

VIRGINIA GAS AND OIL BOARD

MINUTES OF THE APRIL 21, 2009 HEARINGS

Board members present included: Bradley C. Lambert (Chairman), Mrs. Peggy Barber, Mrs. Katie Dye, Mr. Bill Harris, Mr. Bruce Prather and Mr. Donnie Ratliff.

Also present were: Ms. Sharon M.B. Pigeon, Sr. Assistant Attorney General; Mr. David E. Asbury Jr., Principal Executive to the Staff of the Board; Mrs. Diane J. Davis, Division of Gas and Oil.

Pursuant to Sections 45.1-361.9.B and 45.1-361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held hearings that commenced at 9 a.m. on Tuesday, April 21, 2009, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia. The board heard and addressed the following items:

- 1. The Board will hear public comments. The Board received comments but instructed all parties to submit questions in writing to David Asbury.**

Comments and questions were received from Ronnie Osborne, Joseph Horne and John Sheffield.

- 2. The Board on its own motion will discuss the procedural rule of January 5, 1991.**

The rule requires the applicant for a “forced pooling order” for a coalbed methane gas unit, pursuant to Section 45.1-361.22 of the Code of Virginia, to provide consent of the coal operator to the stimulation of coal seams applicant intends to develop as a condition of making application. Continued to May.

- 3. The Board, on its own motion, will consider the revised scope of work and Request for Proposals (RFP) related to an audit of the Board’s Escrow Fund. One comment has been received to date. It has not been published a second time and awaits additional comments from the Board. Mr. Prather thought a new RFP was to be prepared for critique.**

After discussion, Mr. Asbury commented that he would review notes and transcripts from the meeting and provide revisions for the RFP to the board. This item will be continued to May.

- 4. The Board, on its own motion, will consider the Request for Proposals (RFP) related to the expiring management contract for the Board’s Escrow Fund Agent, currently Wachovia Bank and Trust. The draft was submitted to the Board members at the last meeting.**

The Wachovia contract was extended through December 2009 to allow time for thorough review of proposals to be received from the RFP. Mr. Harris questioned the current star rating of the bank. Mr. Asbury offered to research the rating information of Wachovia Bank and

present it to the Board. A motion to publish and distribute the RFP for the financial management of the escrow account was approved.

- 5. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AP81, Prater District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2463. Continued from February 2009. Applicant has 95.8906% is leased and seeking to pool 4.1094% of the coal and gas. Exhibit AA submitted by the Applicant.**

The petition was approved by the Board.

- 6. A petition from Chesapeake Appalachia, LLC for establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells, Unit HY-156-1H, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-0217-2482. Continued from February 2009.**

The petition was withdrawn by the applicant.

- 7. A petition from Chesapeake Appalachia, LLC for the pooling of conventional well No. 827140, Unit HY-156-1H, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-0217-2483. Continued from February 2009.**

The petition was withdrawn by the applicant.

- 8. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-32, Rogers Well 286, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2466. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 9. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-33, Rogers Well 438, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2467. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 10. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-37, Rogers Well 277, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2468. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 11. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-35, Rogers Well 591, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2470. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 12. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-36, Rogers Well 213, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2471. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 13. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-37, Rogers Well 212, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2472. This docket item was continued from March, 2009.**

The applicant's request for a continuance to May was granted.

- 14. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit H-106 North Grundy, Buchanan County, Virginia. Docket Number VGOB- 09-0317-2486. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 15. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit R-49 Garden District, and Buchanan County, Virginia. Docket Number VGOB- 09-0317-2487. This docket item was continued from March, 2009.**

The Petition was approved by the Board.

- 16. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit X (-2) Prater District and Buchanan County, Virginia. Docket Number VGOB- 09-0317-2488. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 17. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-134 Maiden Springs District, and Tazewell County, Virginia. Docket Number VGOB- 09-0317-2489. This docket item was continued from March, 2009. A package of revised exhibits was distributed by the Board.**

The petition was approved by the Board.

