

WEEKLY HIGHLIGHTS AT-A-GLANCE**FEDERAL – Legislative**

- **S. 218 – ONSHORE Act.** On February 11, bill text was made available for [S. 218](#), known as the *Opportunities for the Nation and States to Harness Onshore Resources for Energy Act* or the *ONSHORE Act*. The bill, sponsored by Sen. John Barrasso (R-WY), was reintroduced for the 2019 session, having failed to move last year. According to the sponsoring memo, “Permitting delays and duplicative regulations discourage oil and gas development on federal land and deprive states and local communities of much-needed jobs and revenues. The ONSHORE Act empowers states with the authority to manage oil and gas permitting and regulatory responsibilities on federal land within their borders. This will promote energy development by reducing regulatory costs and uncertainty.” [Read more.](#)
- **H.R. 998 – State Mineral Revenue Protection Act of 2019.** On February 6, [H.R. 998](#), known as the *State Mineral Revenue Protection Act of 2019* was introduced by Rep. Liz Cheney (R-WY). The bill would restore the shared mineral royalty split between the federal government and states in which mineral resources are developed. “States are lawfully owed fifty percent of federal mineral royalties, but over the past several years the federal government has been skimming two percent of each state’s share to pay for unjustified administrative costs,” said bill sponsor Cheney. “My bill restores the rightful 50-50 split between states and the federal government.” [Read more.](#)
- **H.R. 785 – Planning for American Energy Act of 2019.** On February 9, the bill text for H.R. 785, known as the *Planning for American Energy Act of 2019*, was released. The bill, sponsored by Rep. Scott Tipton (R-CO), would amend the Mineral Leasing Act to require the Secretary of the Interior to develop and publish an all-of-the-above quadrennial Federal onshore energy production strategy to meet domestic energy needs. [Read more.](#)
- **H.R. 786 – Education and Energy Act of 2019.** On February 9, the bill text for H.R. 786, known as the *Education and Energy Act of 2019*, was released. The bill, sponsored by Rep. Scott Tipton (R-CO), would amend the Mineral Leasing Act to require that a portion of revenues from new Federal mineral and geothermal leases be paid to States to supplement the education of students in kindergarten through grade 12 and for public support of institutions of higher education. [Read more.](#)

FEDERAL – Judicial

- **Climate Change – Pennsylvania.** On February 19, a federal judge dismissed a lawsuit by an environmental group brought on behalf of two Pennsylvania boys which sought to stop President Trump from rolling back certain environmental regulations. In [Clean Air Council et al v U.S. et al](#) (Case No. 17-4977), among other arguments, the plaintiffs alleged that the Trump administration invaded their due process right to life and “personal bodily integrity” by “allowing and permitting fossil fuel production, consumption, and its associated CO2 pollution.” In granting the motion to dismiss for a lack of standing, the U.S. District Court for the Eastern District of Pennsylvania held that the U.S. Constitution does not guarantee what the boys and the Clean Air Council called a due process right to a “life-sustaining climate system.” Furthermore, the court stated that this was a political issue and it would not usurp the Executive Branch. “Plaintiffs disagreement with Defendants is a policy debate best left to the political process.” Additionally, the court noted that the plaintiffs “effectively ask me to supervise any actions the President and his appointees take that might touch on ‘the environment’...I have neither the authority nor the inclination to assume control of the Executive Branch.” [Read more.](#)
- **Forced Pooling – Colorado.** *(Update to 1/28/19 Weekly Report)* On February 13, a federal judge dealt a setback to environmentalists by declining to delay a planned drilling project in Broomfield over complaints that the company will be extracting natural gas without consent from mineral owners. Judge R. Brooke Jackson of the U.S. District Court for the District of Colorado declined to grant an environmental group’s request for an order that would have barred the Colorado Oil and Gas Conservation Commission (COGCC) from approving the project. Although the group’s request was denied, the judge also directed the COGCC to hear its complaint at an upcoming March 11-12, 2019 hearing. The judge will then hold a follow-up hearing on March 26, 2019. “The judge made clear that Wildgrass’s request for a temporary restraining order was untimely since the commission has not yet held a hearing on Extraction’s pooling application at issue,” said Travis Duncan, a COGCC spokesman. On January 23, in [Wildgrass Oil and Gas Committee v. Colorado, et al.](#) (Case No. 19-CV-190), the Wildgrass Oil and Gas Committee, on behalf of Broomfield mineral owners, challenged the constitutionality of the forced pooling provision of the Colorado Oil and Gas Act in addition to arguing that the law violates mineral owners’ rights to contract, equal protection, freedom of association, and due process, among claims. The complaint also alleges that “the whole mineral market has been negatively affected by forced pooling, and operators use this unconstitutional law to strong arm mineral owners into unreasonable leases.” The plaintiffs have requested an immediate restraining order and a preliminary injunction “due to the imminent threat posed to Colorado mineral owners.” We will continue to keep members updated as this case progresses. [Read more.](#)

