

# COMMITTEE REPORT

## MADAM PRESIDENT:

**The Senate Committee on Utilities and Technology, to which was referred House Bill No. 1128, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:**

- 1 Delete the title and insert the following:  
2 A BILL FOR AN ACT to amend the Indiana Code concerning  
3 natural resources.  
4 Page 2, between lines 11 and 12, begin a new line block indented  
5 and insert:  
6 **"(12) Low temperature, oxygen starved gasification of**  
7 **municipal solid waste.**  
8 **(13) Methane recovered from landfills for the production of**  
9 **electricity."**  
10 Page 2, line 12, strike "subsection (a)(8)," and insert "**subsections**  
11 **(a)(8) and (a)(12),"**.  
12 Page 2, after line 18, begin a new paragraph and insert:  
13 "SECTION 2. IC 14-8-2-42.2, AS ADDED BY P.L.78-2010,  
14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2011]: Sec. 42.2. "Coal bed methane", for purposes of  
16 ~~IC 14-37-4-1~~, **section 317 of this chapter and IC 14-37**, means  
17 gaseous substances of whatever character lying within or emanating  
18 from:  
19 (1) unmined coal seams, either naturally or as a result of  
20 stimulation of the coal seam;

- 1 (2) the void created by mining out coal seams; or  
 2 (3) the gob created by longwall or other extraction methods of  
 3 coal mining.

4 SECTION 3. IC 14-10-2-5, AS AMENDED BY P.L.123-2006,  
 5 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2011]: Sec. 5. (a) The department may adopt emergency rules  
 7 under IC 4-22-2-37.1 to carry out the duties of the department under  
 8 the following:

- 9 (1) IC 14-9.  
 10 (2) This article.  
 11 (3) IC 14-11.  
 12 (4) IC 14-12-2.  
 13 (5) IC 14-14.  
 14 (6) IC 14-17-3.  
 15 (7) IC 14-18, except IC 14-18-6 and IC 14-18-8.  
 16 (8) IC 14-19-1 and IC 14-19-8.  
 17 (9) IC 14-20-1.  
 18 (10) IC 14-21.  
 19 (11) IC 14-22-3, IC 14-22-4, and IC 14-22-5.  
 20 (12) IC 14-23-1.  
 21 (13) IC 14-25, except IC 14-25-8-3, IC 14-25-11, and  
 22 IC 14-25-13.  
 23 (14) IC 14-26.  
 24 (15) IC 14-27.  
 25 (16) IC 14-28.  
 26 (17) IC 14-29.  
 27 (18) IC 14-35-1, IC 14-35-2, and IC 14-35-3.  
 28 **(19) IC 14-37.**  
 29 **(20) IC 14-38, except IC 14-38-3.**

30 (b) A rule adopted under subsection (a) expires not later than one  
 31 (1) year after the rule is accepted for filing by the publisher of the  
 32 Indiana Register.

33 SECTION 4. IC 14-37-1-5 IS ADDED TO THE INDIANA CODE  
 34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 35 1, 2011]: **Sec. 5. This article does not apply to methane ventilation  
 36 governed under an approved federal Mine Safety and Health  
 37 Administration coal mine ventilation plan.**

38 SECTION 5. IC 14-37-3-14.5 IS ADDED TO THE INDIANA

1 CODE AS A NEW SECTION TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2011]: **Sec. 14.5. The commission shall:**

3 (1) regulate coal bed methane wells and compliance with  
4 IC 14-37-4-8 and IC 14-37-4-8.5;

5 (2) establish alternative spacing, survey, unit, and bonding  
6 requirements for coal bed methane wells; and

7 (3) require that all coal bed methane well permit applications  
8 include detailed plans for the following:

9 (A) Stimulation, including disclosure of the types and  
10 amounts to be used of all fluids and products, and any  
11 information necessary to assess the potential impact of  
12 stimulation on commercially minable coal resources and  
13 underground sources of drinking water.

14 (B) Horizontal drilling.

15 (C) Plugging of wells drilled by horizontal drilling.

16 SECTION 6. IC 14-37-4-1, AS AMENDED BY P.L.78-2010,  
17 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 2011]: Sec. 1. (a) Subject to subsection (b); A person may not  
19 drill, deepen, operate, or convert a well for oil and gas purposes  
20 without a permit issued by the department.