- 18. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-135 Maiden Springs District, and Tazewell County, Virginia. Docket Number VGOB- 09-0317-2490. This docket item was continued from March, 2009. Applicant submitted a package of revised exhibits**

The petition was approved by the Board.

- 19. A petition from CNX Gas Company, LLC for re-pooling of conventional gas well A 24 CV Garden District, and Buchanan County, Virginia. Docket Number VGOB- 07-1218-2093-01. This docket item was continued from March, 2009.**

The petition for re-pooling was approved by the Board.

- 20. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells, unit EPC-2491, Gladeville District, and Wise County, Virginia. Docket Number VGOB 09-0317-2491. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 21. A petition from Equitable Production Company, for pooling of coalbed methane well VC-503374, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB- 09-0317-2492. This docket item was continued from March, 2009.**

A letter of objection from Mr. Terry Ball was distributed to the Board for review. The petition was approved by the Board.

- 22. A petition from Equitable Production Company, for pooling of conventional horizontal gas unit VH-539923, Unit AW-61, Gladeville District, and Wise County, Virginia. Docket Number VGOB- 09-0317-2493. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 23. A petition from Equitable Production Company for a well location exception for proposed well V-535842, Floyd District, and Scott County, Virginia. Docket Number VGOB-09-0317-2494. This docket item was continued from March, 2009.**

The location was selected by the Forestry Department. The petition was approved by the Board.

- 24. A petition from Equitable Production Company for a well location exception for proposed well V-502696, Richmond District, and Wise County, Virginia. Docket Number VGOB-09-0317-2495. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 25. A petition from Equitable Production Company for a well location exception for proposed well V-502792, Gladeville District, and Wise County, Virginia. Docket Number VGOB-09-0317-2496. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 26. A petition from Range Resources- Pine Mountain Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells, unit RR-2497, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB 09-0317-2497. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 27. A petition from Range Resources-Pine Mountain Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells, unit RR-2498, Ervinton District, and Dickenson County, Virginia Docket Number VGOB 09-0317-2498. This docket item was continued from March, 2009.**

The petition was approved by the Board.

- 28. A petition from Range Resources-Pine Mountain Inc for a well location exception for proposed well V-530121, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-09-0317-2499. This docket item was continued from March, 2009.**

The location exception is required in order to be placed on an existing strip mine bench and to work around existing wells in the area. The petition was approved by the Board.

- 29. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in portions of Tracts 3 and 4, Unit S-36, Garden District, and Buchanan County, Virginia. Docket Number VGOB-98-0325-0626-05.**

The petition was approved for disbursement for portions of Tracts 3 and 4 based on royalty split agreements.

- 30. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 5, Unit S-37, Garden District, and Buchanan County, Virginia. Docket Number VGOB-98-0421-0649-03.**

The petition was approved for disbursement of funds from a portion of Tract based on split agreements.

- 31. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in Tracts 4C and a portion of Tract 4F, Unit W-34, Garden District, and Buchanan County, Virginia. Docket Number VGOB-97-0318-0571-03.**

The petition was approved for disbursement of funds from Tract 4C and a portion of Tract 4F based on royalty split agreements.

- 32. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in Tracts 1B, 1C, 1D, 1E, 1F, 1H and a portion of 1G, Unit W-35, Garden District, and Buchanan County, Virginia. Docket Number VGOB-98-0324-0627-06.**

The petition was approved for disbursement of funds from Tracts 1B, 1C, 1D, 1E, 1F, 1H and a portion of 1G

- 33. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in portions of Tracts 2 and 3, Unit S-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0915-0681-03.**

The petition was approved for disbursement of funds from a portion of Tracts 2 and 3.

- 34. The Board will receive corrective testimony and exhibits from CNX Gas Company LLC for disbursement of funds from Unit J-39, Garden District, and Buchanan County, Virginia. Docket Number VGOB-01-0515-0891-01.**

CNX verified that there was an in prior petitions resulting in a small overpayment. The percentages are now correct. No further action will be taken.

