

MINERALS MANAGEMENT PLAN  
COMMONWEALTH OF VIRGINIA



Pursuant to Section 2.2-1157

Code of Virginia

1950 As Amended

Guidelines for Mineral Activities  
on State-owned Lands

DEPARTMENT OF MINES, MINERALS AND ENERGY

DIVISION OF MINERAL RESOURCES

in cooperation with the

DEPARTMENT OF GENERAL SERVICES

DIVISION OF ENGINEERING AND BUILDINGS

June 1983

Revised May 1984

Revised May 1987

Revised April 1989

Revised May 1991

## PREFACE: ACTION BY THE GOVERNOR

November 15, 1986

Section 2.2-1157 of the Code of Virginia, as enacted in 1982 and amended in 1986, (included as Appendix A of this Plan) provides that the Governor proposed mineral exploration, leasing, or extraction of minerals on state-owned uplands is in the public interest. This section further provides that agencies, departments, or institutions, through their boards or commissions, may execute such mineral leases or contracts that have been approved by the Governor. Sections I, III, VII, VIII, IX, XIV, and Figure 1 of this Plan make reference accordingly to the Governor's authority as set forth in the above-cited portion of the Code.

Governor Gerald L. Baliles, by Executive Order Number Twenty-Nine (86) dated November 15, 1986, has subsequently delegated to the Secretary of Administration the authority and responsibility to determine if mineral exploration, leasing, or extracting of minerals on state-owned lands is in the public interest. This Executive Order also delegates to the Secretary of Administration the authority and responsibility to approve execution of leases or contracts for the purpose of mineral exploration or extraction on these lands. The Order delegates to the Secretary of Natural Resources the authority and responsibility to approve, with the Attorney General, certain easements and leases of beds of state waters recommended by the Marine Resources Commission.

# STATE MINERALS MANAGEMENT PLAN

## INTRODUCTION

State agencies and institutions have received numerous inquiries concerning the possibility of mineral surveys, exploration, leasing, and extraction on State-owned lands. Legislation that enables the Commonwealth to address this subject in a uniform and effective manner was passed during the 1982 session of the General Assembly and amended during the 1986 session. The legislation, now Section 2.2-1157 of the Code of Virginia, as amended in 1986, is presented in Appendix A.

This 1982 legislation established certain procedural requirements relative to mineral surveys, exploration, leasing, and extraction activities on State-owned lands. The legislation empowered all State agencies, departments, and institutions (hereafter called agencies) to execute mineral leases or contracts approved by the Governor, and specified the payment of net proceeds from sales and leases to the general fund or to special-fund agencies in accordance with the land classification.

The 1982 legislation further mandated that a State Minerals Management Plan be developed by the Department of Conservation and Economic Development, Division of Mineral Resources, in cooperation with the Department of General Services, Division of Engineering and Buildings, and with the assistance of affected State agencies. The resulting Plan, completed and placed in effect in 1983 as a result of this mandate, provided guidelines whereby proposals for mineral surveys, exploration, leasing and extraction, whether initiated by the agencies or by outside companies or individuals, could be reviewed and acted upon in accordance with the objectives of the land-controlling agency and in the best interest of the Commonwealth. The Plan was revised in 1984.

The 1986 amendment of Section 2.2-1157 of the Code of Virginia restricted this 1984 revision of the State Minerals Management Plan to State-owned uplands, which were defined as "lands which lie landward of the mean low water mark in tidal areas and which have an elevation above the ordinary water level in nontidal areas". Mining, leasing, and extraction activities on State-owned submerged lands are to be administered by the Marine Resources Commission pursuant to Sections 28.2-1203 through 28.2-1207 of the Code. A 1986 amendment to 28.2-1208 directed in part that the Marine Resources Commission, in cooperation with the Division of Mineral Resources of the Department of Mines, Minerals and Energy (see Note) and with the assistance of affected state agencies, departments and institutions, should develop a State Subaqueous Minerals Management Plan to supplement the existing State Minerals Management Plan. The Subaqueous Plan was prepared accordingly and incorporated in 1987 as a supplement to the State Minerals Management Plan, which was revised in 1987 to reflect this and other changes.

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Note: The Division of Mineral Resources became a Division of the newly created Department of Mines, Minerals and Energy on January 1, 1985.

## I. APPLICATION

The State Minerals Management Plan applies to all State agencies proposing or receiving applications for mineral surveys, exploration, leasing, and extraction (hereafter referred to collectively as mineral activities) on State-owned lands in Virginia. The procedures of this Plan shall be specifically applicable to all State uplands (as defined in Section II), including properties of general-fund agencies and property originally acquired through the general fund, properties of special-fund agencies, and properties acquired through exchange or as gifts. Mineral activities on State-owned submerged lands (as defined in Section II) are subject to the specific provisions of the State Subaqueous Minerals Management Plan, which is included as a supplement to this document.

Mineral activities for all minerals, rock materials, and mineral fuels, including but not limited to metallic ores, non-metallic mineral and rock materials, coal, petroleum, natural gas, and coal-bed methane (hereafter referred to as minerals), shall be subject to this Plan. Mineral activities conducted on State-owned lands shall be performed in full accordance with all provisions of the Code of Virginia, this Plan, existing rules and regulations, and any special stipulations promulgated by the State that may be deemed appropriate.

Any mining or borrow-pit operation which is conducted solely and exclusively for a State project, and which, if conducted by an outside contractor, is subject by contract to the control and supervision of a State agency, shall be exempt from this Plan. If mining by a contractor or lessee is planned to result in the sale of rock or mineral products to the public, however, the agency must have approval of the Governor, the EIS process must be followed, the public hearing must be held, permits must be obtained from regulatory agencies, where required, and the land must be reclaimed according to existing laws, rules, and regulations. .

Mineral-related studies that are performed on state-owned lands by or at the request of State agencies for the purpose of scientific research or for property evaluation in the conduct of State business shall be exempt from this Plan. The conduct by State agencies (or their contractors) of soil boring, soil sampling, topographical surveys and similar activities for the purpose of carrying out the business of said State agencies, other than those activities relating to the extraction of minerals as intended by this Plan, shall be exempt from this Plan.

## II. DEFINITIONS

The following terms shall have the meanings indicated below when used in this Plan:

Agency - Any agency, department, division, educational institution, or similar entity of the State government.