21 (b) Except as provided in subsection (c) and (d):

22 (1) the extraction of coal bed methane from a well for oil and gas  
23 purposes on or after the effective date of this subsection and  
24 before July 1, 2012, is prohibited; and

25 (2) the department may not issue a permit under this chapter for  
26 the extraction of coal bed methane from a well for oil and gas  
27 purposes before July 1, 2012, regardless of whether the  
28 application for the permit was made to the department before the  
29 effective date of this subsection.

30 (c) Subsection (b) does not apply if the owner of the right to the coal  
31 from which the coal bed methane for which a permit is sought under  
32 this chapter is derived consents in an instrument binding on that owner  
33 to the extraction of the coal bed methane and to the issuance of the  
34 permit.

35 (d) Subsection (b)(1) does not apply to a coal bed methane well that  
36 is operated under a permit issued by the department.

37 SECTION 7. IC 14-37-4-8 IS AMENDED TO READ AS  
38 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) Except as

1 provided in section 9 of this chapter **and subject to subsections (b)**  
 2 **and (c)**, if an applicant for a permit complies with:

- 3 (1) this article; and  
 4 (2) the rules adopted under this article;  
 5 the ~~commission~~ **director** shall issue a permit.

6 **(b) The division shall:**

7 (1) **maintain a list of parties with experience and interest in**  
 8 **mining commercially minable coal resources who request in**  
 9 **writing to be given notice of the filing of complete permit**  
 10 **applications under this chapter with respect to coal bed**  
 11 **methane; and**

12 (2) **give written notice of each complete permit application**  
 13 **filed under this chapter with respect to coal bed methane not**  
 14 **later than fifteen (15) days after the filing date to each party**  
 15 **on the list maintained under subdivision (1) and to each party**  
 16 **that files an affidavit under IC 14-37-7-8.**

17 **(c) The notice given under subsection (b)(2) must include at least**  
 18 **the following with respect to each proposed coal bed methane well:**

- 19 (1) **The location, type, and depth.**  
 20 (2) **The coal seam affected.**

21 **(d) The division may not issue a permit under this chapter until**  
 22 **all of the following requirements are satisfied:**

23 (1) **At least thirty (30) days have elapsed after giving notice**  
 24 **under subsection (b)(2).**

25 (2) **Proof of receipt of the written notice under section 8.5(e)**  
 26 **of this chapter.**

27 (3) **The division has taken into consideration:**

28 (A) **comments received during the period referred to in**  
 29 **subdivision (1) from a person interested in the future**  
 30 **minability of a commercially minable coal resource; and**

31 (B) **objections made under section 8.5(h) of this chapter.**

32 (4) **The applicant has submitted to the director documentation**  
 33 **demonstrating that the commercially minable coal seam**  
 34 **outside the coal bed methane production area is protected**  
 35 **adequately for future underground mining.**

36 (5) **The director has issued a finding that the requirements of**  
 37 **subdivisions (1) through (4) and section 8.5(e) of this chapter**  
 38 **were met.**

1           (e) Unless waived by the applicant, the director shall issue or  
2 deny a permit under this chapter within fifteen (15) days after the  
3 elapse of the thirty (30) day notice period under subsection (d)(1).

4           SECTION 8. IC 14-37-4-8.5 IS ADDED TO THE INDIANA CODE  
5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
6 1, 2011]: **Sec. 8.5. (a) For the purposes of this section,**  
7 **"waste" means locating, spacing, drilling, equipping, operating, or**  
8 **producing a well for coal bed methane purposes in a manner that**  
9 **unreasonably reduces or tends to unreasonably reduce the quantity**  
10 **of commercially minable coal resources ultimately to be recovered**  
11 **from a mine.**

12           **(b) If ownership of coal bed methane is separate from ownership**  
13 **of coal, no surface right or any other right pertaining to coal bed**  
14 **methane and naturally flowing from the character of any**  
15 **instrument in law may be exercised without the consent of the coal**  
16 **owner under subsection (d)(2), unless the director makes a finding**  
17 **that the exercise of the right will not:**

18                 **(1) result in; or**

19                 **(2) have the potential to result in;**

20 **any waste of a commercially minable coal resource or**  
21 **endangerment of the health and safety of miners.**

22           **(c) In making a finding under subsection (b), the director shall**  
23 **consider whether the use of one (1) or more of the following may**  
24 **result in waste of a commercially minable coal resource or**  
25 **endangerment of the health and safety of miners:**

