

COMMONWEALTH OF VIRGINIA

NOTICE OF AWARD

CONTRACT NO. _____

DATE: _____

VENDOR REFERENCE NO. _____

NAME _____

ADDRESS _____

YOUR BID/OFFER DATED _____

IN RESPONSE TO _____

TO FURNISH Accountant Services for Virginia Gas and Oil Board Escrow Audit

DURING THE PERIOD _____

Hereby is accepted at prices and terms stated, subject to all conditions and requirements of the solicitation, purchase specifications, warranties, and performance bond and other stipulations, if any.

The solicitation, your bid or offer and this notice of acceptance constitute the contract.

Contract Officer

COMMONWEALTH OF VIRGINIA

REQUEST FOR PROPOSAL
(RFP)

Department of Mines, Minerals and Energy
Division of Gas and Oil
135 Highlands Drive
Lebanon, VA 24266

On behalf of:
Virginia Gas and Oil Board

Issue Date: July 16, 2014

RFP #: 15-RFP-VGOB-01

Title: Accountant Services for Virginia Gas and Oil Board Escrow Audit.

REQUEST FOR PROPOSAL
(RFP)

Issue Date: July 16, 2014

RFP #: 15-RFP-VGOB-01

Title: Accountant Services for Virginia Gas and Oil Board Escrow Audit.

Commodity Code: 94620

Issuing Agency: Commonwealth of Virginia
Department of Mines, Minerals and Energy (DMME)
Post Office Drawer 900, 3405 Mountain Empire Road
Big Stone Gap, Virginia 24219

Using Agency and/or Location

Where Work Will Be Performed: Department of Mines, Minerals and Energy
Division of Gas and Oil
135 Highlands Drive
Lebanon, Virginia 24266

ALSO:

First Bank and Trust Company
38 East Valley Drive
Bristol, VA 24201

Period of Contract: September 1, 2014 through February 27, 2015
(With approval by the Virginia Gas & Oil Board)

Sealed Proposals Will Be Received Until 2:00 pm EDT on Friday, August 15, 2014

For furnishing the services/goods described herein and then:

Opened in Public at 2:00 pm Prevailing Eastern Daylight Time on August 18, 2014
Department of Mines, Minerals and Energy (DMME)
Post Office Drawer 900, 3405 Mountain Empire Road
Big Stone Gap, Virginia 24219

All Inquires For Information Should Be Directed To: Mr. Rick Cooper
Telephone Number: (276) 415-9670

SEND PROPOSALS DIRECTLY TO: Department of Mines, Minerals and Energy,
Attn: Manager, Office of General Services
P.O. Drawer 900; 3405 Mountain Empire Road
Buchanan-Smith Building, 2nd Floor Room 214
Big Stone Gap, Virginia 24219

In compliance with this **Request for Proposal** (RFP) and all the conditions imposed herein, the undersigned offers and agrees to furnish the Services/Goods in accordance with attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address of Firm:

_____ Date: _____

_____ By: _____
(Signature in Ink)

_____ Zip Code _____ Title: _____

_____ Telephone No. (____) _____

Federal Identification Number

_____ Email Address

_____ (Print Name)

Minority? _____ Yes _____ No

Small Business? _____ Yes _____ No

Female Owned? _____ Yes _____ No

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I. PURPOSE

The purpose and intent of this Request for Proposal (RFP) is to obtain services of an Accountant or Accounting Firm to review current accounts and subaccounts in escrow by First Bank & Trust, the Escrow Agent of the Virginia Gas and Oil Board (“hereinafter, the Board”). A random audit of unit payments into escrow by gas operators for “forced” pooled individuals is part of this request along with a final report of the findings to the Board and Public. The RFP anticipates these activities to take no longer than five months with the final report expected on or before February 17, 2015 before the Board at its regularly scheduled meeting. The Board does not expect unit ownership issues to be addressed in the audit, but desires the audit to review current Board Orders and subsequent payment actions by the gas operators to provide reasonable assurance of compliance with the Board responsibilities as described under § 45.1-361.14, §45.1-361.15, §45.1-361.21, and §45.1-361.22 of the Code of Virginia and the Gas and Oil Board Regulations (4VAC25-160)

II. BACKGROUND

The Board directs the pooling of all unleased interest, including unknowns, unlocatables and conflicting interests in conventional and coalbed methane gas well units under the provisions of § 45.1-361.21 and 45.1-361.22, of the Code of Virginia. After the Board has approved the pooling of the well/unit, the assigned operator provides a certified copy of the Order to each unleased owner or claimant that has interest in the unit. Each known owner or claimant has the opportunity to elect to: (1) participate in the development of the well as a participating well operator, (2) have a carried interest in the well as a non-participating well operator, or (3) receive a cash bonus and royalty of one-eighth of the proceeds of the well. Individuals failing to make an election are deemed to have elected to receive the cash bonus and royalty of one-eighth of the proceeds of the well. The portion of production allocated to each owner or conflicting claimants is the same proportion as the acreage of that tract bears to the total acreage of the unit. Following the elections, a supplemental pooling order is issued by the assigned well/unit operator that discloses the election results and treatment of all named interest owners in the well/unit. When there are unknown owners or conflicting claimants to conventional or coalbed methane gas reserves, the Board is required to establish an escrow account.

In the case of either coalbed methane or conventional gas units, the escrow account may contain more than one well. Each conventional well or coalbed methane well/unit can have many unknown owners or conflicting claimants.

For an individual claiming a contested ownership interest that has elected to participate in the well as a participating well operator, the assigned well/unit operator is to deposit into the escrow account any money paid by the individual for his proportionate share in the development of the well along with all proceeds in excess of ongoing operational expenses attributable to the well as provided for under § 45.1-361.21, §45.1-361.22, and 4VAC25-160-100.

For a person claiming a contested ownership interest that has elected to be a non-participating operator (carried operator), the assigned well/unit operator is to deposit into the escrow account all proceeds in excess of ongoing operational expenses attributable to the well as provided for under § 45.1-361.21, §45.1-361.22, and 4VAC25-160-100 after proceeds from the well equal 200 percent in the case of a conflicting claimant of an unleased tract or 300 percent in the case of a conflicting claimant who is a leaseholder.

For royalty owners that are unknown/unlocatable and conflicting claimants that have been deemed to have leased their interest to the assigned well/unit operator, the assigned operator is to deposit into the escrow account the bonus payment described in the pooling order in addition to one-eighth of all proceeds attributable to the royalty owner as provided for under 45.1-361.21 and §45.1-361.22. Note that the vast majority of escrow accounts are for royalty interest.

Initial cash bonus payments should be deposited into escrow within 120 days of the recorded order. If the well has not commenced within 365 days of the date of the order, the assigned well operator is to deposit in to escrow an annual cash bonuses within 60 days of the 1 year anniversary of the order. Payments due to production should be escrowed within 60 days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds are to be held for the exclusive use of, and sole benefit of the person entitled thereto.

1. Escrowed funds are held until unknown owners are located or conflicting ownership is resolved through voluntary agreements, court action, or other means. Upon location of owner(s) or proper notification that the claims have been resolved, the Board will issue an Order that directs disbursement of principal and accrued interest less escrow account fees attributed to each owner or claimant(s) owning conflicting estates in the tract(s) in question.