Board -	The governing board or commission of any State agency, department, division, educational institution, or similar entity of the State government.
Company -	A private or public company or an individual outside the State organization seeking to survey, explore, lease, or conduct mineral extraction on any State-owned lands.
Controlling agency -	A State agency, department, division, educational institution, or similar entity of the State government having immediate jurisdiction over a specific tract or tracts of State-owned land.
Extraction -	Production of minerals (as defined in this Section) by means of quarrying, pumping or dredging, surface mining, underground mining, removal through a borehole, or any other means.
Ground-disturbing exploration -	Includes but is not limited to drilling, the excavation of pits, trenches, shafts, adits, or other openings in the ground; the removal of any material other than hand samples; the conduct of vibroseis or other seismic surveys off of State Highway right-of-way or other roads; the conducting of any other surveys or investigations that change the ground surface; the construction of access roads; and large-scale cutting of trees, brush, or other vegetation.
Lease -	A written agreement which conveys an interest in certain minerals on designated lands to a company or individual for a specified period of time, and sets forth the terms of such conveyance and the rights and responsibilities of each party. As used in this Plan the term may also mean an option to lease.
Mineral activity -	Surveys, exploration, leasing, extraction, processing, and related reclamation activities for minerals (as defined in this Section).
Minerals -	Includes all mineral and rock materials and mineral fuels.
Non-ground-disturbing mineral survey -	Includes but is not limited to the making of geologic maps; the conduct of gravity, magnetic, radiometric, and similar geophysical surveys by means of instruments that cause no disturbance to the ground; vibroseis or other seismic surveys when conducted on State Highway right-of-way or other roads; the collection of water samples from wells, springs, and lakes, streams, or other bodies of surface water; stream-sediment sampling when no mechanical or suction equipment is used; the collection of a reasonable number of plants or plant parts for geochemical surveying; and the

collection of a reasonable number of soil or near-surface samples by means of a hand-powered or hand-held powered auger; provided that no access roads must be constructed and that no other significant cutting of trees, brush, or other vegetation (unless deemed permissible by the controlling agency) shall occur.

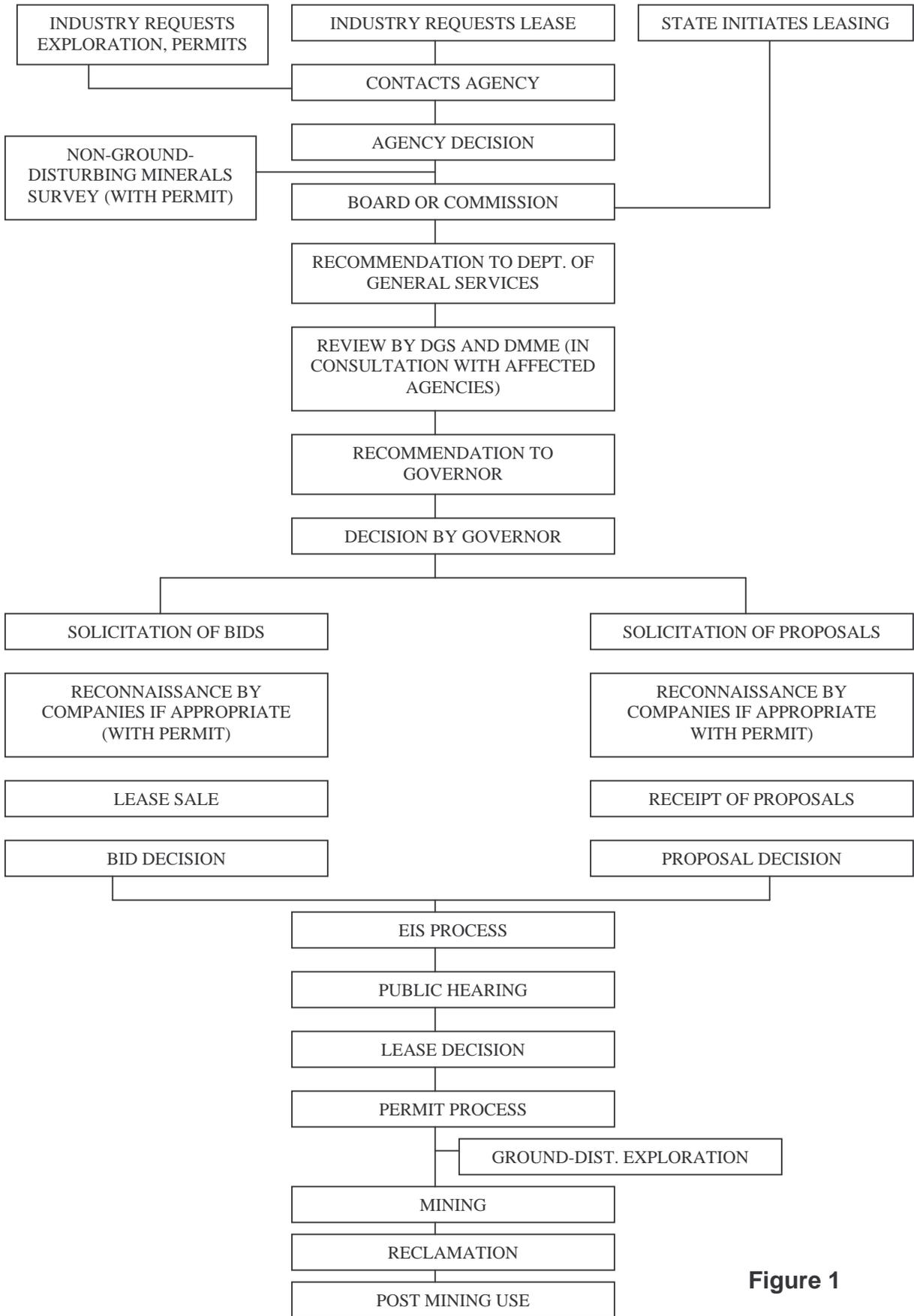
- Plan - The State Minerals Management Plan mandated by Section 2.2-1157 of the Code of Virginia, 1950 as amended.
- Pooling - The bringing together, under the jurisdiction of the Virginia Oil and Gas Conservation Board, of individually-owned tracts in a manner sufficient for the granting of a permit for oil or natural gas wells under applicable spacing rules.
- State-owned submerged lands - Lands which lie seaward of the mean low water mark in tidal areas and which have an elevation below the ordinary water level in nontidal areas.
- State-owned uplands - Lands which lie landward of the mean low water mark in tidal areas and which have an elevation above the ordinary water level in nontidal areas.
- Vibroseis - A seismic survey which employs a vibrating pad upon the road or ground surface, rather than explosive detonations.

### III. INITIATION OF ACTION UNDER THE PLAN

The Procedures outlined in this Plan (shown by Figure 1) will be commenced and conducted in response to any of three initiating actions:

- 1) When a determination is made by an agency, acting upon its own initiative, or in response to a request by the Governor, that the offering of leases on certain lands under its jurisdiction for the purpose of mineral exploration and/or extraction is timely and beneficial to the Commonwealth.
- 2) Upon receipt by an agency of a request from a company or an individual outside the State organization for permission to conduct mineral surveys or exploration on lands administered by that agency.
- 3) Upon receipt by an agency of a request from a company or an individual outside the State organization for a lease or leases on lands administered by that agency.

Any request by a company or individual outside the State organization to conduct a mineral activity on State-owned lands will be classified as a request for a mineral-survey or a



**Figure 1**

lease (or option to lease) as indicated above and will be handled accordingly, as outlined in Sections V and VI respectively. Permit and lease forms will be provided by the State. Controlling agencies may review and add addenda to all survey permits and lease forms pertaining to operations on their properties. No mineral extraction or ground-disturbing exploration shall be conducted upon State-owned lands unless a valid lease has been issued by the controlling agency, with the approval of the Governor, through its Board or Commission (hereafter referred to as Board).

