



West Virginia's
Surface Owners' Rights Organization

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**Use the funds from partition suits
that would be due to heirs who are unknown and unlocatable for five years
to plug orphaned oil and gas wells.**

The purpose of this bill is to help solve the problem of orphaned, unplugged oil and gas wells. These often leaky wells exist because oil and gas well drillers that have gone out of business, and because the drillers' bonding requirement is not high enough for there to be enough money to plug the wells they left behind. There is some, in effect, new money that can be used to plug some of those wells. Right now is going to go to the unclaimed property fund in the Treasurer's office.

Here is how the legislation would help:

Gas well drillers, particularly the new Marcellus Shale drillers often run into a situation where a mineral tract they want to drill is owned by multiple heirs. Under our law, the driller has to get the signature of every fractional interest owner heir on a lease before the driller can drill. And then sometimes not every heir is willing to sign a lease, at least not a lease on the terms the driller is offering. What drillers are doing in this situation is to bring partition suits (since there is no forced pooling statute for shallow formations such as the Marcellus Shale in West Virginia). Drillers buy one of the fractional interests in the mineral tract and sue all of the other owners for partition.

But sometimes some of the fractional owners who should be brought into the partition suit are unknown or cannot be located. In that case, the partition case goes forward, but the money that would go to the unknown or unlocatable heir is given to a "receiver". After a number of years, if the unknown or unlocatable owner does not show up, the money is sent to the State Treasurer's office. WVSORO thinks there is a better place to send the money!

In 2012 the Legislature's Performance Evaluation & Research Division found that there were 13,000 wells that operators have not plugged and 4693 have out-of-business operators. Despite DEP taking some steps to reduce that number, in December 2016, there are 12,664 unplugged wells and 4653 with out-of-business operators. And as the Marcellus Shale drives small operators out of business the problem WILL get worse again.

This bill will take the money of the unknown or unlocatable heirs and, after five years, send it to the Oil and Gas Reclamation Fund established pursuant to W.Va. Code 22-6-9 to help plug those wells.

In the past there was not much of this money sitting around or going to the Treasurer's office. With the Marcellus Shale etc. there have been many more suits brought and this money will start going to waste unless it is used to plug the orphaned wells that the drillers have left behind.

Support the House Bill (2016 number 4550) or Senate Bill (2016 Number 576)



Received
Office of Oil & Gas
07/28/14

From: Belcher, David J [<mailto:David.J.Belcher@wv.gov>]

Sent: Wednesday, December 14, 2016 7:29 PM

To: David McMahon (wvdavid@wvdavid.net)

Cc: Martin, James A

Subject: Your Request Today

Mr. McMahon,

The following is the information requested back to OOG's FY2012 Abandoned Well Plugging Program (ABWP). You also requested status of OOG's abandoned enforcement efforts and strategy up-date numbers.

Abandoned Well Strategy (Enforcement) –

- Abandoned Status (System Query): 12664 ;**
- API abandoned status "Operator Unknown" = 4653 as today's query.**
- Current # wells on Consent Orders: 2958 ;
- Current # Operators/Orders: 53 ;
- Verified Wells Abated from Strategy's Orders: 507 .

Abandoned Well Plugging Program (ABWP) –

- Current Well Inventory (Wells Verified/Ranked): 1051 ;**
- Reclamation Funding (State):
 - FY2017* - Currently 1 well plugged in FY2017 ;**
 - FY2016 - No wells plugged ;**
 - FY2015 - 1 well plugged and 1 site clean-up project ;**
 - FY2014 - 2 wells plugged and 2 site clean-up projects ;**
 - FY2013 - 1 well plugged ;**
 - FY2012 - 1 well plugged and 1 site clean-up project .**
- OPA Funding (Federal):
 - FY2017 - 2 wells plugged ;**
 - FY2016 - 4 wells plugged ;**
 - FY2015 - 1 well plugged ;**
 - FY2014 - 7 wells plugged ;**
 - FY2013 - 10 wells plugged ;**
 - FY2012 - 7 wells plugged.**

*FY2017 – WVDEP OOG fiscal year period begins July 1st, 2016 and ends June 30th, 2017.

This is best data I can provide as last moment request. I hope this meets your needs and apologies for the delay.

Regards.

Dave

David J. Belcher

Assistant Chief - Inspection/Enforcement/ABWP

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