The escrow account at December 2012 contained proceeds for 992 pooling units (or sub-accounts). Each order may represent more than one producing gas well in a single unit and multiple gas owners. It is estimated that twenty-five to thirty million dollars may be held in escrow at any one time.

For calendar year ending December 31, 2012 the escrow balance was \$27,639,043.14. This includes bonus payments, working interest and royalty interest payments less any fees and disbursements.

Attachment C contains the Virginia Gas and Oil Act of 1990 and the Gas and Oil Board Regulation as amended in which can be found statutory and regulation language relating to pooling, escrowing and owner elections.

III. STATEMENT OF NEED:

A. GENERAL

1. The Accountant shall perform all services as described herein.
2. The Accountant will review statute requirements within Chapter 22.1 (specifically § 45.1-361.14, §45.1-361.15, §45.1-361.21, and §45.1-361.22.) so the audit will be performed withing the statue requirements and Board obligations.
3. The Accountant will review Board regulations within .4VAC25-160 as they pertain to the “forced” pooling and the Escrow account / sub-accounts.

4. The accountant will audit payments and disbursements from the account for the period specified below. Additionally, the accountant will audit the units (sub-accounts) to conduct a detailed audit for the period specified below of monthly payments to and deductions from the sub-account compared with expected payments based on percentage of acreage escrowed and election results as stated in supplemental pooling order, monthly well production reported, monthly gas selling price, and operating costs charged to participating and carried (non-participating) well operators, interest payments and fees charged to the sub-account, and disbursements from the sub-account
5. The Accountant will obtain from the Division of Gas and Oil (DGO) the escrow accounts/sub-accounts electronically. The information provided by the Virginia gas operators and the escrow agent will contain information on a month by month basis which has been submitted to the DGO.
6. The accountant will obtain from the DGO all information related to the escrow account, of all pooling Orders, supplemental pooling Orders, disbursement Orders, monthly well production data, and the detailed monthly payment stubs pertaining to the randomly selected sub-accounts being audited.
7. The accountant will obtain from the Escrow Agent all relevant information and records with respect to deposits from assigned operators and participating well operators, disbursements, interest payments, and accountant fees charged to the escrow account and the randomly selected units (sub-accounts) that are being audited.
8. The firm shall perform a financial and compliance audit of the Gas and Oil Board Escrow account for the period from January 1, 2010 to December 31, 2012. This audit shall be performed in accordance with generally accepted audit standards and the audit report will include all requirements of this RFP.
9. The accountant shall file a detailed final report, within the scope of the audit, that determines the overall compliance of the escrow account with respect to deposits made by gas operators, deposits made by participating operators, deposits of interest by the Escrow Agent, deductions taken by the Escrow Agent for accountant fees, and any other activity with Gas and Oil Board statutory requirements and Board regulations. Additionally, the accountant shall file a detailed report on the randomly selected sub-accounts comparing the balance of the account with the expected balance as described under number 4 above, and reporting the compliance of these sub-accounts with the Gas and Oil Board statutory requirements, board regulations and (supplemental) board orders.

B. SERVICE REQUIREMENTS

1. Procedures: The Accountant will comply with those needs identified in “A” above.
2. Hours of Operations: The Accountant shall be available to discuss services and/or audit issues during normal business hours and at times compatible with the Board’s working schedule.
3. Account Inquiries: The Accountant shall be responsible for all elements of notice and account data / information to be audited from the Escrow Agent.
4. Payment Inquiries: The Accountant shall be responsible for all elements of notice and retrieval of payment, disbursement, and all other relevant data or information from the gas operators, DGO, and Escrow Agent pertaining to the Escrow account and sub-accounts. .
5. Accounting Firm: The Accountant shall be an accounting firm that is licensed to do business in the Commonwealth of Virginia. *The Accountant or firm’s partners shall be Certified Public Accountants and the firm shall be registered with the Virginia Board of Accounting.

IV. REPORTING AND DELIVERY REQUIREMENTS

The Accountant or firm shall present the findings of the audit no later than three months following the award date and be available to present same to the full Board at their next monthly meeting... Twelve copies of the audit will be presented and made available at the meeting at the Gas and Oil Board.

V. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL REQUIREMENTS:

1. RFP Response: In order to be considered for selection, the Offeror must submit a complete response to this RFP. One (1) original and three (3) copies of each proposal must be submitted to the Board or its representative. The Offeror shall make no other distribution of the proposals.
2. Proposal Preparation:
 - a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in the purchasing agency requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
 - b. Proposals should be prepared simply and economically providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.

- c. Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal should be bound in a single volume.
 - d. Ownership of all data, material and documentation originated and prepared for the Board pursuant to the RFP shall belong exclusively to the Board and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protection of this section prior to or upon submission of the data or other materials, and must identify the data or other materials to be protected and state the reasons why the protection is necessary.
3. Oral Preparations: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Board. This will provide an opportunity for the Offeror to clarify or elaborate on the proposal but in no way change the original proposal. The Board will schedule the time and location of these presentations. Oral presentations are an option of the Board and may not be conducted. Therefore, proposals should be complete.

B. SPECIFIC REQUIREMENTS:

Proposals should be as thorough and detailed as possible so that the Board may properly evaluate capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

1. The return of the complete RFP signed and filled out as required
2. Complete Data Sheet (Attachment A).
3. A written narrative statement including:
 - a. Previous experience in providing the goods and services described herein.
 - b. A description of your training and development program which will assure that all personnel assigned to perform under any resultant contract shall be capable and qualified in the work assigned to them.
 - c. Names and resumes of management and key personnel to be assigned to the project. The resumes shall include:
 - Education
 - Related work experience
 - Special training in association with this work.
 - d. Resumes will not be required for any employees who work in clerical, bookkeeping, or secretarial capacity.
 - e. Specific plans for meeting the service requirements of the Gas and Oil Board.

VI. EVALUATION AND AWARD CRITERIA

A. **EVALUATION CRITERIA:** Proposals shall be evaluated by the DMME using the following criteria:

1. Thoroughness and responsiveness of the firms plan for meeting the Gas and Oil Board requirements **(40 points)**.
2. Experience performing services offered **(30 points)**.
3. References from current commercial and/or government accounts. **(20 points)**
4. Cost **(10 points)**

B. AWARD:

The Gas and Oil Board shall engage in individual discussions with two or more Offerors deemed fully qualified, responsible, and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such Offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternative concepts. At the discussion stage the Gas and Oil Board may review non-binding estimates of total project costs. Proprietary information from competing Offerors shall not be disclosed to the public or to competitors. At the conclusion of informal interviews on the basis of evaluation factors published, in the RFP, and all information developed in the selection process to this point, the Gas and Oil Board shall select, in the order of preference, two or more Offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the Offeror ranked first. If a contract satisfactory and advantageous to the Gas and Oil Board can be negotiated at a price considered fair and reasonable, the award shall be made to that Offeror. Otherwise, negotiations with the Offeror ranked first shall be formally terminated and negotiations conducted with Offeror ranked second, and so on, until a contract can be negotiated at a fair and reasonable price. Should the Gas and Oil Board determine in its sole discretion that only one Offeror is fully qualified, or that one Offeror is more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror.