#### IV. PROCEDURE UNDER STATE INITIATIVE (PER SECTION 111-1)

An agency proposing to offer a lease or leases on lands under its jurisdiction shall first make such recommendation to lease to its Board. If the Board does not approve the recommendation, no further action will be taken. If the Board approves the recommendation, the agency shall transmit the recommendation to the Department of General Services, Division of Engineering and Buildings, for further action under the procedures of this plan. If the agency has no governing board, such action may be initiated by the agency head.

#### V. PROCEDURE UPON RECEIPT OF REQUEST FOR MINERAL-SURVEY OR EXPLORATION ACTIVITIES (PER SECTION 111-2)

No mineral activities, with certain exceptions cited below, shall be conducted upon State-owned lands, unless either appropriate permits or a lease have been issued by the State. Airborne geophysical surveys, performed over State lands by remote sensing, shall be exempt from this provision. Any request by a company or individual outside the State organization to conduct a mineral survey or exploration shall be directed to the agency having jurisdiction over those lands. The request shall be in writing on a permit application supplied by the controlling agency. The applicant shall identify the specific tract or tracts proposed for study, the minerals to be investigated, the type, scope, and duration of the proposed work, and shall indicate whether the work will be either 1) a non-ground-disturbing mineral survey or 2) of ground-disturbing nature, as defined in Section II. The agency, at this time, should request any additional information needed in order to reach a decision.

- 1) Non-ground-disturbing mineral survey - A non-ground-disturbing mineral survey may be performed if a permit has been issued by the controlling agency. A lease is not required for the conduct of such a survey.

Non-ground-disturbing methods conducted along State Highways to obtain measurements of gravity, magnetism, and radioactivity, or employing seismic equipment, may be conducted without obtaining a mineral-survey or exploration permit or a lease under this Plan. The surveys conducted on State Highways right-of-way, however, shall be subject to existing land-use permit requirements of the Department of Transportation and to all applicable traffic laws. (Refer to Appendix E for permit-acquisition procedure.) Surveys conducted on roadways of agencies shall be subject to approval by the agency.

A controlling agency receiving an application for a non-ground-disturbing mineral survey shall either accept or reject the proposed activity. a) If the proposal is accepted by the agency, a permit to conduct the work will be issued by the agency and a copy of the application and permit shall be sent to the, Department of Mines, Minerals and Energy, Division of Mineral Resources, for information purposes. The permit will specify the exact area over which the survey may occur, the exact type of work allowed, and any conditions required. The permit will be issued on a nonexclusive basis for a specific period of time sufficient to accomplish the work. b) Should the proposal be rejected by the agency and its Board, if applicable, the determination shall be final.

If a company or individual holding such a permit wishes to request permission to conduct ground-disturbing exploration under the terms of a lease, such actions may take place only through the sequence of additional procedures set forth in this Plan. The conduct of a non-ground-disturbing mineral survey does not give a company subsequent special rights or preference" in such actions.

Ground-disturbing exploration - Ground-disturbing exploration may be conducted if a lease (or option to lease) has first been issued to the company or individual proposing the work and other requirements are met.

#### VI. PROCEDURE UPON RECEIPT OF REQUEST FOR LEASING (PER SECTION 111-3)

Any request for leasing of State-owned lands by a company or individual outside the State organization shall be directed to the controlling agency. Such request shall be in writing on an application form that may be requested from the controlling agency, and shall identify the specific tract or tracts upon which leases are sought, the minerals proposed for extraction, and the general method or methods by which the materials would be extracted, if a lease were acquired. The controlling agency at this time may request any additional information in order to reach a decision.

The controlling agency shall either recommend or reject the requested leasing action. a) If the agency recommends the proposed leasing, in accordance with the procedures of this Plan, it shall present the proposal to its governing Board for approval or disapproval. Upon approval by the Board the recommendation shall be transmitted to the Department of General Services, Division of Engineering and Buildings, for further action under the provisions of this Plan. b) Should the leasing proposal be rejected by the controlling agency and its Board, no further action will be taken on the application.

#### VII. REVIEW AND RECOMMENDATION BY DEPARTMENT OF GENERAL SERVICES AND DEPARTMENT OF MINES, MINERALS AND ENERGY

When a governing Board approves a recommendation by an agency to offer leases on certain lands, the recommendation shall be transmitted to the Department of General Services, Division of Engineering and Buildings. That Department, in cooperation with the Department of

Mines, Minerals and Energy, shall review, with the controlling agency and other appropriate agencies, the proposed activity in detail, including compatibility with short- and long-term agency goals, potential economic benefits to the State, possible environmental and social impact and suggested mitigating measures, and other factors appropriate to rendering a decision.

If the review by the Department of General Services and the Department of Mines, Minerals and Energy results in a decision in the affirmative, their Directors shall transmit the positive recommendation to the Governor, as set forth in Section 2.2-1157 of the Code of Virginia. Negative decisions shall also be transmitted to the Governor for his review. A positive recommendation shall be accompanied by information identifying the tract(s) proposed for leasing and stating the general terms to be included in the solicitation of competitive bids or competitive written proposals.

Identification of Tracts - The lands recommended for leasing will be selected and grouped to the extent possible, by the Department of General Services, Division of Engineering and Buildings, with the advice of the Department of Mines, Minerals and Energy, Division of Mineral Resources, in order to allow properly-conducted exploration, extraction, and reclamation activities to be performed in accordance with recognized practices and environmental safeguards. With the approval of the controlling agency, the lands will be grouped in the form of one or more sale units, each of which preferably consists of a single tract or a group of closely associated tracts within a limited area. If individual State-owned tracts within an area of interest are too small or scattered to accommodate a satisfactory exploration or extraction activity for the stated mineral or minerals, a successful bidder may be allowed by the Department of General Services, Division of Engineering and Buildings, to consolidate the tracts with adjacent non-State land, for which he has rights to the minerals, for this purpose. In general, land selected for offering at a lease sale in response to a specific request by industry should be of sufficient extent, but no larger in area than necessary, to accommodate for a reasonable period of time the mineral activity proposed by the applicant.

In the case of tracts being considered for leasing in which the State holds a fractional mineral interest, the Department of General Services, Division of Engineering and Buildings, with the recommendation of the Department of Mines, Minerals and Energy, Division of Mineral Resources, shall determine whether the commingling of that interest with the remaining portion of the whole interest held by other entities is beneficial to the Commonwealth. The State will not consider for leasing any lands on which the State holds a mineral interest but does not have the surface ownership, without obtaining the approval of the surface owner, unless such activity was granted or inferred by law from the document creating the separate mineral and surface estates. Leases that may ultimately be issued on such lands may contain stipulations to protect the surface owner in his present or proposed future use of the land as may be mutually agreed upon by the State and the landowner. If the State owns the surface but does not have the mineral rights on a tract, the State will, in the case of oil and gas, receive notice of an application for a well-work permit by a person proposing to drill a well on the property (45.1-361.30, Code of Virginia). The State may then concur with or make objection to such well in accordance with the further provisions of the Code. In the case of other minerals, the State will also be considered to have the same rights as any other landowner.