- Forced Pooling – Idaho.** On February 1, in [Citizens Allied for Integrity and Accountability, Inc. v. Schultz](#) (Case No. 1:17-CV-264-BLW), the U.S. District Court for the District of Idaho held that the Idaho Oil and Gas Commission and the Idaho Department of Lands violated due process by forcing Idaho landowners to lease their mineral rights to private companies for oil and gas development. In its opinion, the court affirmed a lower court ruling that in addition to the due process violation, the plaintiffs were determined to have a “protected property interest in the minerals under their land” and that the Idaho Department of Lands “is required, pursuant to the statute, to establish that the terms afforded to ‘deemed leased’ landowners are ‘just and reasonable.’” In its opinion, the court ordered the state to vacate both the spacing and integration orders and ordered the Commission to “rescind the lease contracts” and “hold a new hearing that complies with due process by explaining the factors that will be considered when determining whether the terms and conditions of an integration order are ‘just and reasonable.’” According to the opinion, “Because the Commission must consider issues regarding integration in determining the size of the “pool as a whole,” it is necessarily true that the hearing officer’s failure in this instance to provide the required procedural due process in considering the issue of integration denied Plaintiffs any meaningful ability to comment on the spacing order.” The Commission and Department of Lands have until early March to decide whether to appeal the ruling to the Ninth Circuit U.S. Court of Appeals. [Read more.](#)
- BLM Leasing – Utah.** On February 6, a Utah conservation group asked a federal judge to invalidate the sale of 43 oil and gas leases on land which is home to archaeological resources. In the suit, [Friends of Cedar Mesa v. U.S. Department of the Interior](#) (Case No. 4:19-cv-00013-DN), the group challenges Bureau of Land Management (BLM) lease sales covering approximately 51,400 acres of public lands in San Juan County and claims the BLM acted arbitrarily and failed to adequately study the impact of the lease sale on cultural and environmental resources, in violation of federal statutes. At present, the Interior Department has declined to comment on the lawsuit, and we will keep members updated as the case moves forward. [Read more.](#)

STATE – Legislative

- Hydraulic Fracturing – Illinois.** On February 15, Rep. Linda Chapa LaVia (D) introduced HB 3238. The bill provides that “no person shall conduct high-volume horizontal hydraulic fracturing operations in Illinois.” [Read more.](#) A similar bill, HB 3386, was also introduced on February 15 by Rep. Will Guzzardi (D). [Read more.](#)
- Women in Oil & Gas – New Mexico.** On February 14, Rep. Candy Spence Ezzell (R) introduced HB 610. The bill would add a new section to the Workforce Solutions Department Act entitled, “Career Development—Women in the Oil and Gas Industry,” which would establish and promote programs to create opportunities for women in the oil and gas industry. [Read more.](#)