VII. TERMS AND CONDITIONS

The firm shall, during the period of this agreement, abide by the terms and conditions as detailed in **Exhibit C**.

VIII. METHOD OF PAYMENT

The firm shall submit an invoice for payment on a monthly basis, for services delivered or performed during the previous month.

All invoices must include timesheets for hours (*if hourly rate is bid*).

All invoices are to be submitted to:

Virginia Division of Gas and Oil
Attn: Sarah Gilmer
Post Office Box 159
135 Highlands Drive
Lebanon, VA 24266

IX. PRICING SCHEDULE:

Length of Audit: Ninety (90) calendar days from the date of award.

Final Report: No later than February 17, 2015 Virginia Gas and Oil Board Meeting

Price _____

X. ATTACHMENTS

ATTACHMENT A

DATA SHEET

(To Be Completed by Bidding Accountant or Firm)

1. Qualification of Accountant or Firm: The bidder must have the capability and capacity in all respects to fully satisfy all the contractual requirements.
2. Years in Business: Indicate the length of time you have been in business providing this type of service: _____ year's _____ months.
3. References: Indicate below a listing of at least four (4) current or previous accounts, either commercial or governmental, that your agency has served. Include the length of service and the name, address and telephone number of the person the purchasing agency has your permission to contact.

CLIENT (Name and Address)	LENGTH OF SERVICE	CONTACT PERSON PHONE NUMBER

ATTACHMENT B

STATEMENT OF CHARGES

The following schedule is to be used to provide a firm cost of services described under the RFP. Please fill in details of expected costs by account line to complete the audit and report findings to the Virginia Gas and Oil Board.

EXAMPLE FORMAT FOR DETAILED COSTS

Detailed Description:

Account Line 1 _____	\$ _____
Account Line 2 _____	\$ _____
Account Line 3 _____	\$ _____
Account Line 4 _____	\$ _____
Account Line 5 _____	\$ _____
Account Line 6 _____	\$ _____
Account Line 7 _____	\$ _____
Account Line 8 _____	\$ _____
AUDIT TOTAL _____	\$ _____

ATTACHMENT B
STATEMENT OF CHARGES
CONTINUED

It is expected that the Offeror will use the Statement of Charges form for the response. However, if needed, the Offeror may expand this form for other items that should be included, based on the Offeror's method of charging for this service. If there are other charges, please note in the "Other" spaces, define clearly and provide the associated rate for that charge. **This is a requirement. Any charge for services not addressed in the Statement of Charges in the proposal will not be allowed during the course of the Contract.**

Note that the fee items may not correspond to the way the Offeror charges for a particular service. If the Offeror normally charges for a particular service on an annual or quarterly basis, then adjust the rate to a monthly rate basis.

The Statement of Charges form has been formatted to allow for a number of different methods by which a financial institution may charge for this service. For instance, some financial institutions unbundled service to varying degrees while others may bundle all costs for this service into one fee. The Offeror may propose on any basis they choose. For those line items indicated on the form for which the Offeror does not charge a fee, or which the Offeror has bundled services into another line item, indicate with an "N/C" in the Monthly Charge column.

Administrative Fees are assumed to be monthly fees based on either the number of accounts (account would equate to a unit in this case). Accounting and Reporting Fees address those services requested in the Reporting and Delivery requirements.

ATTACHMENT C

C. (I) SPECIAL TERMS AND CONDITION

- A. QUALIFICATIONS OF OFFERORS:** Offerors are requested to complete and return Attachment “A” with their proposals.
- B. OWNERSHIP OF MATERIAL:** Ownership of all data, material, and documentation originated and prepared for the Gas and Oil Board pursuant to this RFP shall belong exclusively to the Gas and Oil Board and be subject to the public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act. However, the Offeror must invoke the protection of this section prior to, or upon submission of, the data or other materials, and must identify the data or other materials to be protected and state the reason why protection is necessary.
- C. PROPOSAL ACCEPTANCE PERIOD:** This proposal shall be binding upon the Offeror of 60 calendar days following the opening date. Any proposal on which the Offeror shortens the acceptance period may be rejected.
- D. AUDIT:** The firm hereby agrees to retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The Gas and Oil Board, specifically its Chairman, its members, the Principal Executive to the Staff of the Board, and/or state auditors shall have full access to and the right to examine any said materials during said period.
- E. CANCELLATION OF CONTRACT:** The Gas and Oil Board reserves the right to cancel and terminate any resulting contract, in part or in whole without penalty, upon ten (10) days written notice to the firm. The contract may be terminated by either party, without penalty, after the initial fifteen days of the contract period and upon written notice to the other party. Any contract cancellation notice shall not relieve the firm of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of the cancellation.
- F. AVAILABILITY OF FUNDS:** It is understood and agreed between parties herein The BOARD shall be bound hereunder only to the extent of funds available or which may hereafter become available for the purpose of this agreement.
- G. BID ACCEPTANCE PERIOD:** Any bid received in response to this solicitation shall be valid for 60 days. At the end of the 60 days, the bid may be withdrawn at the written request of the Bidder. If the bid is not withdrawn at that time, it remains in effect until an award is made or the solicitation is cancelled.
- H. INDEMNIFICATION:** Firm agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the firm/any services of

any kind or nature furnished by the firm, provided that such liability is not attributable to the sole negligence of the using agency or to failure of the using agency to use the materials, goods, or equipment in the manner already and permanently described by the firm on the materials, goods or equipment delivered.

I. IDENTIFICATION OF BID ENVELOPE: If a special envelope is not furnished or if return in the special envelope is not possible, the signed bid should be returned in a separate envelope or package, sealed and identified as follows:

From: _____

Name of Offeror	Due Date	Time
Street or Box Number	RFP Number	
City, State, Zip Code	RFP Title	

Name of Contact/Purchase Officer or Buyer _____

The envelope should be addressed as directed on Page 1 of the solicitation.

If a bid not contained in the special envelope is mailed, the Bidder takes the risk that the envelope, even marked as described above, may be inadvertently opened and the information compromised which may cause the bid to be disqualified. Bids may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other bids should be placed in the envelope.

J. FIRMS LICENSE REQUIREMENTS: By my signature on this solicitation, I` certify that this firm / individual is properly licensed for providing the services specified.

License Number	Type
Expiration Date	

K. INSURANCE: By signing and submitting a bid or proposal under this solicitation, the Bidder / Offeror certifies that if awarded the contract, it will have the following insurance coverage's at the time the contract is awarded. Additionally, it will maintain these during the entire term of the

contract and that all insurance coverage's will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

During the period of the contract the Gas and Oil Board reserves the right to require the firm to furnish a certificate of insurance for the coverage's required by the Board as indicated.

INSURANCE COVERAGES AND LIMITS REQUIRED:

The successful Bidder agrees to follow and maintain insurance coverages as detailed below in the "General Terms and Conditions (C.(II) Part T".

