WEST VIRGINIA CODE CHAPTER 37C ARTICLE 1

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§37C-1-1. Oil and natural gas production information reporting from horizontal wells.

(a) An operator or producer or their agents, contractors or assigns shall provide the following information with each payment to all interest owners receiving payments resulting from the development and production of oil, natural gas, or their constituents by horizontal wells governed by §22-6A-1 et seq. of this code, being the Natural Gas Horizontal Well Control Act:

(1) A name, number, or combination of name and number, and the state issued American Petroleum Institute number that identifies each lease, property, unit, pad, and well, for which payment is being made, and the county in which the lease, property, and well are located;

(2) Month and year of production;

(3) Total barrels of oil; number of MCF, MMBTU, or DTH of natural gas; and volume of natural gas liquids produced from each well and sold;

(4) Price received per unit of oil, natural gas, and natural gas liquids produced;

(5) Gross value of the total proceeds from the sale of oil, natural gas, and natural gas liquids from each well less taxes and deductions set forth in §37B-1-1(a)(6) of this code;

(6) Aggregate amounts for each category of deductions for each well which affect payment and are allowed by law, including without limitation those deductions provided for under the terms of the governing lease;

(7) Interest owner’s interest in production from each well expressed as a decimal or fraction and reported pursuant to §37B-1-1(a)(1) of this code;

(8) Interest owner’s ratable share of the total value of the proceeds of the sale of oil, natural gas, and natural gas liquids prior to the deduction of taxes, if applicable, and other deductions set forth in §37B-1-1(a)(6) of this code;

(9) Interest owner’s ratable share of the proceeds from the sale of oil, natural gas, and natural gas liquids less the interest owner’s ratable share of taxes, if applicable, and other deductions set forth in §37B-1-1(a)(6) of this code; and

(10) Contact information of the producer of the oil, natural gas, or natural gas liquids, including a mailing address and telephone number.

(b) An interest owner who does not receive the information required to be provided under this section in a timely manner may send a written request for the information by certified mail. Not later than the 60th day after the date the operator or producer receives the written

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request for information under this section, the operator or producer shall provide the requested information to the interest owner. If the interest owner makes a written request for information under this section and the operator or producer does not provide the information within the 60-day period, the interest owner may bring a civil action against the operator or producer to enforce the provisions of this section, and a prevailing interest owner shall be entitled to recover reasonable attorneys' fees and court costs incurred in the civil action.

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§37C-1-2. Accumulation and payment of proceeds from production from horizontal wells.

Notwithstanding any of the other provisions of this article, proceeds from production of oil, natural gas, and natural gas liquids from horizontal wells may be accumulated by the owners, cotenants, lessees, operators, or their agents, contractors, or assigns, until such time as proceeds attributable to any interest owner exceeds $100 before making a remittance: Provided, That, regardless of the amount of money accumulated, the owners, cotenants, lessees, operators, or their agents, contractors, or assigns shall remit proceeds from horizontal wells attributable to the interest owners not less than once annually: Provided, however, That all accumulated proceeds from horizontal wells shall be paid to the interest owners entitled thereto immediately, or as soon as practicable, upon cessation of production of oil, natural gas, or natural gas liquids or upon relinquishment or transfer of the payment responsibility to another party.

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§37C-1-3. Payments from horizontal wells to be made timely; interest penalties.

All regular production payments from horizontal wells due and owing to an interest owner shall be tendered in a timely manner, which shall not exceed 120 days from the first date of sale of oil, natural gas, or natural gas liquids is realized and within 60 days thereafter for each additional sale, unless such failure to remit is due to lack of record title in the interest owner, a legal dispute concerning the interest, a missing or unlocatable owner of the interest, or due to conditions otherwise specified in this article. Failure to remit timely payment for horizontal wells shall result in a mandatory additional payment of an interest penalty to be set at the prime rate plus an additional two percent until such payment is made, to be compounded quarterly. The prime rate shall be the rate published on the day of the sale of oil, natural gas, and natural gas liquids in the Wall Street Journal reflecting the base rate on corporate loans posted by at least 75 percent of the nation’s 30 largest banks.

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