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Pa. Senate Introduces Legislation Calling for Arbitration in Gas-well Disputes

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July 25, 2011

Marcellus Shale Law and Policy Update

An arbitration panel established for a little-used natural gas extraction process would be expanded to all natural-gas disputes in Pennsylvania under legislation recently introduced in the state Senate. The Pennsylvania General Assembly established the three-member Coal Bed Methane Review Board in 2010 to settle disputes over well locations and access roads between surface landowners and those who own the mineral rights. Under the bill, the review board would resolve well-location and access-road disputes for all gas wells.

The coal-bed methane process extracts natural gas from coal beds rather than conventional natural-gas reservoirs.

"Only five counties, and all in western Pennsylvania, have coal bed methane operations," said Joe Pittman, who works for state Senator Don White, R-Armstrong, the sponsor of the legislation. "The review process has really yet to be used."

That would change if the review board were to arbitrate all natural gas wells.

According to White's office, the workload would increase for the review board because conventional gas wells greatly outnumber coal-bed methane operations and there are more instances where surface and mineral rights have different owners.

"We have even seen some instances where someone has half the mineral rights who is not the same as the person who has surface rights," Pittman said. "So you might end up with three or four parties in a dispute."

While he has not reviewed the legislation, an official with Chief Oil and Gas—which has a considerable presence in the Marcellus Shale—said he would support anything that reduced court actions.

Senator White released a statement noting that under Senate Bill 1108, for which he is the prime sponsor, all parties would retain the right to appeal the board's decision to their county court of common pleas.

"As Marcellus Shale activity grows, I believe such a review process would be a beneficial and less-costly option for landowners with natural-gas development on their properties," said White.

The Coal Bed Methane Review Board consists of a member appointed by the Pennsylvania Farm Bureau; a member appointed jointly by the Pennsylvania Oil and Gas Association, the Independent Oil and Gas Association and the Pennsylvania Coal Association; and a member appointed jointly by the deans of the College of Agricultural Sciences and the College of Earth and Mineral Sciences of Penn State University. The board is required to make a decision within 10 days from the time a hearing is held on a well-location dispute.

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