26                 **(1) Hydrofracturing the coal seam.**

27                 **(2) Horizontal drilling in the coal seam.**

28                 **(3) Any other technology that disturbs the integrity of either**  
29 **or both of the following:**

30                         **(A) The coal seam.**

31                         **(B) The strata surrounding the coal seam.**

32           **(d) An application for a permit to drill into or through one (1)**  
33 **or more coal seams for the purpose of testing or producing coal**  
34 **bed methane must be accompanied by:**

35                 **(1) subject to subsection (e), certification by affidavit of the**  
36 **applicant that upon diligent inquiry, including reference to:**

37                         **(A) the record of filings maintained by the department and**  
38 **made by coal owners and lessees under IC 14-8-2-47; and**

1           **(B) publicly available records pertaining to thickness and**  
 2           **depth of coal;**

3           **the activities of the applicant do not and will not result in**  
 4           **waste of a commercially minable coal resource or**  
 5           **endangerment of the health and safety of miners; or**

6           **(2) subject to subsections (f) and (g), written consent of the**  
 7           **coal owner or coal lessee authorizing the drilling.**

8           **(e) An applicant that submits a permit application accompanied**  
 9           **with a certification under subsection (d)(1) shall submit proof that**  
 10          **written notice of the permit application has been received by the**  
 11          **owner and, if applicable, the lessee of the coal through which**  
 12          **drilling is proposed.**

13          **(f) If there is a coal lease, the coal owner and the coal lessee**  
 14          **must include in the written consent under subsection (d)(2) a**  
 15          **statement acknowledging that the recovery of coal bed methane**  
 16          **might result in waste of the commercially minable coal resource.**

17          **(g) If there is no coal lease, the coal owner must include in the**  
 18          **written consent under subsection (d)(2) a statement that the coal**  
 19          **owner has not leased the coal for coal mining purposes and**  
 20          **acknowledging that the recovery of coal bed methane may result**  
 21          **in waste of the commercially minable resource.**

22          **(h) A person with the following interests in the coal through**  
 23          **which drilling for purposes of testing for or producing coal bed**  
 24          **methane is proposed has thirty (30) days after receipt of the permit**  
 25          **application notice to object to the issuance of the permit on the**  
 26          **basis of waste of a commercially minable coal resource or**  
 27          **endangerment of the health and safety of miners:**

28               **(1) The owner.**

29               **(2) If applicable, the lessee.**

30               **(3) Another person with an interest to develop a coal resource**  
 31               **who files an affidavit under IC 14-37-7-8.**

32          **(i) A person that files an affidavit under IC 14-37-7-8 may not**  
 33          **object to the issuance of the permit if the application includes the**  
 34          **written consent of the coal owner under subsection (d)(2).**

35          **(j) The commission shall prescribe by rule the procedure for**  
 36          **objection under subsection (h), including a reasonable deadline for**  
 37          **initiating the objection.**

38          **SECTION 9. IC 14-37-7-3.5 IS ADDED TO THE INDIANA CODE**

1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
2 1, 2011]: **Sec. 3.5. (a) For the purposes of this section,**  
3 **"waste" means locating, spacing, drilling, equipping, operating, or**  
4 **producing a well for oil and gas purposes in a manner that**  
5 **unreasonably reduces or tends to unreasonably reduce the quantity**  
6 **of commercially minable coal resources ultimately to be recovered**  
7 **from a mine.**

8 **(b) Except as provided in subsection (c), the division may**  
9 **require an owner or operator to make reasonable modifications to**  
10 **the specific location for the drilling of a well for oil and gas**  
11 **purposes as required by this section if the modifications:**

12 **(1) are necessary to protect commercially minable coal**  
13 **resources from waste;**

14 **(2) do not violate the drilling unit, well spacing, or other**  
15 **requirements of this article; and**

16 **(3) are necessary to protect the health and safety of miners.**

17 **(c) Subsection (b) does not apply if the coal owner or coal lessee**  
18 **authorizes the drilling under IC 14-37-4-8.5(d)(2).**

19 **(d) If an owner or operator proposes to drill a well for oil and**  
20 **gas purposes:**

21 **(1) on land within the permit boundaries of an active**  
22 **underground mine permitted under IC 14-34;**