Terms of Solicitation - The Department of Mines, Minerals and Energy, Division of Mineral Resources, with the advice of the Department of General Services, Division of Engineering and Buildings, shall formulate general terms for solicitation of either competitive bids or competitive written proposals. Such terms shall be subject to review and approval by the controlling agency.

- 1) Competitive Bids -When lands are to be offered for leasing through receipt of competitive bids, a determination will be made by the Department of Mines, Minerals and Energy, Division of Mineral Resources, with the advice of the Department of General Services, Division of Engineering and Buildings, and with the approval of the controlling agency, of the specific minerals to be included in the sale; the type of bidding, the minimum acceptable bid (if any), the duration of the lease, the royalty and rentals to be received by the State, special stipulations, and any other principal factors deemed pertinent at this time to the potential lease sale and resulting lease agreements. All bidding normally will be conducted on a sealed-bid basis. The State may, however, find it advisable to specify an oral-bidding process and reserves the right to do so.
- 2) Competitive Written Proposals -The State may alternatively elect to offer lands for leasing through the receipt of Competitive Written Proposals, including those for options to lease State lands, instead of through a competitive-bid process. In this case, including those for options to lease state lands, the basic terms of the Competitive Written Proposals will be established by the Department of Mines, Minerals and Energy, Division of Mineral Resources, with the advice of the Department of General Services, Division of Engineering and Buildings, and will be approved by the controlling agency. Such terms may include but are not to be limited to the amount of proposed capital expenditure, type and scope of operations, revenue guaranteed to the State, and similar factors. Because of the inherent difficulty in making a comparison and judgment among competing proposals, those Departments and the controlling agency will formulate the basic items to be required in Competitive Written Proposals in a manner that will facilitate this judgment.

Exception: The requirements for the joint recommendations by the Directors of the Department of General Services and the Department of Mines, Minerals and Energy, a determination by the Governor, a competitive bid or proposal process, and a public hearing shall not apply to the extraction of minerals on State-owned lands pursuant to an oil and gas pooling order, unless the well through which extraction will occur is situated on the State-owned land. (Section 2.2-1157, Code of Virginia)

When the recommendation to lease and the accompanying general terms for the receipt of competitive bids or proposals have been prepared, the information shall then be transmitted to the Governor by the Directors of the Department of General Services and the Department of Mines, Minerals and Energy as set forth in Section 2.2-1157 of the Code of Virginia.

## VIII. ACTION BY THE GOVERNOR

Upon receiving the recommendation from the Directors of the Department of General Services and the Department of Mines, Minerals and Energy, the Governor shall determine whether the proposed mineral activity is in the public interest. If the decision is in the affirmative, the Department of General Services, Division of Engineering and Buildings, with the advice of the Department of Mines, Minerals and Energy, Division of Mineral Resources, shall commence preparations either for a lease sale or for the receipt of Competitive Written Proposals.

## IX. SOLICITATION OF COMPETITIVE BIDS OR COMPETITIVE WRITTEN PROPOSALS

Upon approval by the Governor of the recommendation cited in Section VII, a date shall be established by the Department of General Services, Division of Engineering and Buildings, for the lease sale or the receipt of Competitive Written Proposals. As a minimum, the notice soliciting such bids or proposals, whichever are to be received, and a description of pertinent details, shall be published in at least two newspapers published and having general circulation in the Commonwealth, at least one of which shall have general circulation in the County or City in which the property is located, and in trade journals recommended by State agencies involved. The notice shall be published not less than 60 days prior to the date for receipt of bids or proposals.

- 1) Competitive Bids: If competitive bids are solicited, the published notice should specify the date of the lease sale, the type of bidding, either oral or written, the amount of deposit required, the minerals for which the lease shall be valid, the amount and location of acreage to be offered, a contact for information, and any other pertinent details. A statement concerning a minimum bid, if any, will be included in the notice. The notice shall specify that all written bids are to be submitted upon standard bid forms that are available from the Department of General Services, Division of Engineering and Buildings.
- 2) Competitive Written Proposals: If Competitive Written Proposals are to be solicited, the published notice shall specify the date for receipt of proposals, the amount of deposit required, the minerals for which the lease would be valid, the amount and location of acreage to be offered for lease, and other information sufficient to allow formulation of such proposals. A statement of the required financial considerations and other factors for use in evaluating the competitive proposals shall be included in the solicitation.

## X. PRE-LEASING RECONNAISSANCE

Under certain circumstances, a geologic or geophysical reconnaissance by interested companies or individuals of tracts for which a solicitation for bids or proposals has been published may be permitted by the Department of General Services, Division of Engineering and

Buildings, upon the recommendation of the Department of Mines, Minerals and Energy. Any such reconnaissance shall be of the non-ground-disturbing type only, and shall be done under permit as set forth in Section V of this Plan. Permits will be granted for this purpose on a non-exclusive basis only. The controlling agency may, at its option, hold an on-site meeting to point out to potential bidders or proposers specific circumstances that would affect operations on the site.

## XI. RECEIPT OF COMPETITIVE BIDS OR COMPETITIVE WRITTEN PROPOSALS

Bids or proposals are to be made in the name of the principal company that would conduct the exploration and extraction operations. Joint bids or proposals may be made but shall clearly identify all of the principals involved in the bid or proposal. In the case of a joint bid or proposal, one company shall be designated by the several principals to be the responsible agent for the group. No bid or proposal will be accepted from a company or individual known to have a surety bond that *is* currently in default.

Procedures for receipt and judging of competitive bids and proposals shall be conducted generally as follows:

- 1) Competitive Bids: The sale of leases shall be held at a designated time and place and shall be open to the public. No bids will be considered prior to the sale. Bids received after the designated closing time for receipt will not be considered. The bidding may be conducted on either a sealed-bid or an oral basis, as indicated in the sale notice.
  - a) If bidding is on a sealed-bid basis, the sealed bids, on the prescribed bid form, shall be presented to presiding State representatives from the Department of General Services, Division of Engineering and Buildings, the Department of Mines, Minerals and Energy, Division of Mineral Resources, and the controlling agency at the beginning of the sale. The bids are to be accompanied by a certified check made payable to the Treasurer of Virginia for ten (10) percent of the amount bid. The bids shall be opened and the identity of each bidder and the amount bid read aloud during the sale. Checks will be returned to the unsuccessful bidders upon a decision regarding the successful bidders. b) Alternatively, bidding may be on an oral basis in a manner prescribed by the Department of General Services, Division of Engineering and Buildings, and the Department of Mines, Minerals and Energy, Division of Mineral Resources, with the approval of the controlling agency. On the day of the bidding the apparent high bidder must pay, by certified check, a deposit in the amount designated in the sale announcement.

When so specified in the announced conditions of the sale, bids will be judged on the basis of the highest dollar-per-acre bonus offered by the bidder. In such cases, royalty rates, rentals, and other items are not negotiable as a part of the bid process, but shall be fixed as stated in the sale announcement and the terms of the lease. At their option, prospective lessees may bid on one, several, or all of the designated units offered at a

particular lease sale, but a separate bid shall be required for each unit. Bids will not be considered for portions of a designated sale unit or for other than the designated sale units. The State reserves the right to reject any or all bids and to accept any single bid or combination deemed to be in the State's interest.

