



Economic Impact Analysis Virginia Department of Planning and Budget

4 VAC 25-150 – Virginia Gas and Oil Regulation
Department of Mines, Minerals and Energy
March 3, 2008

Summary of the Proposed Amendments to Regulation

The Department of Mines, Minerals and Energy (Department) proposes to require that permit applications for a well or core hole use the Virginia Coordinate System of 1983. The current regulations require the use of the Virginia Coordinate System of 1927.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

As far as Department staff know, all affected firms currently use the 1983 coordinate system and have to convert to the 1927 system for the permit applications associated with these regulations. The process of converting each well or core hole location datum takes approximately five minutes.¹ If the requirement is switched from the 1927 system to the 1983 system, then firms will have about 5 minutes of their time saved for each well or core hole location datum.

According to the Department the 1983 coordinate system is more accurate and the Department already uses the 1983 system for other purposes. In addition to time saving for firms and improved accuracy of data, having a consistent coordinate system in the Department database is beneficial as well. There are no apparent costs associated with requiring the use of the 1983 coordinate system rather than the 1927 system. Thus, the proposal clearly produces a net benefit.

¹ Source: Department of Mines, Minerals and Energy

Businesses and Entities Affected

According to the Department there are approximately 25 firms with gas and oil operations that are affected by these regulations. At least 20 of these firms meet the small business criteria.

Localities Particularly Affected

The Counties of Buchanan, Dickenson, Lee, Tazewell, and Wise are particularly affected by these regulations.²

Projected Impact on Employment

The proposed amendment will not significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendment will save firms a small amount of time, but will not significantly affect the value of private property.

Small Businesses: Costs and Other Effects

The proposed amendment saves affected small businesses a small amount of time, and in no way increases costs.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendment does not adversely affect small businesses.

Real Estate Development Costs

The proposed amendment saves firms a small amount of time in developing real estate for gas and oil development purposes, and in no way increases costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or

² Ibid

other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.