23 **(2) on land underlaid by an inactive underground mine; or**

24 **(3) on land:**

25 **(A) associated with a mine referred to in subdivision (1) or**

26 **(2) that is projected by the owner or operator to be mined;**  
27 **and**

28 **(B) on which a commercially minable coal resource is**  
29 **located;**

30 **the owner or operator shall provide notice of the intent to drill the**  
31 **well to the permittee of the mine under IC 14-34 or, in the case of**  
32 **an inactive underground mine, to the person that has the right to**  
33 **develop the coal resource.**

34 **(e) Except as provided in subsection (f), not more than fifteen**  
35 **(15) days after receipt of the notice required by subsection (d), the**  
36 **permittee of the mine under IC 14-34 or other person with the**  
37 **right to develop the coal resources shall state in writing whether**  
38 **the specific location selected for the drilling of the well is likely to**

- 1       **result in either or both of the following:**
- 2               **(1) A significant waste of the volume of coal ultimately to be**
- 3               **recovered from the underground mine.**
- 4               **(2) Endangerment of the health and safety of miners.**
- 5       **(f) Subsection (e) does not apply if the permittee of the mine**
- 6       **under IC 14-34 consents in writing to the placement of the well.**
- 7       **(g) A person that makes an affirmative determination under**
- 8       **subsection (d) shall:**
- 9               **(1) promptly provide a copy of the determination to the owner**
- 10              **or operator and the director; and**
- 11              **(2) identify alternative well locations that would:**
- 12                      **(A) reduce or avoid waste of the volume of coal ultimately**
- 13                      **to be recovered from the underground mine;**
- 14                      **(B) eliminate the likelihood of endangerment of the health**
- 15                      **and safety of miners;**
- 16                      **(C) not violate the drilling unit, well spacing, or other**
- 17                      **requirements of this article; and**
- 18                      **(D) not result in waste.**
- 19       **(h) If:**
- 20               **(1) the permittee of a mine under IC 14-34 or other person**
- 21               **with the right to develop the coal resources; and**
- 22               **(2) the owner or operator;**
- 23       **are unable to agree on a suitable location for the well that is not**
- 24       **likely to result in endangerment of the health and safety of miners,**
- 25       **the parties may request an informal hearing before the director.**
- 26       **Subject to subsection (i), the director shall conduct, within thirty**
- 27       **(30) days after a request is made, an informal hearing under**
- 28       **IC 14-37-3-16 to gather information to identify an alternative well**
- 29       **location as described in subsection (g)(2).**
- 30       **(i) The information that the director gathers under subsection**
- 31       **(h) may include the following:**
- 32               **(1) Whether the location is in an inactive, abandoned, or**
- 33               **projected underground coal mine.**
- 34               **(2) Whether the location is in an unsealed inactive area or a**
- 35               **sealed area of a coal mine with the potential for introducing**
- 36               **oxygen into the area from drilling or the well.**
- 37               **(3) The proximity and size of coal pillars in an alternative**
- 38               **location that might be drilled through, including whether in**



- 1           **a panel or support for a submain or main entries.**
- 2           **(4) The equipment technology and operating or drilling**
- 3           **experience history of the operator.**
- 4           **(j) If:**
- 5           **(1) after the informal hearing under subsection (h), the**
- 6           **director does not identify another suitable location for the**
- 7           **well that is not likely to result in endangerment of the health**
- 8           **and safety of miners; and**
- 9           **(2) the location for the well for which notice was provided**
- 10           **under subsection (d) is not likely to result in endangerment of**
- 11           **the health and safety of miners;**
- 12           **the owner or operator is not required to modify the location of the**
- 13           **proposed well and may proceed with the submittal of the permit**
- 14           **application to the department under this article.**
- 15           SECTION 10. IC 14-37-7-4 IS AMENDED TO READ AS
- 16           FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) If a **vertical or**
- 17           **vertical part of a horizontal** well is drilled and completed as a
- 18           producing well:
- 19           (1) through a commercially minable coal resource; and
- 20           (2) within an area **permitted under IC 14-34 or** for which ~~a mine~~
- 21           ~~plan is an affidavit and map have been~~ filed with the
- 22           ~~commission but for which an intermediate string is not required~~
- 23           under section ~~3 8~~ of this chapter;
- 24           an owner or operator shall set a production string of casing properly
- 25           centralized and cemented ~~and documented by a sonic cement~~
- 26           ~~bond-variable density log.~~
- 27           (b) An owner or operator must provide at least forty-eight (48) hours
- 28           notice to the:
- 29           (1) department; and
- 30           (2) person who filed the mine plan;
- 31           before commencing logging operations under this section:
- 32           (c) The person who filed the mine plan is entitled to:
- 33           (1) be present during the logging operations; and
- 34           (2) examine the log.
- 35           **to ensure that adequate cement is placed behind the casing in the**
- 36           **area between fifty (50) feet below and one hundred (100) feet above**
- 37           **the commercially minable coal seam.**
- 38           **(b) On completion of the coal seam protection requirements of**

1 subsection (a), the owner or operator shall prepare and submit to  
 2 the director an affidavit on a form provided by the division that  
 3 includes the following:

4 (1) Verification that the commercially minable coal resource  
 5 was protected as required by subsection (a).