- 2) Competitive Written Proposals: Competitive Written Proposals will be judged on the basis of overall merit, environmental acceptability, and financial benefit to the State. A deposit as specified in the solicitation for Competitive Written Proposals shall be required of each applicant. The identity of the proposers and the contents of the proposals shall be made a matter of public record. The proposals shall be sufficiently complete to allow a judgment concerning their relative merit; the State, however, may request additional or clarifying information in order to make such a judgment within 15 working days of the date and time of opening. The State reserves the right to reject any or all proposals.

No lease will be awarded to the successful bidder or proposer until the ~~Council on the Environment~~ Department of Environmental Quality determines that the required Environmental Impact Statement and public hearing processes have been completed to the satisfaction of the State.

## XII. THE ENVIRONMENTAL IMPACT STATEMENT

The successful bidder or proposer shall prepare and submit an Environmental Impact Statement to the ~~Council on the Environment~~ Department of Environmental Quality within six months. Specific and detailed information shall be supplied if possible. Generic information should be supplied where specific information cannot be adequately determined prior to issuance of the lease. The Statement shall include but is not limited to the following information:

- 1) The purpose of the proposed activities to be conducted on State-owned land if the lease is granted, the need for the proposed action, and a statement of possible alternative activities which would result in less environmental damage.
- 2) A detailed description of the proposed action and alternatives, including site access and preparation, conduct of exploration, extraction, and related activities, data to be collected, deactivation of activities, and land reclamation.
- 3) A description of the existing environmental setting with regard to the physical conditions, including topography, timber, geology, soils, hydrology, flood potential, climate, and air quality.
- 4) A description of the existing environmental setting with regard to biological conditions, including terrestrial and aquatic ecosystems, wetlands, and threatened or endangered species.
- 5) A description of the existing environmental setting with regard to socioeconomic conditions of the surrounding area, including location, population, size and distribution of

existing labor force, existing land uses, community facilities, transportation, and historical, recreational, and archeological sites.

- 6) A description of the environmental impact of the proposed activities, methods, or plans, including any adverse consequences which cannot be avoided, upon each of the existing environmental factors cited in 3, 4, and 5, e.g.:
  - a. Any polluting substances, including insecticides and pesticides, which are to be employed or which may result from the proposed operation and the plan for disposal of all such substances.
  - b. The nature and expected duration of any activity which will produce unusual noise levels which could reasonably be expected to have an adverse impact upon people or wildlife.
  - c. The nature and size of any operation which will be visible from any present public roadway or from any major public-use area or viewpoint.
  - d. The location, length, and width of all roadways which would be constructed upon property owned or held by lease by the State.
  - e. The anticipated usage of any roadways presently situated within the property to be leased and any potential damage to each roadway from such usage.
  - f. The location of any proposed clearing of timber, brush, or undergrowth and the size stated in square feet of each area to be so cleared, and the value of the timber and total forest cover.
  - g. The location of any areas in which ground-disturbing activities may take place, identifying especially those erosion areas which may adversely affect streams or other waterways or roadways, whether such streams, waterways, or roadways are located within or without the property to be leased.
  - h. The nature, size, and location of all areas in which the contour of the land may be altered by proposed operations and the plan for restoring the natural contour in accordance with applicable reclamation requirements for all such areas.
  - i. The type of excavation or drilling to be employed and the location of all such excavation or drilling sites.
  - j. The base length, width, height, number and proposed location of all ground-disturbing exploration equipment and mining facilities to be employed upon the property to be leased.
  - k. The method of installation of all petroleum or gas transmission lines and the anticipated number and location of all such lines, including a statement of the width

of clearing required for appropriate rights-of-way for all such lines.

1. The plans for monitoring for leaks or breaks in petroleum or gas transmission lines.
- 7) A description of mitigating measures proposed to minimize the adverse impact of the proposed activities.
- 8) A description of any irreversible environmental changes that would occur as a result of the proposed activities.

Data required by the Environmental Impact Statement should be supplied as completely as possible in order to assist the State in making a determination whether or not to lease. Items which cannot be adequately or specifically addressed in the Statement may be made conditions of the lease.

Waiver of Environmental Impact Statement: The successful bidder or proposer may request that all or parts of the Environmental Impact Statement be waived providing that: as lessee he does not occupy or encroach upon State land; the lessee does not extract minerals from beneath State lands in such a manner as to adversely affect the surface; the lessee does not operate adjacent to State lands in such a manner as to cause intrusion of any unacceptable amounts of polluting substances, waste, or spoil onto State lands, into the groundwater below, or in the air above the surface of those lands; that there will be no unacceptable effect upon the groundwater beneath the State lands; that there will be no unacceptable noise or visual disturbances caused by the lessee's activities adjacent to State lands as perceived from the State lands; that there will be no undesirable effects on the biota of State lands caused by operations of the lessee adjacent to State lands and that the lessee complies with any other requirement imposed by the State relevant to the environmental protection and current and/or intended use of those State lands. Waiver of any or all of the requirements of the Environmental Impact Statement must be made with the concurrence of the ~~Council on the Environment~~ Department of Environmental Quality and the controlling agency and will be a subject for discussion at the public hearing. Violation of any of the above provisions will be grounds for termination of the lease by the State.

Review of Environmental Impact Statement: The ~~Council on the Environment~~ Department of Environmental Quality shall distribute the Statement for review by affected State agencies and institutions, including the Department of General Services, Division of Engineering and Buildings, and the Department of Mines, Minerals and Energy, Division of Mineral Resources, the controlling agency, and each agency having regulatory jurisdiction over the proposed activities. These agencies may request further information and clarification as may be necessary for evaluation of the proposed activities. The Statement review process shall be completed within 6 months after submission by the applicant unless specifically approved for extension by the Director of the Department of General Services.

The Environmental Impact Statement submitted to the ~~Council on the Environment~~

Department of Environmental Quality shall be made a matter of public record. The Statement and a review summary prepared by the ~~Council on the Environment~~ Department of Environmental Quality, in cooperation with the other agencies cited, shall be available for public inspection at least 15 day~ prior to the required public hearing (Section 2.2-1157, Code of Virginia). Copies shall be available for inspection by the public at the courthouses of the counties in which the land to be leased is located, and at any other location or locations that shall be deemed appropriate by the ~~Council on the Environment~~ Department of Environmental Quality.

### XIII. THE PUBLIC HEARING

Following submission of the Environmental Impact Statement by the bidder or proposer, a public hearing shall be held by the ~~Council on the Environment~~ Department of Environmental Quality at a site readily accessible to the public in the area where the State-owned land is located. At least 15 days of prior notice shall be given through press releases by the ~~Council on the Environment~~ Department of Environmental Quality, publication in daily newspapers of general circulation in major cities of the Commonwealth, as well as in newspapers in the general area of the property to be leased, and listing in the Calendar of Events of the Division of Legislative Services. The subject of the hearing will be the contents of the Environmental Impact Statement and such other matters as may be deemed appropriate by the ~~Council on the Environment~~ Department of Environmental Quality for full consideration of the consequences of the proposed mineral activity.