- L. U.S. FEDERAL REGULATIONS:** Pursuant to Executive Order 12549, Debarment and Suspension, 43CFR Part 12, Section 12.510. These regulations direct that entities or persons seeking contracts or grants funded from federal revenues must certify that they have not been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in transactions by any federal agency or department.
- M. DRUG FREE WORKPLACE:** Each of the following acts is prohibited by the firm or his/her employees performing service under terms of a contract resulting from this solicitation:
 - A. Unlawful or unauthorized manufacture, distribution, dispensing, possession, or use of alcohol or other drugs at the workplace.
 - B. Impairment or incapacitation in or around the workplace from the use of alcohol or other drugs (except the use of drugs for legitimate medical purposes)

By submitting their bids or proposals, Bidders / Offerors certify that they understand these prohibitions, and if awarded a contract as the results of this solicitation, they will comply. They also understand that a violation of these prohibitions is a breach of contract and can result in default.

- N. CONTRACT EXTENSION:** This Contract may be extended by the Gas and Oil Board upon written agreement of both parties for a period not to exceed sixty (60) days.

C. (II). GENERAL TERMS AND CONDITIONS

- A. **VENDORS MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.dgs.state.va.us/dps under “Manuals.”
- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the firm are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The firm shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** By submitting their proposal, Offerors, certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000, the provisions in 1. and 2. below apply:

1. During the performance of this contract, the firm agrees as follows:
 - a. The firm will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the firm. The firm agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The firm, in all solicitations or advertisements for employees placed by or on behalf of the firm, will state that such firm is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

2. The firm will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

- D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their (bid/proposal), and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.
- F. **DEBARMENT STATUS:** By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. **ANTITRUST:** By entering into a contract, the firm conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.
- H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS FOR IFBs AND RFPs**
1. **(For Invitation For Bids):** Failure to submit a bid on the official state form provided for that purpose shall be a cause for rejection of the bid. Modification of or additions to any portion of the Invitation for Bids may be cause for rejection of the bid; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a bid as non-responsive. As a precondition to its acceptance, the Commonwealth may, in its sole discretion, request that the bidder withdraw or modify non-responsive portions of a bid which do not affect quality, quantity, price, or delivery. No modification of or addition to the provisions of the contract shall be effective unless reduced to writing and signed by the parties.
 2. **(For Request for Proposals):** Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

I. **CLARIFICATION OF TERMS:** If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

J. **PAYMENT:**

1. **To Prime Contractor:**

- a. Invoices for items ordered, delivered and accepted shall be submitted by the contractor directly to the
Payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).

2. **To Subcontractors:**

- a. A contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

- (2) To notify the agency and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason.
 - b. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.
3. Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.
 4. The Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.
- K. **PRECEDENCE OF TERMS:** The following General Terms and Conditions *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- L. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any (bid/proposal) if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
- M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

- N. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the firm in whole or in part without the written consent of the Commonwealth.
- O. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the firm. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The firm shall comply with the notice upon receipt. The firm shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a. By mutual agreement between the parties in writing; or
 - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the firm accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the firm's records and/or to determine the correct number of units independently; or
 - c. By ordering the firm to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The firm shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the firm as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the firm from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.
- P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the firm responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

Q, R and S Deleted

T. **INSURANCE:** By signing and submitting a bid or proposal under this solicitation, the Offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the contractor and any subcontractors will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.

(Note to Agency/Institution: When the requirement is for parking facilities and garages for motor vehicle maintenance contracts, the forgoing sentence should be changed to read: This coverage should include Garage Owner's Liability. Contracts with movers or truck transporters should also require motor carrier's liability. When in the judgment of a procurement officer, these limits and coverage are not warranted for the goods and services being procured, the Division of Risk Management should be contacted.

4. Automobile Liability - \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the contract.)

NOTE: In addition, various Professional Liability/Errors and Omissions coverages are required when soliciting those services as follows:

<u>Profession/Service</u>	<u>Limits</u>
Accounting	\$1,000,000 per occurrence, \$3,000,000 aggregate
Architecture	\$2,000,000 per occurrence, \$6,000,000 aggregate
Asbestos Design (Inspection or Abatement Contractors)	\$1,000,000 per occurrence, \$3,000,000 aggregate

Health Care Practitioner (to include Dentists, Licensed Dental Hygienists, Optometrists, Registered or Licensed Practical Nurses, Pharmacists, Physicians, Podiatrists, Chiropractors, Physical Therapists, Physical Therapist Assistants, Clinical Psychologists, Clinical Social Workers, Professional Counselors, Hospitals or Health Maintenance

Organizations \$1,725,000 per occurrence, \$3,000,000 aggregate
(Limits increase each July 1 through fiscal year 2031, as follows:

July 1, 2013 - \$2,100,000, July 1, 2014 - \$2,150,000. This complies with §8.01-581.15 of the *Code of Virginia*.

Insurance/Risk Management	\$1,000,000 per occurrence, \$3,000,000 aggregate
Landscape/Architecture	\$1,000,000 per occurrence, \$1,000,000 aggregate
Legal	\$1,000,000 per occurrence, \$5,000,000 aggregate
Professional Engineer	\$2,000,000 per occurrence, \$6,000,000 aggregate
Surveying	\$1,000,000 per occurrence, \$1,000,000 aggregate

U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA web site (www.eva.virginia.gov) for a minimum of 10 days.

V. **DRUG-FREE WORKPLACE:** During the performance of this contract, the firm agrees to (i) provide a drug-free workplace for the firm's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the firm's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the firm that the firm maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a firm, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

W. **NONDISCRIMINATION OF CONTRACTORS:** A Offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the Offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after

the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

- X. **eVA Business-To-Government Vendor Registration:** The eVA Internet electronic procurement solution, website portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All bidders or Offerors must register in eVA; failure to register will result in the bid/proposal being rejected.
- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic orders receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
 - b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.
 - c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
 - d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.
- X. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

ATTACHMENT D

Virginia Administrative Code 4VAC25-160 (Gas & Oil Board Regulations)

CHAPTER 160

VIRGINIA GAS AND OIL BOARD REGULATIONS

4VAC25-160-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Act" means the Virginia Gas and Oil Act of 1990, Chapter 22.1 (§ 45.1-361.1 et seq.) of Title 45.1 of the Code of Virginia.

"Applicant" means a person or business who files an application, petition, appeal or other request with the Division of Gas and Oil.

"Board" means the Virginia Gas and Oil Board.

"Complete application" means all the materials required to be filed by the applicant under this chapter.

"Department" means the Department of Mines, Minerals and Energy.

"Director" means the Director of the Department of Mines, Minerals and Energy or his authorized agent.

"Directional survey" means a well survey that measures the degree of deviation of a hole, or distance, from the vertical and the direction of departure.

"Division" means the Division of Gas and Oil of the Department of Mines, Minerals and Energy.

"Division director" means the Director of the Division of Gas and Oil.