6 (2) A cross-section drawing of the well showing the location of  
 7 each centralizer in the completed well.

8 (3) Evidence that adequate cement was circulated behind the  
 9 casing as required by subsection (a).

10 (c) The director may require the owner or operator to run a  
 11 cement bond-variable density log or other similar logging  
 12 procedure to determine the adequacy of cement bonding if the  
 13 director believes either or both of the following:

14 (1) That adequate cement has not been circulated to protect  
 15 the commercially minable coal resource.

16 (2) That centralizers were not placed at locations necessary to  
 17 properly centralize the casing through the coal seam.

18 (d) The commission shall determine the adequacy of cement  
 19 bonding. If there is a bonding failure a logging procedure required  
 20 under subsection (c) indicates that adequate cement bonding has  
 21 not occurred between fifty (50) feet below and one hundred (100) feet  
 22 above the commercially minable coal resource, the owner or operator  
 23 shall perform remedial action, as ordered by the ~~commission~~, director,  
 24 that results in adequate bonding.

25 (e) The owner or operator shall:

26 (1) submit:

27 (A) to the division the original affidavit required by  
 28 subsection (b) and a copy of any logs required by  
 29 subsection (c); and

30 (B) to the owner or operator of the commercially minable  
 31 coal resource, if known, a copy of the affidavit required by  
 32 subsection (b) and of any logs required by subsection (c);  
 33 and

34 (2) complete the submission under subdivision (1) not later  
 35 than thirty (30) days after commencing the later of the  
 36 following:

37 (A) The completion date of the well.

38 (B) The date of completion of any logging operations; the

1 owner or operator shall provide the department and the person  
 2 who filed the mine plan with a copy of the sonic cement  
 3 ~~bond-variable density log~~ procedure under subsection (c).

4 **(f) If the director finds that the protection measures taken by an**  
 5 **owner or operator did not adequately protect the coal seam during**  
 6 **coal mining operations in close proximity to a well that has not**  
 7 **been plugged under IC 14-37-8-2 for which an affidavit is**  
 8 **submitted under subsection (b), the owner or operator shall**  
 9 **perform additional remedial action to ensure protection of the coal**  
 10 **resource and the health and safety of miners. Significant water,**  
 11 **gas, or other fluid movement into the underground mine that is**  
 12 **transmitted through the annular space outside the protective**  
 13 **casing string is evidence of a failure to adequately protect the coal**  
 14 **seam.**

15 ~~(f)~~ **(g) Preparation of the log and any remedial action required under**  
 16 **this section are at the expense of the owner or operator.**

17 SECTION 11. IC 14-37-7-8 IS ADDED TO THE INDIANA CODE  
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 19 1, 2011]: **Sec. 8. (a) The owner or lessee of coal or another person**  
 20 **with an interest to develop a coal resource may file with the**  
 21 **division an affidavit that:**

22 **(1) identifies by a map prepared by an engineer licensed**  
 23 **under IC 25-31 or a geologist licensed under IC 25-17.6:**

24 **(A) the location of coal that the owner or lessee controls by**  
 25 **deed, lease, or other instrument for later commercial**  
 26 **production;**

27 **(B) the location of coal that is in an area targeted for later**  
 28 **commercial production;**

29 **(C) the location of the coal seam or seams of interest; and**

30 **(D) the approximate depth of the coal seam or seams of**  
 31 **interest; and**

32 **(2) states that the coal:**

33 **(A) can be mined using generally accepted underground**  
 34 **mining practices; and**

35 **(B) is of sufficient quantity and quality to be commercially**  
 36 **saleable.**

37 **(b) All coal in an area designated under subsection (a) is**  
 38 **considered a commercially minable coal resource.**