- Royalty Rates; State Lands – New Mexico.** On February 8, SB 500 was introduced by Sen. Bill O’Neill (D). The bill would amend royalty rates for state trust lands establishing that starting July 1, 2019 and for one year thereafter, the threshold for one-fourth royalty under the development lease form shall be twenty thousand barrels of oil per month or seventy-five thousand MCF of gas per month; and starting July 1, 2020 and thereafter, the threshold for one-fourth royalty under the development lease form shall be set by the commissioner by a rule promulgated in accordance with Section 19-10-21 of current law. The bill also requires royalties be paid on vented or flared gas. [Read more.](#)
- Eminent Domain – North Dakota.** A hearing is scheduled for HCR 3013 on February 27. This concurrent resolution, which seeks to amend the state constitution, and was introduced by Rep. Jon Nelson (R), would allow public entities to exercise eminent domain over pooled or unitized minerals and pooled or unitized pore space for the benefit of private industry. [Read more.](#)
- Oil & Gas Production Contracts – North Dakota.** *(Update to 1/28/19 Weekly Report)* On February 11, SB 2319 failed to pass the Senate. The bill, sponsored by Sen. Joan Heckaman (D), would have made void and unenforceable indemnity agreements in oil and gas production contracts where the contract of indemnity by its terms purports to relieve the indemnitee from loss or liability for: the indemnitee’s own negligence; the negligence of the indemnitee’s agents or employees or an independent contractor who is directly responsible to the indemnitee; or an accident that occurs in operations carried on at the direction or under the supervision of the indemnitee or an employee or representative of the indemnitee or in accordance with methods and means specified by the indemnitee or an employee or representative of the indemnitee. The bill also provided that it “does not deprive an owner of the surface estate of the right to secure an indemnity from a lessee, operator, contractor, or other person conducting operations for the exploration or production of oil or gas on the owner’s land.” [Read more.](#)
- Flaring; Taxes; Royalties – North Dakota.** On February 12, SB 2332, sponsored by Sen. Tim Mathern (D), failed to pass in committee. The bill would have required producers to pay royalties and gross production tax on natural gas that is flared beyond the first year after well completion. [Read more.](#)
- Postproduction Deductions; Royalties – North Dakota.** On February 12, SCR 4010, sponsored by Sen. Brad Bekkedahl (R), passed in committee. This concurrent resolution directs the Legislative Management to consider studying postproduction deductions from royalty payments. Resolutions are not laws, and as with this resolution, merely requests a study on a policy issue. [Read more.](#)
- Gross Production Tax – Oklahoma.** On February 19, SB 427 unanimously passed the

Senate and has been referred to the House. The bill, sponsored by Sen. Stephanie Bice (R), amends current law regarding property exempt from ad valorem taxation due to payment of the gross production tax. [Read more.](#)

- **Landman Registration – Pennsylvania.** Last year, AAPL was successful in working with various stakeholders to defeat SB 835. That bill would have provided for the mandatory registration of land agents. Under the bill definitions, a “land agent” would also include landmen and related land professionals. Unfortunately, the bill sponsor, Sen. Andrew Dinniman (D), has reintroduced the bill for the 2019 legislative session, as SB 257. The bill would establish and maintain a state registry of land agents operating in the state, which would be available for public inspection on the Pennsylvania Real Estate Commission’s website. The commission would also be instructed to establish an initial registration application fee and a biennial renewal fee, which each applicant would have to submit along with specified information, including a list of any other state or other jurisdiction in which the applicant holds or has held a similar registration or license and a list of any other state or jurisdiction in which the applicant has had a similar registration or license suspended or revoked. AAPL is once again working with various stakeholders on this session’s bill and will keep members updated on further developments. [Read more.](#)
- **Employee Classification – Tennessee.** On February 4, Rep. Dan Howell (R) introduced HB 539. The bill would require the consideration of the 20-factor test used in [IRS Revenue Ruling 87-41](#) to determine whether an employer-employee relationship exists in certain employment arrangements. [Read more.](#) The Senate companion bill, SB 466, was also introduced on February 4 by Sen. Kerry Roberts (R). [Read more.](#)
- **Production Tax Revenue – Texas.** On February 11, Rep. James White (R) introduced HJR 13. The joint resolution proposes a constitutional amendment authorizing the legislature to allocate a portion of oil and gas production tax revenue to the counties from which the oil and gas originated. [Read more.](#)
- **Severance Tax – Texas.** On February 8, HB 1558 was introduced by Rep. Chris Paddie (R). The bill would make changes related to the severance tax exemption for oil and gas produced from certain inactive wells. [Read more.](#)
- **Oil & Gas Production Tax Credits – Texas.** On February 20, SB 925 was introduced by Sen. Pete Flores (R). The bill relates to the calculation of daily production for purposes of the oil and gas production tax credits for low-producing wells and leases and updates current law in the definition of a “qualifying low-producing well” and the means in which a lease is qualified. [Read more.](#)
- **Franchise and Income Taxes – Utah.** On February 8, Rep. Travis Seegmiller (R)

introduced HB 299. The bill would amend the corporate franchise and income tax rate and the individual income tax rate and also amends the calculation of certain tax credits to match the applicable income tax rate. [Read more.](#)