"Election" means the performance of an act within the time established or required by statute, order or regulation. An election required to be made by board order or regulation must be in writing and (i) be personally delivered to the person or agent of the person described in the order or

regulation by the date established or required, or (ii) be mailed to the person or agent of the person described in the order or regulation at the address stated therein and be postmarked by the United States Postal Service before midnight on the date established or required.

"Field" means the general area underlain by one or more pools.

"Gas/oil ratio" means the product of the number of Mcf of natural gas produced from a well divided by the number of barrels of oil produced from the well as determined by a gas/oil ratio test.

"Gas well" means any well which produces or appears capable of producing a ratio of 6,000 cubic feet (6 Mcf) of gas or more to each barrel of oil, on the basis of a gas-oil ratio test.

"Inclination survey" means a well survey to determine the deviation, using the surface location of the well as the apex, of a well bore from the true vertical beneath the apex on the same horizontal subsurface plane.

"Mcf" means, when used with reference to natural gas, 1,000 cubic feet of gas at a pressure base of 14.73 pounds per square inch gauge and a temperature base of 60°F.

"Mine development plan" means a permit or license application filed with the Division of Mines or Mined Land Reclamation for legal permission to engage in extraction of coal resources.

"Oil well" means any well which produces or appears capable of producing a ratio of less than 6,000 cubic feet (6 Mcf) of gas to each barrel of oil, on the basis of a gas-oil ratio test.

"Petitioner" means any person or business who files a petition, appeal, or other request for action with the Division of Gas and Oil or the Virginia Gas and Oil Board.

"Pooling" means the combining of all interests or estates in a gas, oil or coalbed methane drilling unit for the development and operations thereof. Pooling may be accomplished either through voluntary agreement or through a compulsory order of the board.

"Respondent" means a person named in an application, petition, appeal or other request for board action and against whom relief is sought by the applicant, or a person who under the terms of a board order, is required to make an election.

"Unit operator" means the gas or oil owner designated by the board to operate in or on a pooled unit.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 1, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-20. Authority and applicability.

A. This chapter is promulgated by the Virginia Gas and Oil board pursuant to § 45.1-361.15 of the Code of Virginia.

B. As provided for in the Virginia Acts of Assembly, 1990, Chapter 92, all field rules and orders issued pursuant to the provisions of the Oil and Gas Act of 1982, Chapter 22 (§ 45.1- 286 et seq.) of Title 45.1 of the Code of Virginia shall remain in force and effect until modified or revoked pursuant to the provisions of the Gas and Oil Act of 1990, Chapter 22.1 (§ 45.1-361.1 et seq.) of Title 45.1 of the Code of Virginia. The requirements of this chapter are in addition to requirements of field rules and orders.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 2, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-30. Administrative provisions.

A. The Virginia Gas and Oil Board shall meet on the third Tuesday of each calendar month unless no action is required by the board or unless otherwise scheduled by the board. All hearings

shall be scheduled in accordance with the requirements for notice by publication in § 45.1-361.19 of the Code of Virginia. Except where otherwise established by the Act, the board may establish deadlines for filing materials for meetings or hearings scheduled on other than the third Tuesday of each month.

B. Applications to the board must be filed by the following deadlines:

1. All applications, petitions, appeals or other requests for board action must be received by the division at least 30 calendar days prior to the regularly scheduled meeting of the board. If the 30th day falls on a weekend or a legal holiday, the deadline shall be the prior business day.

2. When required, two copies of the following material must be filed with the division at least seven calendar days prior to the regularly scheduled meeting of the board in order for the application to be considered a complete application:

a. The affidavit demonstrating that due diligence was used to locate and serve persons in accordance with § 45.1-361.19 of the Code of Virginia and 4VAC25-160-40; and

b. Proof of notice by publication in accordance with 4VAC25-160-40 D.

C. A complete application that is not filed by the deadlines of this subsection shall be carried over to the next scheduled meeting of the board. A submission that does not contain a complete application shall not be considered by the board until the application is complete.

D. The division shall assign a docket number to each application or petition at the time of payment receipt and filing. The division shall notify the applicant of the completed filing and assigned docket number. The docket number shall be referenced when submitting material regarding the application or petition.

E. In addition to the other requirements of this chapter, applications to the board shall meet the following standards:

1. Each application for a hearing before the board shall be headed by a caption which shall

contain a heading including:

- a. "Before the Virginia Gas and Oil Board";
- b. The name of the applicant;
- c. The relief sought; and
- d. The docket number assigned by the division.

2. Each application shall be signed by the applicant, an authorized agent of the applicant, or an attorney for the applicant, certifying that, "The foregoing application to the best of my knowledge, information, and belief is true and correct."

3. Exhibits shall be identified by the docket number and an exhibit number and may be introduced as part of a person's presentation.

4. Applicants shall submit eight sets of each application and exhibits. Each person offering exhibits into evidence shall also have available a reasonably sufficient number of exhibits for other persons who are subject to the provisions of §§ 45.1-361.19 and 45.1-361.23 of the Code of Virginia, who have notified the division of their request for copies of exhibits, and are expected to be in attendance at the hearing.

F. Applications for the establishment and modification of a unit, spacing or pooling shall be accompanied by a \$130 nonrefundable fee, payable to the Treasurer of Virginia.

G. All parties in any proceeding before the board are entitled to appear in person or be represented by counsel, as provided for in the Administrative Process Act, § 2.2-4000 et seq. of the Code of Virginia.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 3, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 19, Issue 18, eff. July 1, 2003; Volume 29, Issue 3, eff.

November 8, 2012.

4VAC25-160-40. Notice of hearings.

A. Each applicant for a hearing to establish an exception to statewide spacing under § 45.1-361.17 of the Code of Virginia shall provide notice by certified mail, return receipt requested, to all gas, oil, coal or mineral owners having an interest underlying any tract located within the distances provided in § 45.1-361.17 of the Code of Virginia or the distance to the nearest well completed in the same pool, whichever is less. Each applicant for a hearing to establish an exception to a well location provided for in a drilling unit established by an order of the board shall provide notice by certified mail, return receipt requested, to all gas, oil, coal or mineral owners having an interest underlying the unit where the exception is requested.

B. Each applicant shall include, in or with the mailed notice of the hearing required under § 45.1-361.19 of the Code of Virginia, the following information:

1. The name and address of the applicant and the applicant's counsel, if any;
2. In the case of an application to vacate or amend an order, identification of the order to be vacated or amended;
3. A statement of the relief sought and proposed provisions of the order or proposed order;
4. Citations of statutes, rules, orders and decided cases supporting the relief sought;
5. A statement of the type of well or wells (gas, oil or coalbed methane gas);
6. a. For a pooling order, the notice should include: a plat showing the size and shape of the proposed unit and boundaries of tracts within the unit. The location of the proposed unit shall be shown in accordance with the Virginia Coordinate System of 1983, as defined in Chapter 17 (§ 55-287 et seq.) of Title 55 of the Code of Virginia, also known as the State Plane Coordinate System. The plat shall include property lines taken from (i) deed descriptions and chain of title, (ii) county courthouse records, or (iii) a physical survey for each land tract in the unit. The location of the well and the percentage of acreage in each tract in the unit shall be certified by a licensed land surveyor or a licensed professional engineer and attested by the

applicant as to its conformity to existing orders issued by the board;

b. For a field rule, the notice should include: a description of the pool or pools in the field, the boundaries of the field, information on the acreage and boundaries of the units proposed to be in the field and any proposed allowable production rates; or

c. For a location exception, the notice should include: a description of the proposed well location in relation to other wells within statewide spacing limits or in relation to the allowable area for drilling within a unit;