1           **(c) An affidavit referred to in subsection (a) may be made before**  
 2 **applying for permits for the actual mining of the commercially**  
 3 **minable coal resource. The division shall:**

4           **(1) subject to subsection (e), keep the affidavit and map**  
 5 **confidential; and**

6           **(2) use the affidavit and map solely for determining if a**  
 7 **commercially minable coal resource is present in an area for**  
 8 **which a permit application has been filed under IC 14-37.**

9           **(d) The division shall determine if the proposed well location is**  
 10 **in an area underlain by coal identified in subsection (a) upon**  
 11 **receipt of:**

12           **(1) a permit application referred to in subsection (c)(2); or**

13           **(2) an inquiry from a person interested in oil and gas**  
 14 **explorations or drilling a well for oil and gas purposes.**

15           **(e) The name of the person who filed the map referred to in**  
 16 **subsection (c) is not confidential.**

17           SECTION 12. IC 14-37-8-2 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. **(a) Plugging**  
 19 **methods must be approved by the commission and must permanently**  
 20 **confine all oil, natural gas, and water in their original strata. Mud-laden**  
 21 **fluid, cement, or mechanical plugs, or other methods or materials**  
 22 **approved by the director shall must be used singly or in combination.**

23           **(b) The commission shall adopt rules under IC 4-22-2 to**  
 24 **prescribe plugging methods for wells that affect commercially**  
 25 **minable coal resources.**

26           **(c) The plugging methods under subsection (b) do not apply to**  
 27 **a well if the consent of the coal owner or coal lessee is granted**  
 28 **under IC 14-37-4-8.5(d)(2).**

29           SECTION 13. IC 14-37-8-4 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. **(a) This section**  
 31 **applies to a well that is being plugged as a dry hole immediately**  
 32 **following the completion of drilling or redrilling operations.**

33           **(b) An owner or operator shall notify must give verbal or written**  
 34 **notice of intent to plug a well to an oil and gas inspector at least**  
 35 **forty-eight (48) twelve (12) hours before beginning the plugging and**  
 36 **abandoning a of the well under this chapter.**

37           **(c) Except as provided in subsection (d), an oil and gas inspector**  
 38 **must be present during the plugging of a well.**

1           **(d) Subsection (c) does not apply if:**

- 2           **(1) the owner or operator notifies an oil and gas inspector**  
 3           **under subsection (b);**  
 4           **(2) as part of the notice the owner or operator informs the oil**  
 5           **and gas inspector of the plan for plugging the well; and**  
 6           **(3) the oil and gas inspector gives the owner or operator**  
 7           **verbal or written approval of the plan.**

8           SECTION 14. IC 14-37-8-4.2 IS ADDED TO THE INDIANA  
 9           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 10          [EFFECTIVE JULY 1, 2011]: **Sec. 4.2. (a) This section applies to the**  
 11          **plugging of a well other than a well that is plugged under section**  
 12          **4 or 4.3 of this chapter.**

13          **(b) An owner or operator must give written notice of intent to**  
 14          **plug a well to the department on a form provided by the**  
 15          **department at least ten (10) days before beginning the plugging of**  
 16          **the well under this chapter.**

17          **(c) The notice under subsection (b) must include a plan for**  
 18          **plugging a well:**

- 19               **(1) that describes the specific methods that will be used; and**  
 20               **(2) that is sufficient to demonstrate compliance with the**  
 21               **requirements of this chapter.**

22          **(d) The owner or operator may not begin the plugging of any**  
 23          **well under this section until after receipt of written approval from**  
 24          **the department of the plan referred to in subsection (c).**

25          **(e) The owner or operator shall give an oil and gas inspector**  
 26          **verbal or written notice at least forty-eight (48) hours before the**  
 27          **scheduled time to begin plugging operations on a well.**

28          SECTION 15. IC 14-37-8-4.3 IS ADDED TO THE INDIANA  
 29          CODE AS A NEW SECTION TO READ AS FOLLOWS  
 30          [EFFECTIVE JULY 1, 2011]: **Sec. 4.3. (a) This section applies to the**  
 31          **plugging of a well other than a well referred to in section 4 of this**  
 32          **chapter if an emergency or other urgent condition requires the**  
 33          **immediate plugging of the well.**

34          **(b) An emergency condition exists if a well is found to be leaking**  
 35          **or discharging oil, gas, or other fluids in quantities that are capable**  
 36          **of:**

- 37               **(1) causing substantial harm to the environment; or**  
 38               **(2) posing an immediate threat to public health or safety.**

1           (c) An urgent condition exists if delay in the plugging of a well  
2 will result in a substantial increase in the cost to plug the well due  
3 to impending weather or other conditions that are beyond the  
4 control of the owner or operator.