- **Regulatory Hearings; Notice; Bonds – Virginia.** (*Update to 2/11/19 Weekly Report*) On February 20, SB 1271, introduced by Sen. Richard Stuart (R), passed both chambers and will be transmitted to Gov. Ralph Northam (D). Under Virginia law, the governor must sign or veto legislation within one month of the last day of the session (2/23/19), or it becomes law without his signature. The bill authorizes a person who applies for a hearing in front of the Virginia Gas and Oil Board to provide required notice of such application to certain gas or oil owners, coal owners, mineral owners, or gas storage field operators by commercial delivery service. Current law provides for delivery only by certified mail. The bill also changes the blanket bond amounts that the Director of the Department of Mines, Minerals and Energy may require for an application for permits for gas or oil operations and authorizes additional bonds for any well proposed to be drilled in the Tidewater region. [Read more.](#)
- **Property Conveyances – Virginia.** (*Update to 2/11/19 Weekly Report*) On February 20, SB 1292, introduced by Sen. Jill Vogel (R), passed both passed both chambers and will be transmitted to Gov. Ralph Northam (D). Under Virginia law, the governor must sign or veto legislation within one month of the last day of the session (2/23/19), or it becomes law without his signature. The bill adds to the required residential property disclosure that is furnished by the owner to a buyer that the owner of residential real property makes no representations or warranties as to the condition of the real property with regard to any conveyances of mineral rights. [Read more.](#)
- **Minimum Spacing Provisions – West Virginia.** (*Update to 2/11/19 Weekly Report*) On February 18, HB 2834, introduced by Del. E.W. Anderson (R), passed the House. The bill updates the minimum spacing requirements for the drilling of horizontal deep wells by establishing no spacing limitations on wells that are operated by the same operator or operators that agree in writing to specific spacing limitations. It limits setbacks from unit and lease boundaries between different operators and limits the spacing between the wells of different operators. It also limits the distances that may be established to only those between the estimated productive intervals of horizontal deep wells and not the entire well bore. [Read more.](#)
- **Abandoned Wells – West Virginia.** On February 6, Sen. Mike Romano (D) introduced SB 541. The bill would require money that results from the forfeiture of an oil and gas operator's bond as a result of the operator's failure to plug a well or otherwise comply with state statutes and rules to first be applied to correct or mitigate an immediate threat to the environment or hindrance or impediment to the development of mineral resources of this state that caused the forfeiture of the bond. [Read more.](#)

- **Leasing – West Virginia.** On February 6, Del. E.W. Anderson (R) introduced HB 2866. The bill would provide a requirement for a lessee to execute and deliver to the lessor, within a specified time and without cost, a recordable release for terminated, expired, or canceled oil or natural gas leases; provide for a procedure by which a lessor may serve notice to a lessee, if a lessee fails to timely provide the release; require a lessee to timely notify the lessor in writing of a dispute; provide for a recordable affidavit of termination, expiration, or cancellation with specified contents; provide that with proper notification in the absence of a dispute, a recorded affidavit creates a rebuttable presumption of termination and cancellation for the oil or natural gas lease regarding certain interests and renders it insufficient notice of the recorded lease under the notice statute. [Read more](#). The Senate version of this bill, SB 527, was introduced on February 5 by Sen. Randy Smith (R). [Read more](#).
- **Surface Damage; Payments – Wyoming.** (*Update to 2/11/19 Weekly Report*) On February 20, HB 209 failed in the Senate. The bill, regarding surface damage and disruption payments, sponsored by Aaron Clausen (R), would have amended the manner and procedure in which surface damage and disruption payments are effectuated. [Read more](#).

STATE – Judicial

- **Permitting – Florida.** On February 5, in *Kanter Real Estate, LLC v. Department of Environmental Protection* (Case No. 1D17-5096), the Florida First District Court of Appeal overturned an order from the Florida Department of Environmental Protection, which had denied a permit to drill an exploratory oil well in an “environmentally degraded” property located in the Florida Everglades. In ordering the agency to issue the permit, the court held that the application met the minimum design standards for a permit and did not violate statutory setback requirements. The court also disagreed that the applicant’s delay in seeking a permit or exercising drilling rights precluded approval of the application. [Read more](#).
- **Surface Access Dispute; Leasing – Pennsylvania.** On February 8, in *Porter v. Chevron Appalachia, LLC* (Case No. 2019 PA Super 31), the Pennsylvania Superior Court affirmed a trial court preliminary injunction order in favor of Chevron regarding a surface use dispute with a landowner. Part of the issue involved whether the lease allowed for the drilling of a single or multiple wells in the referenced unit. The court found that the lease allowed for multiple wells and thus would allow for the access sought. In granting the injunction, the court found that Chevron would suffer irreparable harm without an order granting access to the leased premises to prepare for well-drilling activities, reasoning that Chevron had those access rights pursuant to the lease it acquired from a predecessor-in-interest. [Read more](#).