7. A description of the interest or claim of the respondent being notified;

8. A description of the formation or formations to be produced;

9. An estimate of the amount of reserves of the unit;

10. An estimate of the allowable costs in accordance with 4VAC25-160-100; and

11. How interested persons may obtain additional information or a complete copy of the application.

C. When after a diligent search the identity or location of any person to whom notice is required to be given in accordance with subsection A or B of this section is unknown at the time the applicant applies for a hearing before the board, the applicant for the hearing shall cause a notice to be published in a newspaper of general circulation in the county, counties, city, or cities where the land or the major portion thereof which is the subject of the application is located. The notice shall include:

1. The name and address of the applicant;

2. A description of the action to be considered by the board;

3. A map showing the general location of the area that would be affected by the proposed action and a description that clearly describes the location or boundaries of the area that would be affected by the proposed action sufficient to enable local residents to identify the area;

4. The date, time and location of the hearing at which the application is scheduled to be heard; and

5. How interested persons may obtain additional information or a complete copy of the application.

D. Notice of a hearing made in accordance with § 45.1-361.19 of the Code of Virginia or this section shall be sufficient, and no additional notice is required to be made by the applicant upon a postponement or continuance of the hearing.

E. Each applicant for a hearing to modify an order established under § 45.1-361.21 or § 45.1-361.22 of the Code of Virginia shall provide notice in accordance with § 45.1-361.19 of the Code of Virginia to each person having an interest underlying the tract or tracts to be affected by the proposed modification.

F. An applicant filing a petition to modify a forced pooling order established under § 45.1-361.21 or § 45.1-361.22 of the Code of Virginia to change the unit operator based on a change in the corporate name of the unit operator; a change in the corporate structure of the unit operator; or a transfer of the unit operator's interests to any single subsidiary, parent or successor by merger or consolidation is not required to provide notice. Other applicants for a hearing to modify a forced pooling order shall provide notice in accordance with § 45.1-361.19 of the Code of Virginia to each respondent named in the order to be modified whose interest may be affected by the proposed modification.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 4, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-50. Applications for field rules.

Each application filed under § 45.1-361.20 of the Code of Virginia to establish or modify a field rule, a drilling unit or drilling units shall contain:

1. The name and address of the applicant and the applicant's counsel, if any;
2. In the case of an application to vacate or amend an order, identification of the order to be vacated or amended;
3. A statement of the relief sought and the proposed provisions of the order or a proposed order;
4. Citations of statutes, rules, orders, and decided cases supporting the relief sought;
5. In the case where a field rule is proposed to be established or modified:
 - a. A statement of the type of field (gas, oil or coalbed methane gas);
 - b. A description of the proposed formation or formations subject to the petition; and
 - c. A description of the pool or pools included in the field, based on geological and technical data, including the boundaries of the pool or pools and field, shown in accordance with the Virginia Coordinate System of 1983, as defined in Chapter 17 (§ 55-287 et seq.) of Title 55 of the Code of Virginia, also known as the State Plane Coordinate System;
6. In the case where a drilling unit or units are proposed to be established or modified:
 - a. A statement of the acreage to be embraced within each drilling unit;
 - b. A description of the formation or formations to be produced by the well or wells in the unit or units; and
 - c. The boundaries of the drilling unit or units shown in accordance with subdivision 5 c of this section;
7. A statement of the amount of acreage to be included in the order;
8. A statement of the proposed allowable production rate or rates and supporting documentation, if applicable;

9. Evidence that any proposal to establish or modify a unit or units for coalbed methane gas will meet the requirements of § 45.1-361.20 C of the Code of Virginia;
10. An affidavit demonstrating that due diligence was used to locate and serve persons in accordance with § 45.1-361.19 of the Code of Virginia and 4VAC25-160-40; and
11. When required, proof of notice by publication in accordance with 4VAC25-160-40 C.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 5, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-60. Applications for exceptions to minimum well spacing requirements.

Applications for an exception to statewide spacing under § 45.1-361.17 of the Code of Virginia or under a field rule issued by the board shall contain the following:

1. The name and address of the applicant and the applicant's counsel, if any;
2. In the case of an application for an exception to spacing established in a field rule, identification of the order governing spacing in the field;
3. A statement of the proposed location of the well in relation to wells permitted or for which a permit application is pending before the Division of Gas and Oil at the time of filing within the distances prescribed in § 45.1-361.17 of the Code of Virginia;
4. A description of the formation or formations to be produced by the well proposed for alternative spacing and the wells identified in subdivision 3 of this section;
5. A description of the conditions justifying the alternative spacing;
6. An affidavit demonstrating that due diligence was used to locate and serve persons in accordance with 4VAC25-160-40; and

7. When required, proof of notice by publication in accordance with 4VAC25-160-40 C.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 6, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-70. Applications to pool interests in a drilling unit: conventional gas or oil or no conflicting claims to coalbed methane gas ownership.

A. Applications filed under § 45.1-361.21 of the Code of Virginia to pool interests in a drilling unit for conventional gas or oil or for coalbed methane gas where there are no conflicting claims to ownership of the coalbed methane gas, except as provided for in subsection B of this section, shall contain the following:

1. The name and address of the applicant and the applicant's counsel, if any;
2. In the case of an application to vacate or amend an order, identification of the order to be vacated or amended;
3. A statement of the relief sought and proposed provisions of the order or a proposed order;
4. Citations of statutes, rules, orders, and decided cases supporting the relief sought;
5. A statement of the type of well or wells (gas, oil or coalbed methane gas);
6. The permit number or numbers, if any have been issued;
7. A plat showing the size and shape of the proposed unit and boundaries of tracts within the unit, shown in accordance with the Virginia Coordinate System of 1983, as defined in Chapter 17 (§ 55-287 et seq.) of Title 55 of the Code of Virginia, also known as the State Plane Coordinate System. Also included shall be the names of owners of record of the tracts, and the percentage of acreage in each tract, certified by a licensed land surveyor or a licensed

professional engineer and attested by the applicant as to its conformity to existing orders issued by the board;

8. A description of the status of interests to be pooled in the unit at the time the application is filed;

9. For an application to pool a coalbed methane gas unit, a statement of the percentage of the total interest held by the applicant in the proposed unit at the time the application for the hearing is filed;

10. A statement of the names of owners and the percentage of interests to be escrowed under § 45.1-361.21 D of the Code of Virginia for each owner whose location is unknown at the time the application for the hearing is filed;

11. A description of the formation or formations to be produced;

12. An estimate of production over the life of well or wells, and, if different, an estimate of the recoverable reserves of the unit;

13. An estimate of the allowable costs in accordance with 4VAC25-160-100;

14. An affidavit demonstrating that due diligence was used to locate and serve persons in accordance with § 45.1-361.19 of the Code of Virginia and 4VAC25-160-40 C; and

15. When required, proof of notice by publication in accordance with 4VAC25-160-40 C.

B. Applications to amend an order pooling interests in a drilling unit may be filed by written stipulation of all persons affected. The application is not required to contain the information specified in subsection A of this section, but shall contain the proposed amended language to the order, shown by interlineation.

