to the comments provided during the public comment period on the Department of Environmental Protection's rule, 35CSR3—"Coalbed Methane Wells Rule." Written comments were accepted until July 17, 2007. A public hearing was held on July 17, 2007. No verbal comments were received. Written comments from one commenter were received and will be addressed below.

I. COMMENTER: Mr. Charlie Burd (executive director of IOGA)

COMMENT A. Definition of "pool".

The commenter believes that a definition for "pool" should be added to the rule due to the fact that the term is used in the definition for "field" but it is not defined.

RESPONSE A. The DEP agrees that a definition for "pool" should be added to the rule and will make this modification.

COMMENT B. Definition of "special field rules."

The commenter believes that the definition for "special field rules" needs clarified as to what the application refers to and who issues the rules. The commenter further states that the Coalbed Methane Review Board (CBMRB) should not have the authority to establish a special field rule on its own.

RESPONSE B. The DEP agrees that the definition can be improved to provide clarity on what the application refers to and who issues the rule. The definition will be modified to address these two points. However, the DEP believes that under some circumstances, the CBMRB may feel that special field rules should be considered, absent a request from an operator. Consequently, the language in the definition stating this will remain.

COMMENT C. Initiation of special field rules.

The commenter believes that the CBMRB should use restraint in initiating special rules on its own and should be done in only the rarest of circumstances. The commenter also expresses concern about the hearing procedure in such an instance and that certain information, specifically that referenced in 16.2.d and 16.2.h., should not be required of an operator.

RESPONSE C. It is the expectation of the DEP that the CBMRB would rarely consider establishing special field rules on its own and that if it were to have a hearing in such a situation, all affected parties would be properly notified and only information the CBMRB believed to be absolutely necessary would be considered.

COMMENT D. Release of confidential information.

The commenter expresses a concern regarding the release of confidential information and actions necessary to protect such information.

RESPONSE D. The DEP appreciates the commenter's concern and certainly recognizes the need to protect confidential information. However, in the course of establishing or utilizing special field rules, all pertinent information must be addressed. The rule under section 16.1.d., establishes a specific hearing procedure for entities to request access to confidential information. The DEP believes this procedure contains adequate safeguards to protect such information.

COMMENT E. Drilling unit format and spacing.

The commenter states that the rule should note that each special field is unique and that the CBMRB will not be establishing a standard drilling unit that will apply to all fields. The commenter further states that spacing under WV Code 22-21-20 should only apply to "producing" wells as opposed to directional/horizontal wells that are not used for production.

RESPONSE E. The DEP certainly does not envision that a standard drilling unit would apply to all fields and believes that the rule does not limit an operator's flexibility in establishing units in a particular field. Consequently, no clarification is needed in this regard. Further, the commenter's position regarding spacing involving directional wells not used for production is inconsistent with the DEP's interpretation of WV Code 22-21-20.

COMMENT F. Clarification of directional surveys.

The commenter requests clarification of section 16.2.c. to state that industry "measurement while drilling" (MWD) technology/reports will be sufficient to satisfy the requirements of that section addressing the filing of directional surveys.

RESPONSE F. The DEP believes that MWD reports will satisfy the requirements pertaining to the filing of directional surveys.

COMMENT G. Available information.

The commenter states that the rule under section 16.2.d. requires information to be submitted that the applicant may not have at the time of the application filing.

RESPONSE G. The DEP recognizes that at the time an application is filed, precise information will not be known regarding certain criteria. The language in the rule refers to the "general" method of development envisioning an overall development plan. Additionally, nothing in the rule would prohibit an applicant from requesting a revision to

a special field rule if information acquired subsequent to drilling indicated the need for such.

COMMENT H. Notice requirements.

The commenter states that the notice requirements of section 16.2.e. are overly broad.

RESPONSE H. The DEP recognizes that the notice requirements are broad but also believes that notice is such a critical component of CBM development, care should be taken to ensure that all parties potentially affected should be noticed.

COMMENT I. Information submitted at hearing and clarification of information.

The commenter requests that the rule be revised to reflect that the requirements of section 16.2.h.4. only apply to “producing” wells and not to directional wells that are not intended for production. The commenter also states that the phrase “relevant available information “ is overly vague and in need of clarification.

RESPONSE I. As stated in response E., this spacing requirement proposed by the commenter is inconsistent with the DEP’s interpretation of WV Code 22-21-20. Regarding the clarification of the phrase “relevant available information”, the DEP believes that while the phrase may be broad, it is consistent with the type of information normally required and/or provided in similar requests and refers to existing information pertinent to the particular issue.

COMMENT J. Economic evaluation information.

The commenter believes that the requirement in section 16.2.h.6. will not result in meaningful information for the CBMRB and unlikely to aid the CBMRB, as the applicant’s goal will be to develop the field in the most efficient and economic manner available. The commenter also states that an applicants’ evaluation methodology is proprietary and disclosure may put an applicant at a competitive disadvantage.

RESPONSE J. While similar associated information may be considered in some instances as part of the hearing process, the DEP generally agrees with the commenter’s position and will delete this provision from the rule.