- **Mineral Interests; Divorce Proceeding – Texas.** On January 31, in *Moore v. Moore* (Case No. 11-16-00282-CV), the Eleventh Court of Appeals (Midland) affirmed a trial court decision in a divorce dispute regarding mineral interests. The court, in finding against the husband, held that the divorce decree which divided “oil, gas or other minerals” and did not contain a listing of any specific oil and gas interests, nor did it contain an award of any specific oil and gas interests to the husband as his separate property, allocated 50 percent of those interests to the wife. This holding came despite the wife not learning of the interests until almost a decade after their divorce. [Read more.](#)

INDUSTRY NEWS FLASH:

◆ **Texas breaks crude oil production record set in 1973.** According to a new report from the Texas Independent Producers Royalty Owners Association, crude oil production in Texas has beaten a previous record set in the 1970s. In 2018, Texas oil wells produced more than 1.54 billion barrels of crude in 2018, beating the previous record of 1.28 billion barrels set in 1973. “As the national leader in oil and natural gas production, Texas is paving the way for America’s energy independence,” said Texas Gov. Greg Abbott in response to the report. [Read more.](#)

◆ **New Mexico sets record for oil production revenues.** New figures released by the New Mexico Oil and Gas Association show revenues, taxes and other fees related to oil production in the state reached a high of \$2.2 billion for the 2018 fiscal year. That represents an increase of \$465 million over the previous fiscal year and an additional \$128 million specifically for education. Overall, the industry provided more than \$1 billion for public schools and the state’s universities during the period. New Mexico also surpassed California and Oklahoma to become the third-largest producer in the country while still trailing Texas. [Read more.](#)

State-by-State Legislative Session Overview

Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming are in regular session. The **District of Columbia, Puerto Rico** and the **United States Congress** are also in regular session.

The following states are scheduled to convene their 2019 legislative sessions on the dates provided: **Alabama** and **Florida** (March 5) and **Louisiana** (April 8).

The following states are scheduled to adjourn on the dates provided: **Virginia** (February 23) and **Wyoming** (February 27).

The following states had crossover deadlines on the dates provided: **Virginia** (February 5); **Wyoming** (February 6); **Georgia** (February 11); **Mississippi** (February 14); and **Arizona, Colorado** and **North Dakota** (February 22).

The following states have crossover deadlines on the dates provided: **Indiana** and **South Dakota** (February 25); **West Virginia** (February 27) and **Kansas** (February 28).

Illinois Democratic Gov. Jay Pritzker has 60 calendar days while the legislature is in session to act on legislation or it becomes law without signature.

The following states are currently holding 2019 interim committee hearings: [Alabama](#) and **Florida** [House](#) and [Senate](#).

The following states are currently posting 2019 bill drafts, pre-files and interim studies: **Florida** [House](#) and [Senate](#) and [Louisiana](#).

Hydraulic Fracturing

Illinois [HB 282](#), sponsored by Rep. Emanuel Welch, D-Westchester, was heard in the House Energy and Environment Committee on February 19. The bill has been scheduled for another hearing in that committee on February 26 at 3:00 PM. The bill would require the following information to be included on a well permit:

- The GPS surface and bottom hole locations for all wells drilled utilizing directional or horizontal drilling techniques.
- A list of chemicals and additives intended to be used in the drilling or completion operations.

The bill would also prohibit horizontal wells or directionally drilled wells from being classified as confidential. The bill would require the Department of Natural Resources to make specified information available on its website including drilling permits issued, as well as well drilling and completion reports. The bill would protect furnished trade secret information from further disclosure if the department determines that the information has not been published, disseminated or otherwise become a matter of general public knowledge and the information has competitive value. The bill would take effect January 1, 2019 if passed prior to May 31; however, if the bill is passed after May 31 then it would take effect June 1, 2019.

Illinois [HB 1562](#), sponsored by Rep. Will Guzzardi, D-Chicago, was heard in the House Labor and Commerce Committee on February 20. The bill has been scheduled for another hearing in

that committee on February 27 at 2:00 PM. The bill would require the written consent of each owner of a mineral interest and each surface owner as part of a permit for drilling or hydraulic fracturing operations. Violations would result in an immediate cessation of operations, penalties and payment of treble the full market value of the mineral resource extracted.