### XIV. THE LEASE DECISION

If the ~~Council on the Environment~~ Department of Environmental Quality, based on the Environmental Impact Statement, the public hearing, the recommendation of the reviewing agencies, and all other information, determines that the proposed mineral activity is environmentally acceptable, then, upon receipt of the fees agreed upon, the controlling agency with the approval of the Governor may execute the lease through its Board. The fees shall include the amount of any bid balance. Failure to deliver the bid balance within 15 days of notification of a favorable determination by the ~~Council on the Environment~~ Department of Environmental Quality shall result in forfeiture of the deposit to the State.

If the proposed activities, when being considered for approval as provided in this Section, are not fully acceptable, the successful bidder or proposer may, within 30 days, submit a revised plan through the original channels, for further consideration. If the successful bidder or proposer and the agencies cited cannot agree upon a mutually acceptable plan, the leasing action shall be terminated by the Department of General Services, Division of Engineering and Buildings. In the event of such termination, the amount of that applicant's lease bid deposited in accordance with the provisions of Section XI, less the cost of the lease sale to the Commonwealth of Virginia, shall be returned to the unsuccessful applicant. The Department of General Services, Division of Engineering and Buildings, and the Department of Mines, Minerals and Energy, Division of Mineral Resources, with the advice of the ~~Council on the Environment~~ Department of

**Environmental Quality** and the controlling agency, may then elect to consider the application of the next highest bidder or proposer, to call for a new lease sale, or to discontinue the lease effort, as they may deem appropriate.

The approved plans for the proposed mineral activity, including any additions, modifications, restrictions, deletions, or mitigating measures necessary for proper conduct of the proposed activities, shall be incorporated in the lease(s) and/or permit(s). The granting of a lease does not have the effect of conveying any other permit(s) that may be required by various agencies or localities.

## XV. CONTENTS OF THE LEASE

The lease granted by the controlling agency through its Board shall state all rights that are being conveyed to the lessee and the required duties and responsibilities. The legal description of the land should include reference to permanent survey reference marks that are readily recoverable in the field. The area included in the lease will also be shown by map at a scale no smaller than 1:25,000.

The lease should designate the specific mineral or minerals, rock materials, or mineral fuels that may be explored for or developed by the lessee, and that may be produced if the necessary permits are obtained and other requirements are met. If the lease conveys rights to gaseous fuel, a distinction should be made between conventional natural gas and coal-bed methane, and the rights concerning each substance should be specified. A similar clarification should be stated in the case of coal and coal-bed methane. The respective rights of the controlling agency and the lessee concerning production of co-product or by-product materials not specifically mentioned in the lease, and the utilization or sale of waste materials from mining or processing, including overburden, should also be stated in the lease. A stipulation as to the required utilization or disposition of any timber resources that may be affected, as determined by the Department of Forestry, shall be included in the lease.

Duration of the Lease - The lease will be conveyed for a specific, initial period of time, commonly referred to as the primary term. The primary term should be for a period of years sufficiently short to encourage early and continued activity by the lessee, but long enough to allow the necessary exploration and development activities to be conducted. A primary term of ten (10) years is suggested in the case of oil and gas or metallic minerals, and five (5) years for more readily determined materials such as coal, sand and gravel, or stone. Leases may be issued subject to the stipulation that exploration or development will commence within one year. A distinction should be recognized between materials such as coal, sand and gravel, or metallic ores, which may be developed by producing facilities on the leased State tracts, and oil and gas, which might be sought or developed most effectively by wells drilled on other lands adjacent to or near to the leased State tracts.

Renewal -At the conclusion of the primary term, an existing non- productive lease on State land may be renewed for successive five-year terms by the controlling agency and its Board with the advice of the Department of Mines, Minerals and Energy, Division of Mineral

Resources. A lease may be continued, at the option of the lessee, so long as the minerals specified in the lease are being produced in paying quantities, rentals and royalties are being properly paid, and other lease conditions are being met. In the case of oil and gas, such production may be obtained from:

- 1) A well or wells on the subject State lease, or
- 2) A well or wells on an adjacent tract of State land held by the same lessee, if in the opinion of the State Oil and Gas Inspector the subject State lease is being effectively drained by such well or wells, or
- 3) A well or wells on State or non-State lands with which the subject lease has been commingled pursuant to a pooling order, providing that the state is obtaining a proportionate share of royalties from oil and/or gas produced from the pool.

If during the primary term, the holder of a lease other than for oil and gas has demonstrated to the controlling agency a firm commitment to begin actual production, by appropriate pre-production activity, the agency may grant extensions, subject to review, until production is established. In the case of oil and gas, if drilling of an initial well is in progress at the end of the primary term, a one-year extension of the lease should be granted by the controlling agency upon payment of the annual rental.

Rentals -The lease may provide for minimum annual rental of \$2.00 per acre, with yearly \$2.00 per acre increases, commencing with the second year, for the life of the lease, if production has not been established. This annual increase, although relatively small, has some value as an incentive to establish production. The annual rental for a productive lease shall be set at no less than \$2.00 per acre for the years in which production takes place, if the rental exceeds the royalty.

Royalties -The lease shall stipulate the amount of royalty to be received by the State, based upon value of production of the minerals specified in the lease. In the case of oil and gas, the royalty shall be set at a minimum of 118 (12112%); if the land offered for leasing by the State is in or adjacent to an established oil or gas field or an area believed to be of significant interest, a higher royalty, commonly 116 (16 213%) or more, may be stipulated by the Department of Mines, Minerals and Energy, Division of Mineral Resources, with the advice of the Department of General Services, Division of Engineering and Buildings. In the case of metallic ores, the royalty might be expressed as a percentage of net smelter or mill returns, based on the amount received per ton of ore mined. Such returns are commonly defined as the amount the lessee receives from the sale of the ore, less charges and deductions for smelter treatment, and less transportation costs incurred by the lessee in moving the ore from the mine to the mill or smelter. The lease shall provide that, in the event the lessee sells to his own mill or smelter, the charges will be competitive with those of other comparable mills or smelters. In the case of coal, the royalty will be expressed as a percentage of the selling price per ton, with consideration being given to the relative cost per ton of surface mining versus deep mining. For materials other than the above, the royalty will be stipulated as a percentage of the selling price or in terms of a specified dollar amount per pound, ton, cubic yard, or other unit in which production of the

specific material is commonly expressed. Rentals and royalties payable for lands in which the State owns an undivided fractional interest shall be in the same proportion to the full rentals and royalties as the interest of the State in the minerals underlying the leased lands is to the full mineral interest.

Underground Storage of Oil and Gas - Storage rights for placing oil or gas in underground formations for subsequent extraction and sale of these products are not automatically included in oil and gas leases. Separate agreements for underground storage of hydrocarbons shall be in accordance with the provisions of this Plan.

Access - Representatives of appropriate State agencies shall have the right, in all leases, to enter upon the leased property at any time and without prior notice to the lessee, and to take any actions as necessary to determine whether the conditions of the lease, permits, and any other stipulations, are being met.

Use of Lease Tract by the State - In all leases the controlling agency reserves the right to continue use of the property as it desires, including allowing public access if safety allows, as long as that use does not interfere in any way with approved operations being conducted by the lessee.

