

SUPREME COURT OF APPEALS OF WEST VIRGINIA

CBC Holdings, LLC v. Dynatec Corp., USA, 224 W. Va. 25

680 S.E.2d 40 (2009) · No. No. 34267 · Decided March 27, 2009

SUMMARY

The Supreme Court of Appeals of West Virginia held that the Coalbed Methane Act does not authorize the Division of Oil and Gas to resolve conflicting ownership claims concerning coalbed methane. Because the administrative scheme did not provide remedies for CBC Holdings' ownership, trespass, accounting, and related claims, the court concluded that exhaustion of administrative remedies was not required. The court reversed and remanded the circuit court's decision.

CASE DETAILS

COURT	Supreme Court of Appeals of West Virginia
WRITING FOR THE COURT	McHugh, Senior Status Justice
JURISDICTION	West Virginia
DECIDED	March 27, 2009
DOCKET	No. 34267
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from an interlocutory circuit-court order referring ownership-related issues to the Division of Oil and Gas and staying a motion to dismiss based on failure to exhaust administrative remedies.
STANDARD OF REVIEW	De novo or plenary review applies to questions of law, including interpretation of statutes and administrative rules or regulations.
PRECEDENTIAL VALUE	Published opinion; binding precedent of the Supreme Court of Appeals of West Virginia.
PARTIES	CBC Holdings, LLC v. Dynatec Corporation, USA, Dynatec Energy, Inc., Dynatec Drilling, Inc., New Gauley Coal Corporation, Other Unknown Heirs, Successors and Assigns of Hugh K. Cosgray, Catharine Cosgray, Cora B. Stewart, E.E. Stewart, I.C. Cosgray, W.B. Cosgray, T.L. Cosgray, John A. Cosgray, Lucy L. Cosgray, Tolla Sole, Lydia Booth, and Bertha D. Cosgray

TOPICS

exhaustion of remedies

judicial review of agency action

administrative law

statutory interpretation

mineral rights

PRACTICE AREAS

administrative law

oil and gas

mineral rights

real estate

appellate procedure

QUESTIONS PRESENTED

1. Whether the Coalbed Methane Act authorizes the Division of Oil and Gas to resolve conflicting ownership claims to coalbed methane.
2. Whether CBC was required to exhaust administrative remedies under the Coalbed Methane Act before pursuing its declaratory judgment action concerning coalbed methane ownership.
3. Whether the circuit court erred by referring the ownership-related issues to the Division of Oil and Gas.

HOLDINGS

1. The Coalbed Methane Act does not grant the Division of Oil and Gas authority to interpret mineral rights, determine conflicting coalbed methane ownership claims, or resolve leasehold ownership disputes.
2. Exhaustion of administrative remedies was not required because the Coalbed Methane Act provides no administrative remedy for CBC's ownership, trespass, accounting, and related mineral-rights claims.
3. The circuit court erred by referring CBC's ownership dispute to the Division of Oil and Gas and staying consideration of the case on exhaustion grounds.

KEY QUOTATIONS

“The rule which requires the exhaustion of administrative remedies is inapplicable where no administrative remedy is provided by law.” (45)

“Noticeably absent from those delineated powers is authority to interpret mineral rights and leasehold ownership issues.” (46)

FACTUAL BACKGROUND

CBC claimed ownership of coalbed methane underlying land in Wetzel County and challenged Dynatec's right to extract methane from the Pittsburgh coal seam. CBC alleged that Dynatec's lease from New Gauley Coal Corporation did not include coalbed methane rights because prior conveyances failed expressly to transfer those rights. CBC sought a declaration of ownership and extraction rights, a subsurface-trespass adjudication, an accounting, and damages for alleged drainage of methane.

PROCEDURAL HISTORY

CBC filed a declaratory judgment action in the Circuit Court of Wetzel County seeking a determination of coalbed methane ownership, along with relief for subsurface trespass, an accounting, and damages. Dynatec moved to dismiss for failure to exhaust remedies under the Coalbed Methane Act. The circuit court found that

CBC had not exhausted administrative remedies, referred the matter to the Division of Oil and Gas, and stayed the motion to dismiss. The Supreme Court of Appeals reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The matter is remanded to the Circuit Court of Wetzel County for further proceedings consistent with the opinion, including adjudication of the ownership issues without requiring referral to the Division of Oil and Gas for exhaustion purposes.

CASES CITED

- White v. Haines, 217 W. Va. 414, 618 S.E.2d 423 (2005)
- Appalachian Power Co. v. State Tax Dep't, 195 W. Va. 573, 466 S.E.2d 424 (1995)
- Energy Development Corp. v. Moss, 214 W. Va. 577, 591 S.E.2d 135 (2003)
- Daurelle v. Traders Fed. Savings & Loan Ass'n, 143 W. Va. 674, 104 S.E.2d 320 (1958)