5           (d) An owner or operator may begin plugging a well under this  
6 chapter upon verbal approval from the division director or a  
7 designated representative of the division director.

8           (e) An oil and gas inspector must be present during the plugging  
9 of a well only if the presence of the inspector is required in the  
10 approval given under subsection (d).

11           SECTION 16. IC 14-37-8-4.4 IS ADDED TO THE INDIANA  
12 CODE AS A NEW SECTION TO READ AS FOLLOWS  
13 [EFFECTIVE JULY 1, 2011]: **Sec. 4.4. Not later than thirty (30)**  
14 **days after the completion of well plugging operations under this**  
15 **chapter, the operator shall submit a report of well plugging to the**  
16 **department describing in detail the specific methods used to plug**  
17 **the well. The report must:**

18               (1) be on a form provided by the department; and

19               (2) include an affidavit that:

20                       (A) certifies that the well was plugged in accordance with  
21 this chapter; and

22                       (B) is signed by the person who performed the well  
23 plugging operations and the well owner or operator.

24           SECTION 17. IC 14-37-8-7 IS AMENDED TO READ AS  
25 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. The director of the  
26 division of oil and gas may require an owner or operator to redrill and  
27 replug a hole if the operator does not comply with section ~~5~~ **4, 4.2, or**  
28 **4.3** of this chapter.

29           SECTION 18. IC 14-37-11-3 IS ADDED TO THE INDIANA  
30 CODE AS A NEW SECTION TO READ AS FOLLOWS  
31 [EFFECTIVE JULY 1, 2011]: **Sec. 3. The owner or operator of a**  
32 **coal mine may burn in flares the coal bed methane produced from**  
33 **a coal bed methane well if either or both of the following apply:**

34               (1) The burning is necessary to protect coal miners' safety.

35               (2) It is not economical to market the coal bed methane.

36           SECTION 19. IC 32-23-7-0.3 IS ADDED TO THE INDIANA  
37 CODE AS A NEW SECTION TO READ AS FOLLOWS  
38 [EFFECTIVE JULY 1, 2011]: **Sec. 0.3. As used in this chapter, "coal**

1 **bed methane" has the meaning set forth in IC 14-8-2-42.2.**

2 SECTION 20. IC 32-23-7-0.4 IS ADDED TO THE INDIANA  
3 CODE AS A NEW SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2011]: **Sec. 0.4. (a) As used in this chapter,**  
5 **"coal bed methane estate in land" means the aggregate of all rights**  
6 **in land that affect the coal bed methane:**

- 7 (1) in the land;  
8 (2) on the land;  
9 (3) under the land; or  
10 (4) that may be taken from beneath the surface of the land.

11 **(b) The term includes the following:**

- 12 (1) The right to produce coal bed methane for commercial use  
13 or sale.  
14 (2) The appurtenant right to use the surface overlying the coal  
15 bed methane for coal bed methane operations.

16 SECTION 21. IC 32-23-7-0.5 IS ADDED TO THE INDIANA  
17 CODE AS A NEW SECTION TO READ AS FOLLOWS  
18 [EFFECTIVE JULY 1, 2011]: **Sec. 0.5. (a) As used in this chapter,**  
19 **"coal bed methane production area" means the area of land**  
20 **determined by the operator in which multiple wells are drilled for**  
21 **a common production purpose.**

22 **(b) A coal bed methane production area need not be part of a**  
23 **unit or other area in which production is pooled.**

24 SECTION 22. IC 32-23-7-0.8 IS ADDED TO THE INDIANA  
25 CODE AS A NEW SECTION TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2011]: **Sec. 0.8. As used in this chapter,**  
27 **"commercially minable coal resource" has the meaning set forth**  
28 **in IC 14-8-2-47.**

29 SECTION 23. IC 32-23-7-1 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 1. (a) As used in this**  
31 **chapter, "oil and gas" means petroleum and mineral oils and gaseous**  
32 **substances of whatever character naturally lying or found beneath the**  
33 **surface of land.**