Transfer of Leases - A lease on State-owned land may not be assigned, subleased, or transferred to any other party in any manner without the written approval of the controlling agency and its Board through the Department of General Services, Division of Engineering and Buildings.

## XVI. PERMIT AND BOND REQUIREMENTS AFTER ISSUANCE OF LEASE

The lease(s) granted as a result of the foregoing competitive-bid or proposal process does not constitute a permit for the actual conduct of mineral activities upon the leased land. The lessee shall make application to all appropriate State agencies for, and shall obtain, all permits normally necessary for the conduct of oil and gas drilling, mineral extraction, ground-disturbing exploration, or other mineral activities, as pertain to the specific project approved. The lessee shall post bond in the manner and amount normally required for issuance of such permits or conduct of such activities. The controlling agency and regulatory agencies may require that the lessee post any additional bond or an increased amount of bond, and may require that the operator obtain environmental impairment liability insurance, with the Commonwealth and appropriate State agencies named as additional insureds. Bonds and insurance should be sufficient to enable the State to conduct necessary remedial action and/or reclamation, in the event that the lessee fails to comply with approved operational- or reclamation plans. Current permit and bond requirements established by State agencies for the conduct of mineral activities are set forth in the Appendices.

## XVII. CONDUCT OF GROUND-DISTURBING EXPLORATION

Upon receiving all necessary permits and posting such bond as may be required, and presenting proof of these approvals to the Director of the Department of Mines, Minerals and Energy and the controlling agency, the lessee may conduct the ground-disturbing exploratory activity as approved. The work shall be carried out in full compliance with all laws, rules,

regulations, and permit stipulations, and under the conditions as stated in the approved Environmental Impact Statement. The compliance shall be subject to inspection and verification at any time the State deems advisable during the conduct of the activity. The company conducting the exploration shall perform reclamation of any disturbed areas as required by the applicable State agencies and as may be further required by conditions established in the approved Environmental Impact Statement, permits, leases, and other agreements.

Specific requirements that govern various aspects of exploration are noted in the Appendices.

In the event that a company holding a lease and all necessary permits for ground-disturbing exploration wishes to commence a mineral extraction activity, all necessary additional permit requirements and conditions stipulated in the Appendices shall be satisfied prior to extraction. Copies of these additional permits will be filed with the controlling agency before extraction activities are commenced.

#### XVIII. SUBMITTAL OF EXPLORATION DATA TO THE STATE

In the case of ground-disturbing exploration, the lessee shall furnish at the times specified to the Department of Mines, Minerals and Energy, Division of Mineral Resources, and to other applicable agencies, notarized signed copies of all reports, logs of drilling and coring, well test data, maps, and other items resulting from the exploration work and required to be submitted under laws, rules, regulations, or special stipulations then existing. If the exploration involves drilling and/or coring for oil and gas, coal, or any other minerals, the lessee shall furnish complete sets of samples representing successive strata penetrated in each hole, collected in accordance with standard practices, to the Department of Mines, Minerals and Energy, Division of Mineral Resources. The lessee shall also furnish copies of all downhole geophysical logs obtained during the exploration activity to that Division, including those required to be furnished to the State Oil and Gas Inspector in the case of drilling or coring for oil gas, and to the Chief Mine Inspector in the case of drilling or coring for uranium. In addition, the lessee shall be required to furnish copies of all other ground-disturbing exploration data obtained during the course of the exploratory work on State lands to the Division of Mineral Resources. Summaries of all exploration shall be provided to the Department of General Services and the controlling agency for recording in the Fixed Asset Information System and the Fixed Asset Accounting and Control System. Applicable provisions of State law on confidentiality shall apply to the Department of General Services, the Department of Mines, Minerals and Energy, and the controlling agency.

#### XIX. CONDUCT OF MINERAL EXTRACTION

Extraction of mineral materials from leased State-owned lands, and any related activities, shall be conducted in full accordance with the terms of the lease, approved Environmental Impact Statement, permit conditions, and all rules, regulations, and special stipulations of the

State agencies having jurisdiction over the subject operations. The State shall have access at all times to the leased acreage and to the associated facilities employed in extraction, processing, and related activities to insure that all conditions are being met. In the event that operations are not conducted in the manner approved, the controlling agency or applicable regulatory agency shall have the right to suspend or terminate any or all phases of such operations if the violations continue after a period of official notice by the agency. The controlling agency or regulatory agency shall have the further power to order an immediate cessation of any operations or to require any necessary remedial actions by the operator if an environmental problem or a threat to public health and safety appears to exist or to be imminent.

The controlling agency shall receive periodic reports, as prescribed in the lease, on the amount, value, and disposition of all mineral materials extracted and/or processed, and shall have the right of access to insure that such reports and the resulting royalty payments are true and accurate. All production and financial records shall be subject to review by the Auditor of Public Accounts.

## XX. RECLAMATION OF MINERAL EXTRACTION SITES

Reclamation of State-owned land upon which mineral extraction, processing, and related activities have taken place shall be in full accordance with all requirements of the applicable agencies and/or localities and any additional conditions established in the approved Environmental Impact Statement, permits, leases, or other agreements. Bonds or moneys deposited with the appropriate regulatory agencies to guarantee performance will not be released until the reclamation effort has been approved by them and the controlling agency. Following deactivation of the approved mineral activity and satisfactory reclamation, the land may be returned to such use as the controlling agency and its Board may deem appropriate.

## XXI. DISPOSITION OF PROCEEDS

The proceeds from lease sales or leases, above the cost of such sale to the Commonwealth of Virginia, shall be paid into the general fund of the State Treasury, if the sales or leases pertain to general-fund agencies or if the property involved was originally acquired through the general fund. The net proceeds from sales or leases of properties of special-fund agencies or of properties acquired through gifts by such agency shall be retained by the agency or used in accordance with the original terms of the gift, if so stated.

STATE SUBAQUEOUS MINERALS MANAGEMENT PLAN

Pursuant to Section 28.2-1208E

Code of Virginia

1950 As Amended

Guidelines for Mineral Activities

on State-Owned Submerged Lands

VIRGINIA MARINE RESOURCES COMMISSION

in cooperation with the

Division of Mineral Resources

Virginia Department of Mines, Minerals and Energy

January 1987

Revised April 1989

Revised April 1991

(This plan supplements the State Minerals Management Plan of June 1983, Revised May 1984, Revised May 1987, Revised May 1991.)

# STATE SUBAQUEOUS MINERALS MANAGEMENT PLAN

## INTRODUCTION

Chapter 488, Acts of Assembly 1986, directs the Virginia Marine Resources Commission (VMRC), in cooperation with the Division of Mineral Resources of the Department of Mines, Minerals and Energy, and with the assistance of affected state agencies, departments and institutions, to develop a State Subaqueous Minerals Management Plan which shall supplement the State Mineral Management Plan (SMMP) set forth in Section: 2.2-1157 of the Code of Virginia. This responsibility was codified by additions to Sections 28.2-1208 and 2.2-1157 of the Code.

