

**West Virginia Surface Owner's Rights Organization
2008 Legislator & Legislative Candidate Questionnaire**

Oil and natural gas prices are at record highs. In West Virginia, annual permit applications for new and redrilled wells have doubled since 2002. High levels of oil and gas production have directly benefited producers, drillers, support industries, their employees, and mineral owners. State and county governments benefit indirectly through increased severance and income taxes.

Alone among stakeholders, surface owners have not benefited from increased drilling. Surface owners, unless they are also mineral owners, typically are compensated only for the salvage value of the well site and destroyed timber, have no legal right to a voice on where or how wells or access roads are built, and often receive no more than the legal minimum of 14 days notice when the operator applies to DEP for a permit. The only comments on permit applications that DEP is allowed to consider are on the company's erosion and sediment control plan and proximity to water wells. Increases in the size of oil and gas drilling rigs, which have improved efficiency for drilling and the profit margins of producers, require much larger well sites and access roads. DEP has only 14 inspectors to cover the entire state, and little effective oversight of decisions made by those inspectors.

The West Virginia Surface Owner's Rights Organization (wvsoro.org) introduced a Surface Owners' Bill of Rights in the West Virginia Legislature in 2008. The average cost to drill a shallow gas well is \$250,000. Several provisions of the Bill of Rights could be implemented for free, and none would significantly increase the cost of drilling a well. We would like to know your positions on the following issues addressed in this bill:

| | Would vote to support | Willing to cosponsor |
|---|--------------------------|-------------------------|
| Requiring landowner notice before the driller or surveyor comes onto property. | _____ | _____ |
| Requiring notice and a face-to-face meeting between the operator and the landowner before the permit application is filed. | _____ | _____ |
| Negotiation or mediation to give surface owner input in planning and executing well site(s) and access road locations, gating, construction, maintenance and so on. | _____ | _____ |
| Surface owner determines the road locations. | _____ | _____ |
| Surface owner chooses vegetation replacement type. | _____ | _____ |
| Value the land taken at market value, not the value of its current use. | _____ | _____ |
| Compensation for total value of the surface owner's losses including roads, well site(s), and pipelines and value of adjacent lands. | _____ | _____ |
| Requiring the operator to offer the surface owner residential gas service, at cost, from the wells or gathering lines on their land. | _____ | _____ |

We appreciate your time in answering this questionnaire, and would appreciate any additional comments you would care to make.

Name: _____

Office Held or Sought: _____

Please return completed questionnaire to WV-SORO, 1500 Dixie Street, Charleston, WV 25311 by Wednesday, April 23, 2008.

Myths and Facts About the WV Surface Owner's Bill of Rights

MYTH: The bill will reduce the number of wells being drilled, hurt economic development, eliminate jobs and reduce the amount of severance taxes collected.

FACT: Nothing in the bill gives the surface owner the power to stop drilling or block a permit.

The bill requires the driller to contact the surface owner and offer to meet 14 days in advance of sending out a surveyor. It also requires the driller to give the surface owner 60 days notice of the driller's actual plans so they can try to come to an agreement about the well site, access roads, etc. There may also be a hearing and appeal of the driller's permit application, although the grounds for the appeal are limited. (A driller typically has to wait one (1) year to rent a drilling rig, unless it is a large company that owns its own.)

If the driller comes to a "surface use & compensation agreement" with the surface owner, the surface owner waives the extra 60 days, and any hearing or appeal of the permit application and the permit can be issued in ten days.

MYTH: The bill contains extreme provisions.

FACT: New Mexico passed legislation in 2007 requiring a surface use & compensation agreement between drillers and surface owners.

Oklahoma has had similar legislation since 1982.

At least five other states require compensation at market value for land taken by the driller.

MYTH: All we need is enforcement of existing laws.

FACT: There is no current law that encourages compliance with, let alone enforces, a surface owner's right to keep the driller from doing more harm than is "fairly necessary".

MYTH: Provisions in the bill will make it so expensive to drill wells that fewer will be drilled.

FACT: The minimum cost of drilling an oil & gas well is a quarter million dollars. Giving the surface owner a little consideration on where an access road or well site is located will not significantly increase the costs.

MYTH: A driller cannot move well site locations to accommodate surface owner interests.

FACT: In West Virginia, oil and gas is found in "stratigraphic" traps and not "structural" traps. So moving a well a few hundred feet will make very little difference in whether a well hits oil or gas.

MYTH: Requiring the driller to offer the surface owner residential gas at cost makes the driller into a public utility and it will be too much trouble to meet the expectations of gas users.

FACT: The Public Service Commission has rules for when it can declare a natural gas provider a public utility. The bill contains an exemption from the PSC requirement.

MYTH: Having a residential user of gas from a well is too much trouble for the driller, and too much liability.

FACTS: The bill contains a liability waiver for the driller.

The bill requires a legislative rule to ensure that the agreement with the surface owner for residential gas makes clear what the driller will and will not be responsible for.

The driller does so much that is inconvenient to the surface owner's land, and leaves behind a well and access road that will be there for decades. It is not too much to ask to make gas available to surface owners.

For more information visit www.wvsoro.org or call (304) 346-5891