34 **(b) The term does not include coal bed methane.**

35 SECTION 24. IC 32-23-7-2.5 IS ADDED TO THE INDIANA  
36 CODE AS A NEW SECTION TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. As used in this chapter,**  
38 **"operations for coal bed methane", unless otherwise indicated by**

- 1 **the context of this chapter, means:**
- 2 **(1) the exploration, surveying, or testing of land for coal bed**
- 3 **methane;**
- 4 **(2) other investigation of the potential of land for coal bed**
- 5 **methane production;**
- 6 **(3) the actual drilling or preparation for drilling of wells for**
- 7 **coal bed methane;**
- 8 **(4) the stimulation of coal bed methane production by**
- 9 **hydrofracturing or otherwise;**
- 10 **(5) the collection and transportation by pipeline of coal bed**
- 11 **methane from:**
- 12 **(A) the land; or**
- 13 **(B) nearby land that is a part of a coal bed methane**
- 14 **production area that includes the land; or**
- 15 **(6) any other actions directed toward the eventual production**
- 16 **or attempted production of coal bed methane from the land.**

17 SECTION 25. IC 32-23-7-4 IS AMENDED TO READ AS

18 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) As used in this

19 chapter, "person in interest" means:

- 20 **(1) if used in reference to an oil and gas estate in land, the**
- 21 **owner of a beneficial interest in the oil and gas estate in land; or**
- 22 **(2) if used in reference to a coal bed methane estate in land,**
- 23 **the owner of a beneficial interest in the coal bed methane**
- 24 **estate in land;**

25 whether the interest is held for life, for a term of years, or in fee.

26 (b) The term includes a lessee, licensee, or duly qualified agent of

27 the owner.

28 (c) The term does not include a mortgagee or security assignee of

29 the owner if the mortgagee or security assignee does not have a right

30 to the control or operation of the premises for:

- 31 **(1) if used in reference to an oil and gas estate in land, oil and**
- 32 **gas; or**
- 33 **(2) if used in reference to a coal bed methane estate in land,**
- 34 **coal bed methane.**

35 SECTION 26. IC 32-23-7-7 IS AMENDED TO READ AS

36 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) **This section**

37 **applies to the following:**

- 38 **(1) Interests in oil and gas.**



- 1           **(2) Interests in coal bed methane.**
- 2           ~~(a)~~ **(b) An interest referred to in**
- 3 **subsection (a)** in, on, under, or that may be taken from beneath the
- 4 surface of land located in Indiana may be created:
- 5           (1) for life;
- 6           (2) for a term of years; or
- 7           (3) in fee;
- 8 in the manner and to the extent that other interests in real estate and
- 9 title are created.
- 10          ~~(b)~~ **(c)** Title to the estates specified under subsection ~~(a)~~ **(b)** may be
- 11 vested in one (1) or more persons by:
- 12           (1) sole ownership;
- 13           (2) tenancy in common;
- 14           (3) joint tenancy;
- 15           (4) tenancy by the entireties; or
- 16           (5) another manner recognized under Indiana law.
- 17          ~~(c)~~ **(d)** Interests or estates specified in this section are freely
- 18 alienable, in whole or in part, in the same manner as are other interests
- 19 in real estate.
- 20          SECTION 27. IC 32-23-7-8 IS AMENDED TO READ AS
- 21 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) This chapter does
- 22 not limit the rights of parties to contract with regard to ~~the an~~ **an oil and**
- 23 **gas estate or a coal bed methane estate in land** affecting lands in
- 24 Indiana:
- 25           (1) to the extent permitted by; and
- 26           (2) in a manner consistent with;
- 27 the nature of the estate in law as specified under this chapter.
- 28          ~~(b) This chapter is intended to declare the law of this state with~~
- 29 ~~regard to the subject matter treated in this chapter as the law existed~~
- 30 ~~before March 5, 1951.~~
- 31          ~~(c)~~ **(b)** This chapter does not affect the rights or powers of any
- 32 commission, board, or authority duly constituted for the regulation of
- 33 the oil and gas industry **or the coal bed methane industry** in Indiana.

1 SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE  
2 JULY 1, 2011]: IC 14-37-7-3; IC 14-37-7-5; IC 14-37-8-5;  
3 IC 14-37-8-6; IC 14-37-8-9.".

4 Renumber all SECTIONS consecutively.  
(Reference is to HB 1128 as printed January 28, 2011.)

**and when so amended that said bill do pass.**

Committee Vote: Yeas 6, Nays 3.

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**Merritt**

**Chairperson**