The-Subaqueous Plan is to include provisions for public hearings and public advertising for competitive bids or proposals for mineral leasing and extraction activities. Since the State Minerals Management Plan, which this plan *is* mandated to supplement, already contains provisions for both public hearings and competitive bids or proposals, and since the established Joint Federal/State permitting process for activities in state waters already provides for an appropriate public interest review, this supplemental plan incorporates both of these programs in order to ensure consistency with those established regulatory processes. The Department of Mines, Minerals and Energy is the mining regulatory authority. The Marine Resources Commission will authorize and administer mining, leasing, and extraction activities as the controlling agency, and also act in the same manner and capacity as the Department of General Services in the SMMP.

Accordingly, the process described herein merely supplements the SMMP. Processes described in detail therein will only be referred to in this supplement.

## APPLICATION

This supplement plan adds all state-owned submerged land to the processes described in the SMMP. Section 28.2-1200 of the Code provides that "All the beds of the bays, rivers, creeks, and the shores of the sea within the jurisdiction of this Commonwealth, and not conveyed by special grant or compact according to law, shall continue and remain the property of the Commonwealth of Virginia, and may be as a common by all the people of the State for the purpose of fishing and fowling, and of taking and catching oysters and other shellfish, subject to the provisions of Title 28.2, and any future laws that may be passed by the General Assembly. " This is an area roughly the size of the state of Delaware, encompassing 2,300 square miles of water surface and 1,472,000 acres of state-owned bottomlands.

## DEFINITIONS

VMRC is the controlling agency, as defined in Section II of the SMMP, for all state-owned bottomlands except Back Bay and the North Landing River. In that area, the Commission of Game and Inland Fisheries is the controlling agency, as prescribed by Section 29.1-103 of the Code. All of the provisions of Section I regarding the application of the SMMP for certain

activities apply to submerged lands.

#### INITIATION OF ACTION UNDER THE SMMP

Application for a mineral survey or an exploration permit under the SMMP may be initiated by completion of the Joint Local/State/Federal Permit Application, which is submitted to the VMRC. The VMRC will act as clearinghouse in providing copies to state agencies, and in initiating the U.S. Army Corps of Engineers review process. The procedures prescribed in Section 28.2-1203 for the authorization of encroachments in, on or over state-owned bottoms may apply if any bottom disturbance is contemplated. In the case of a non-ground disturbing survey as defined on page 3 of the SMMP, where no disturbance to state-owned bottoms will occur and no impact to living resources will result, a letter request may be acceptable to VMRC.

A Section 28.2-1208 easement or lease will be required for a primary or secondary purpose of obtaining oil, gas, minerals or other substances, except that Section 28.2-1203 permits may be issued for removal of landfill material or sand or gravel for sale by the permit applicant.

#### PROCEDURE UNDER STATE INITIATIVE (PER SECTION III-1 OF SMMP)

The provisions of the SMMP Section IV apply, except VMRC shall act in the same manner and capacity as the Department of General Services, Division of Engineering and Buildings.

#### PROCEDURE UPON RECEIPT OF REQUEST FOR MINERAL SURVEY OR EXPLORATION PERMIT (PER SECTION III-2 OF SMMP)

Requests to conduct a mineral survey or exploration affecting state waters or state-owned subaqueous land must be submitted to VMRC, Habitat Management Division, on applicable portions of the joint permit application form.

The application will be subjected to the same public interest review required of any application for a permit to encroach in, on, or over state-owned bottoms pursuant to Section 28.2-1203 of the Code. In addition, the requirements outlined in Section V of the SMMP will be followed.

#### PROCEDURE UOPN RECEIPT OF REQUEST FOR LEASING

Normally, the lease process will follow a successful mineral survey or exploration operation completed in accordance with Section V. Section 62.1-4 of the Code and Sections VI through XXI of the SMMP apply.

The required application must be completed and submitted to VMRC, which will provide copies to:

- Department of Mines, Minerals and Energy
- Administrator of the Council on the Environment

- Virginia Institute of Marine Science
- State Water Control Board
- Bureau of Shellfish Sanitation, State Health Department
- Department of Conservation and Historic Resources

The VMRC will conduct its public interest review of the proposal after receipt of tentative comments from the above agencies.

If the VMRC recommendation is for approval of a five-year renewable lease under Section 28.2-1208, the remainder of the process outline in the SMMP will be adhered to. VMRC shall act in the same manner and capacity as the Department of General Services regarding further actions under this plan.

#### REVIEW AND RECOMMENDATION BY DEPARTMENT OF GENERAL SERVICES AND THE DEPARTMENT OF MINES, MINERALS AND ENERGY

Competitive Bids - (See SMMP, Section VII.)

Competitive Written Proposals - (See SMMP, Section VII.)

The VMRC shall act in the same manner and capacity as the Department of General Services regarding review, recommendations, and advice as set out in Section VII of the SMMP.

The requirements for the competitive bid and proposal processes and a public hearing shall not apply when the extraction from state-owned subaqueous lands is pursuant to an gas or oil pooling order issued by the Virginia Gas and Oil Board, unless the well through which the extraction will occur is situated on or over state-owned subaqueous lands.

#### ACTION BY THE GOVERNOR

See SMMP, Section VIII. VMRC shall act in the same manner and capacity as the Department of General Services.

#### SOLICITATION OF COMPETITIVE BIDS OR COMPETITIVE WRITTEN PROPOSALS

See SMMP, Section IX. VMRC shall act in the same manner and capacity as the Department of General Services.

#### PRE-LEASING RECONNAISSANCE

See SMMP, Section X. VMRC shall act in the same manner and capacity as the Department of General Services.

## RECEIPT OF COMPETITIVE BIDS OR COMPETITIVE WRITTEN PROPOSALS

See SMMP, Section XI. VMRC shall act in the same manner and capacity as the Department of General Services.

## THE ENVIRONMENTAL IMPACT STATEMENT

See SMMP, Section XII.

## THE PUBLIC HEARING

See SMMP, Section XIII

## THE LEASE DECISION

See SMMP, Section XIV.

## CONTENTS OF THE LEASE

VMRC will develop and issue the lease document after the processes outlined in Section IX through XIV of the SMMP have been completed by the responsible agencies. The term of the lease will be for a renewable 5-year period as indicated in Section 28.2-1208 of the Code. Royalties will be as negotiated and agreed during the competitive bid and proposal process prescribed in the SMMP.

## PERMIT AND BOND REQUIREMENTS

Bond requirements and other required permits are established in Section XVI of the SMMP and will be prescribed in the lease.

## CONDUCT OF GROUND DISTURBING EXPLORATION

See SMMP, Section XVII.

## SUBMITTAL OF EXPLORATION DATA TO THE STATE

See SMMP, Section XVIII.

## CONDUCT OF MINERAL EXTRACTION

The conduct of the Mineral Extraction operation is prescribed by Section XIX of the SMMP and terms and conditions of the lease.

## RECLAMATION OF MINERAL EXTRACTION SITES

Reclamation of the site will be as prescribed in Section XX of the SMMP and the lease document.

#### DISTRIBUTION OF PROCEEDS

Proceeds from mineral extraction operation authorized by VMRC will be collected and utilized as prescribed in Section 28.2-1208 of the Code or as may subsequently be prescribed by the legislature.