C. Within 45 days after the time for election provided in any pooling order has expired, the unit operator shall file an affidavit with the board stating whether or not any elections were made. If any elections were made, the affidavit shall name each respondent making an election and describe the election made. The affidavit shall state if no elections were made or if any response was untimely.

The affidavit shall be accompanied by a proposed supplemental order to be made and recorded to complete the record regarding elections. The affidavit and proposed supplemental order shall be filed by the unit operator within 45 days of the last day on which a timely election could have been delivered or mailed, or within 45 days of the last date for payment set forth in the pooling order, whichever occurs last. The applicant shall mail a true and correct copy of any supplemental order to all persons identified in the supplemental order.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 7, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-80. Applications to pool interests in a drilling unit: conflicting claims to coalbed methane gas ownership.

In addition to the information required in 4VAC25-160-70 of this chapter, applications filed under § 45.1-361.22 of the Code of Virginia to pool interests in a drilling unit for coalbed methane gas where there are conflicting claims to ownership of the coalbed methane gas shall contain a description of the conflicting ownership claims and the percentage of interests to be escrowed for the conflicting claims, and a plan for escrowing the costs of drilling and operating the well or wells and the proceeds from the well or wells attributable to the conflicting interests.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 8, eff. October 23, 1991.

4VAC25-160-90. Standards for escrow accounts.

Payment of funds into escrow accounts shall be made in accordance with the standards

established in each order of the board requiring such payment. In addition, the unit operator of a drilling unit subject to a voluntary pooling agreement may petition the board under 4VAC25-160-140 of this chapter for an order authorizing the escrow of funds subject to conflicting claims in accordance with board standards or regulations regarding escrow of such funds in units subject to a compulsory pooling order.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 9, eff. October 23, 1991.

4VAC25-160-100. Allowable cost which may be shared in pooled gas or oil operations.

A. The unit operator of a pooled unit may share all reasonable costs of operating the unit, including a reasonable supervision fee, with other participating and nonparticipating operators, as provided for in § 45.1-361.21 of the Code of Virginia, which may include:

1. Direct costs:
 - a. Ecological and environmental;
 - b. Rentals and royalties;
 - c. Labor;
 - d. Employee benefits;
 - e. Material;
 - f. Transportation;
 - g. Services;
 - h. Equipment and facilities furnished by the unit operator;
 - i. Damages and losses to joint property;

- j. Legal expenses;
- k. Taxes;
- l. Insurance;
- m. Abandonment and reclamation;
- n. Communications; and
- o. Other expenditures.

2. Indirect charges:

- a. Drilling and production operations;
- b. Major construction; and
- c. Catastrophe.

B. Where there are conflicting royalty claims to coalbed methane gas, the unit operator of a forced pooled coalbed methane gas unit shall deposit proceeds in accordance with § 45.1-361.22 of the Code of Virginia, to be determined at the wellhead.

C. Where there are conflicting claims and one or more persons have elected to become participating or nonparticipating operators, the unit operator of a forced pooled coalbed methane gas unit shall escrow net proceeds after deduction for royalty and other costs consistent with the terms of this chapter and the board's order regarding the unit.

D. In any dispute which may arise regarding a unit operator's costs, the unit operator shall be entitled to the benefit of a presumption of reasonableness where it is shown that the types of costs being disputed are, by custom and practice, customary and usual within the industry. The unit operator shall not be entitled to a presumption of reasonableness of the amount of the costs being disputed.

E. Unless one or more respondents elect to participate or elect to be a nonparticipating operator on a carried basis, the unit operator shall have no obligation to report costs after the expiration of the

election period.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 10, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-110. Recordkeeping.

A. Each unit operator shall maintain records of production, income, payments made to lessors and escrow agents, any suspended payments, and other information prescribed by the board until the later of:

1. When the permits for all wells in the unit have been released by the department;
2. Twenty-four months after all escrowed funds for competing claims to ownership of coalbed methane gas in the unit have been paid out under order of the board; or
3. When so ordered by the board.

B. Each unit operator shall maintain itemized records of all costs charged to participating or nonparticipating operators until the later of:

1. Twenty-four months after all costs attributable to participating or nonparticipating operators have been settled and paid; or
2. When so ordered by the board.

C. Upon transfer of the right to conduct operations in a pooled drilling unit to a new unit operator, the old unit operator shall transfer all records required to be maintained in accordance with this section to the new unit operator. The old unit operator will not be released from responsibility as the unit operator until he has submitted, to the board, evidence that the records have been received by the new unit operator.

D. In the event a unit operator wishes to terminate its legal existence and the unit is not transferred to a new unit operator, or when the permit for any well in the unit has been revoked and the bond forfeited by the department, the unit operator shall transfer, to the board, all records required to be maintained in accordance with this section.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 11, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-120. Applications to change the unit operator for a unit established by order of the board.

A. Transfer of the right to operate a unit established by the board must be approved by the board prior to the transfer of unit operations to a new operator.

1. For a voluntary transfer, the proposed new unit operator shall file written notification of the proposed transfer of operations.
2. An involuntary transfer may be requested by an applicant or considered by the board on its own motion if the unit operator has not continued gas or oil operations of the unit with due diligence, or the permit for any well in the unit has been revoked by the department.

B. The request for a transfer shall include:

1. The name and address of the existing unit operator;
2. The name and address of the proposed new unit operator;
3. Written approval from the existing unit operator, or a detailed statement of the facts supporting the removal of the existing operator; and
4. Identification of the order to be amended.

C. The notice of the board hearing shall be provided under § 45.1-361.19 B of the Code of Virginia.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 12, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-130. Appeals of the director's decisions.

A. Appeals of the division director's decisions shall be filed in writing, at the office of the division, in accordance with §§ 45.1-361.23 and 45.1-361.36 of the Code of Virginia.

B. A petition to appeal a decision of the division director shall contain:

1. The name and address of the petitioner and the petitioner's counsel, if any;
2. Identification of the decision being appealed, and the date the decision was issued;
3. A statement identifying the standing of the petitioner to appeal;
4. A statement setting forth the reasons for the appeal, including errors alleged in the director's decision and the reasons why the decision is deemed contrary to law or regulation;
5. A statement that the issues on appeal were in fact raised as required by § 45.1-361.36 B of the Code of Virginia;
6. A statement setting forth the specific relief requested; and
7. When a stay to any proposed activity allowed as a result of the director's decision is desired, a request for the stay and the basis for granting the stay.

C. Upon receipt of an appeal containing a request for a stay, the division director shall decide on the request in accordance with § 45.1-361.23 D of the Code of Virginia.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 13, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-140. Miscellaneous petitions to the board.