Oil and Gas

General

Montana [HB 213](#), sponsored by Rep. Llew Jones, R-Conrad, passed the Senate with amendments on February 21 and is now pending House concurrence with the amendments. The bill would amend existing law relating to stripper well bonus production subject to taxation under the average price provision by removing “for a barrel of west Texas intermediate crude oil” and replacing it with “reported and received by the producer for Montana oil marketed during a calendar quarter is less than \$54 a barrel.” The bill would take effect July 1.

New Mexico [SB 186](#), sponsored by Sen. Richard Martinez, D-Espanola, passed the Senate Conservation Committee with a [substitute](#) on February 21. The bill would amend the oil and gas act to allow the Oil Conservation Division of the Energy, Minerals and Natural Resources Department to hold administrative proceedings to enforce the act by issuing compliance orders and assessing civil penalties. The bill would increase the civil penalties from \$1,000 per day to \$15,000 per day and would add civil penalties of not more than \$25,000 for violations of court orders or compliance orders. The bill would also provide that knowingly violating the oil and gas act would constitute a third-degree felony. The bill would take effect July 1.

West Virginia [HB 2673](#), sponsored by Del. Joe Canestraro, D-Benwood, passed the House on February 14 and is now pending in the Senate Energy, Industry and Mining Committee. The bill would create the Oil and Gas Abandoned Well Plugging Fund that would be used to plug and reclaim abandoned oil and gas wells without a responsible owner. It would be funded by a fee of 2.5 percent of the value of oil and gas from wells that produced an average of more than 5,000 cubic feet but less than 60,000 cubic feet. If the value of the fund exceeds \$4 million on June 1 of any fiscal year the fee would not be imposed.

West Virginia [HB 3065](#), sponsored by Del. Evan Hansen, D-Morgantown, was referred to the House Energy Committee on February 12. The bill, to be known as the Orphan Oil and Gas Well Prevention Act, would require the Chief of the Office of Oil and Gas to set an estimated future plugging cost for each type of well based upon:

- The date the well was drilled.
- The engineering design of the well.
- The formation or formations from which it is producing.
- The expected amount of time during which the well will produce in paying quantities.
- An estimated rate of inflation of the cost of the plugging.
- The administrative costs to the state treasurer and the Office of Oil and Gas to administer the program.
- Any other relevant and necessary data.

The operator would be allowed to contest an estimated future plugging cost using certified estimates from registered professional engineers. If plugging assurance is required an operator would be able to satisfy the assurance by one of the following: a single well bond which meets office requirements. Self-bonding would be prohibited; a deposit of cash or collateral with the state treasurer; or an escrow account. The bill would also specify that if the office determines that a previous owner of a well is responsible then they will be liable to plug the well. The bill would take effect immediately. A similar bill, [SB 576](#), sponsored by Senate Energy, Industry and Mining Committee Chair Randy Smith, R-Thomas, was referred to that committee on February 12.

West Virginia [SB 665](#), sponsored by Senate Energy, Industry and Mining Committee Chair Randy Smith, R-Thomas, was referred to that committee on February 21 and passed that committee on the same day. The bill is now pending a second reading in the Senate. The bill would allow for expedited oil and gas well permitting and permit modifications after the payment of applicable expedited fees. The fees would be \$20,000 for the initial horizontal well and \$10,000 for each additional horizontal well drilled on a single well pad at the same location. If the permit is not approved between 45 and 60 days after the submission of a permit application a daily pro-rata refund would be provided.

Mineral Rights

Florida [HB 767](#), sponsored by Rep. Will Robinson, R-Bradenton, was referred to the House State Affairs Committee on February 20. The legislature is scheduled to convene its 2019 session on March 5. The bill would release mineral rights reserved by a local government, water management district or other agency of the state for any personal parcel of property that is or ever has been a contiguous tract of less than 20 acres in the aggregate under the same ownership. The bill would take effect July 1.

Royalty Payments

New Mexico [HB 398](#), sponsored by Rep. Derrick Lente, D-Sandia Pueblo, was heard in the House Commerce and Economic Development Committee on February 15; information from the hearing was not immediately available. The bill would amend the Oil and Gas Lease development form for leases on state restricted lands to provide that wells producing a specified amount of oil or gas during any reported calendar month would be subject to one-fourth royalty payments for the remaining term of the lease. The bill would also require royalties on vented or flared gas.

West Virginia [HB 3079](#), sponsored by Del. Lisa Zukoff, D-Moundside, was referred to the House Energy Committee on February 12. The bill would require every lessee of real estate who makes a natural resources royalty payment to a lessor to withhold state income tax. The bill would take effect December 31, 2019.

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