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ONE J

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I. Introduction

The following is an update on Virginia legislative activity and case law relating to oil, gas and mineral law from August 1, 2018 to July 31, 2019.

II. Legislative And Regulatory Developments

The following is a discussion of notable legislation:

A. Senate Bill 1165

Senate Bill 1165 (“SB 1165”) — “An Act to amend and reenact § 58.1-3713 of the Code of Virginia, relating to local gas severance tax; sunset date.”¹

SB 1165 amends and reenacts section 58.1-3713 of the Code of Virginia by extending the sunset date from January 1, 2020 to January 1, 2022 on a tax provision that allows any county or city to impose a tax of not more than one percent on people severing gases from the earth, the proceeds of which are to be applied to a special fund called the Coal and Gas Road Improvement Fund.²

SIGNED INTO LAW ON MARCH 3D, 2019

B. Senate Bill 1271

Senate Bill 1271 (“SB 1271”) — “An Act to amend and reenact Virginia Code § 45.1-361.19 and 45.1-361.31 of the Code of Virginia, relating to oil and gas wells; bonding requirements; application notice.”³

SB 1271 amends and reenacts section 45.1-361.19 establishes the required procedures in applying for a hearing before the Virginia Gas and Oil Board, giving applicants the option of using a “commercial delivery service, return receipt requested” when providing notice of said hearing to each gas or oil owner, coal owner, or mineral owner having an interest in the tract that would be the subject of said hearing.⁴ Previously, applicants were required to use only certified mail, return receipt requested.⁵

SB 1271 also amends and reenacts section 45.1-361.31, empowering the Director of the Department of Mines, Minerals and Energy to “require additional bond or financial security for any well proposed to be drilled in

1. S.B. 1165, 2019 Gen. Assemb., Reg. Sess. (Va. 2019).

2. *Id.*

3. S.B. 1271, 2019 Gen. Assemb., Reg. Sess. (Va. 2019).

4. *Id.*

5. *Id.*

Tidewater Virginia,”⁶ and by amending the four classes of blanket bonds for oil and gas drilling permits. The first class, which had covered between one (1) well and fifteen (15) wells for \$25,000.00, is amended to cover between one (1) well and ten (10) wells for \$25,000.00. The second class, which had covered between sixteen (16) wells and thirty (30) wells for \$75,000.00, is amended to cover between eleven (11) wells and fifty (50) wells for \$50,000.00.⁷ The third class, which had covered between thirty-one (31) wells and fifty (50) wells for \$50,000.00, is amended to cover between fifty-one (51) wells and two-hundred (200) wells for \$100,000.00. The fourth class, which had covered more than fifty-one (51) wells for \$100,000.00, is amended to cover more than two-hundred (200) wells for \$200,000.00.⁸

Senate Bill 1271 was signed into law on March 12th, 2019.⁹

III. Judicial Developments

None reported.

6. *Id.*

7. *Id.*

8. *Id.*

9. *Id.*