A. Any petition to the board not otherwise provided for in this chapter shall be made in writing, and shall contain:

1. The name and address of the petitioner and the petitioner's counsel, if any;
2. The names and addresses of any persons who are named as respondents in the petition;
3. An affidavit that notice has been given to each respondent, if any, named in the petition;
4. A statement of the issues of the petition; and
5. A statement setting forth the specific relief requested.

B. If a petitioner for a unit under § 45.1-361.21 or § 45.1-361.22 fails to provide notification to an owner of interest of any part of a unit subject to a petition before the board, then such party may file a written objection to the proceedings in the form of a petition as set out in subsection A of this section. Such petition does not require the submission of an application fee as required in 4VAC25-160-30 F.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 14, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-150. Effective dates for and enforcement of board orders.

A. All orders issued by the board under § 45.1-361.20 of the Code of Virginia shall remain in

effect until vacated or amended by the board on its own motion or on application from an owner or operator in the field or unit subject to the order.

B. Unless otherwise provided in the board order, all orders issued by the board under §§ 45.1-361.21 and 45.1-361.22 of the Code of Virginia shall remain in effect:

1. For a period of two years from the date of issuance of the board order;
2. If a permit has been issued for a well in a unit subject to the order, until the permit or permits have expired or been released on the well or wells; or
3. Until vacated or amended by the board on its own motion or on application.

C. In the event that an appeal is taken from any order of the board, the time between the filing of the petition for appeal and the final order of the circuit court shall be excluded in calculating the time period as contained in subsection B of this section.

D. All orders of the board shall be enforced by the director pursuant to the process set out in this chapter and § 45.1-361.24 of the Code of Virginia.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 15, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-160 to 4VAC25-160-180. [Repealed]

Historical Notes

Derived from VR480-05-22.2 §§ 16 to 18, eff. October 23, 1991; repealed, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.

4VAC25-160-190. Civil charges.

A. Civil charges shall be provided for in accordance with § 45.1-361.8 C of the Code of Virginia.

B. The division director, after finding any violation of the Act, a regulation promulgated under the Act, or order of the director or board, or upon direction from the board, may recommend a civil charge against a gas, oil or geophysical operator and shall base the recommendation on the Civil Charge Calculation Procedure established by order of the board.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 19, eff. October 23, 1991; amended, Virginia Register Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-200. Surveys and tests.

A. Deviation tests.

1. An inclination survey shall be made on all rotary drilled wells located in accordance with a field rule established by the board. An inclination survey is not required for wells drilled in accordance with the distance limitations of § 45.1-361.17 of the Code of Virginia.
2. The first shot point shall be at a depth not greater than the bottom of the surface casing or, for a well drilled through a coal seam, at a depth not greater than that of the bottom of the coal protection string. Succeeding shot points shall be no more than 1,000 feet apart, or as otherwise ordered by the director.
3. Inclination surveys conforming to these requirements may be made either during the normal course of drilling or after the well has reached total depth. Survey data shall be certified in writing as being true and correct by the designated agent or person in charge of a permittee's Virginia operations, or the drilling contractor, and shall indicate the resultant lateral deviation as the maximum calculated lateral displacement determined at any inclination survey point in a horizon approved for production, by an order of the board or a permit approved by the director, assuming that all displacement occurs in the direction of the nearest

boundary of the unit. The resultant lateral deviation shall be recorded on the drilling or completion report filed by the permittee.

4. If a directional survey determining the location of the bottom of the hole is filed upon completion of the well, it shall not be necessary to file the inclination survey data.

5. A directional survey shall be made when:

- a. A well is directionally controlled and is thereby intentionally deflected from vertical;
- b. The resultant lateral deviation of any well, calculated from inclination survey data, is greater than the distance from the center of the surface location of the well bore to the nearest boundary of the area where drilling is allowed in a unit established by the board; or
- c. A well is drilled as an exception location and a directional survey is ordered by the board.

6. The board or the director, on their own initiative or at the request of a gas or oil owner on a contiguous unit or tract, may require the permittee drilling any well to make a directional survey of the well if there is reasonable cause therefor. Whenever a survey is required by the board or the director at the request of a contiguous owner and the permittee of the well and contiguous owner are unable to agree as to the terms and conditions for making the directional survey, the permittee shall pay for the survey if the bottom hole location is found to be outside of the area approved for drilling, and the contiguous owner shall pay for the survey if the bottom hole location is found to be inside of the area approved for drilling.

7. Directional surveys shall be run from total depth to the base of the surface casing or coal protection string, unless otherwise approved by the board or the director. In the event that the proposed or final location of the producing interval or intervals of any well is not in accordance with this section or a board order, the unit operator shall apply to the board for an exception to spacing. However, directional surveys to total depth shall not be required in cases where the interval below the latest survey is less than 500 feet, and in such an instance, a projection of the latest survey shall be deemed to satisfy board requirements.

8. The results of each inclination or directional survey made in accordance with this section shall be filed by the permittee with the first drilling or completion report required by the division.

B. Flow potential and gas/oil ratio tests: conventional gas or oil wells.

1. If a gas or oil well appears capable of producing gas or oil, the permittee shall conduct a potential flow test and a gas/oil ratio test within 14 days after the well is completed and capable of producing gas or oil. The permittee shall file the test results, electronically or in writing, with the division. The division director shall hold the test results confidential in accordance with § 45.1-361.6 of the Code of Virginia.

2. If a permittee deepens or stimulates a well after the initial potential flow test and gas/oil ratio test have been conducted, when determined to be necessary by the permittee or when requested by the board, the permittee shall conduct another potential flow test and gas/oil ratio test and, within 30 days after completing the test, file the results, in writing, with the division.

3. A back-flow method of determining open flow shall be used, such as recommended by the Interstate Oil and Gas Compact Commission, "Manual of Back-Pressure Testing of Gas Wells," 2000. However, when a back-flow method is believed not to be feasible, the permittee shall obtain prior approval from the division, and test the well in accordance with, an alternate method approved by the director that does not entail excessive physical waste of gas.

C. Testing of coalbed methane gas wells. If a permittee cannot test the potential flow of a coalbed methane gas well by a back-flow method or complete the test within the time period required in subdivision B 1 of this section, the permittee may request approval from the director to perform a coalbed methane gas production test. Such a test shall only be made when the water production and the gas flow rates are stabilized for a period of not less than 14 days prior to the test. The test shall be conducted for a minimum of 24 hours in the manner approved by the director. The permittee shall file the test results, electronically or in writing, with the division. The division director shall hold the

test results confidential in accordance with § 45.1-361.6 of the Code of Virginia.

D. The board may, by order and after notice and hearing, require a permittee to complete other tests on any well.

Statutory Authority

§ 45.1-361.15 of the Code of Virginia.

Historical Notes

Derived from VR480-05-22.2 § 20, eff. October 23, 1991; amended, Virginia Register Volume 13, Issue 22, eff. August 20, 1997; Volume 29, Issue 3, eff. November 8, 2012.

4VAC25-160-210 to 4VAC25-160-230. [Repealed]

Historical Notes

Derived from VR480-05-22.2 §§ 21 to 23, eff. October 23, 1991; repealed, Virginia Register Volume 13, Issue 22, eff. August 20, 1997.