- 35. A petition from Gas Company, LLC for pooling of coalbed methane unit P-80, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2500.**

The petition was approved by the Board.

- 36. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AB-77, Prater District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2501.**

The petition was approved by the Board.

- 37. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-92, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2502**

The petition was approved by the Board.

- 38. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-92 Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0421-**

The petition was approved by the Board.

- 39. A petition from CNX Gas Company, LLC for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in units AP-81 and AU-92, Garden District, Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-46.**

The petition was approved by the Board.

- 40. A petition from CNX Gas Company, LLC for modification of the Oakwood I Field Order to allow for the drilling of an additional well in unit YYY-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-17.**

The petition was approved by the Board.

- 41. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 420 VA Unit F-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2504.**

The applicant's request for a continuance to May was granted.

- 42. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 419 VA Unit F-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2505.**

The applicant's request for a continuance to May was granted.

- 43. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 418 VA Unit F-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2506**

The applicant's request for a continuance to May was granted.

- 44. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 417 VA Unit F-34, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2507.**

The applicant's request for a continuance to May was granted.

- 45. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 416 VA Unit F-33, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2508.**

The applicant's request for a continuance to May was granted.

- 46. A petition from Range Resources-Pine Mountain Inc. for the establishment of drilling unit and pooling of conventional gas well V-537978, Kenady District, Dickenson County, Virginia, Docket Number VGOB-09-0421-2509.**

The petition was approved by the Board.

- 47. A petition from Range Resources-Pine Mountain Inc. for the establishment of drilling unit and pooling of conventional gas well V-536900, Kenady District, Dickenson County, Virginia, Docket Number VGOB-09-0421-2510.**

The petition was approved by the Board.

- 48. A petition from Range Resources-Pine Mountain Inc. for a well location exception, for proposed well V-537711, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2511.**

The petition was withdrawn by the Applicant.

- 49. The Board will receive corrective testimony and exhibits from Equitable Production Company for disbursement of funds from Unit VC-537869, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-07-1016-2046-01.**

Corrective testimony was received from the applicant. Disbursement of funds for Tract 3 was approved.

- 50. A petition from Equitable Production Company, for pooling of coalbed methane Unit VC-536744, Gladeville District, Wise County, Virginia. Docket Number VGOB-09-0421-2512**

The petition was approved by the Board.

- 51. A petition from Equitable Production Company, for pooling of coalbed methane Unit VC-531147, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-0421-2513**

The petition was approved by the Board.

- 52. A petition from Equitable Production Company, for pooling of coalbed methane Unit VC-537916, Lipps District, Wise County, Virginia. Docket Number VGOB-09-0421-2514.**

The petition was approved by the Board.

- 53. A petition from Equitable Production Company, for pooling of coalbed methane Unit VC-537108, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0421-2515.**

Applicant's request for continuance to May was approved.

- 54. A petition from Equitable Production Company, for pooling of Horizontal Coalbed Unit VCH-531109, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0421-2516**

The petition was approved by the Board.

- 55. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-199 (F-37), Garden District, Buchanan County Virginia. Docket VGOB-09-0421-2517.**

The item was continued to May.

- 56. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-241 (F-33), Garden District, Buchanan County Virginia. Docket VGOB-09-0421-2518.**

The item will be continued to May.

- 57. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-237 (F-36), Garden District, Buchanan County Virginia. Docket VGOB-09-0421-2519.**

The item will be continued to May.

- 58. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-245 (F-35), Garden District, Buchanan County Virginia. Docket VGOB-09-0421-2520.**

The item will be continued to May.

- 59. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-243 (F-34), Garden District, Buchanan County Virginia. Docket VGOB-09-0421-2521**

The item was continued to May.

- 60. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit J-35 in the Oakwood Field, to be served by wells AE-153 and AE-251, Garden District, Buchanan County Virginia. Docket VGOB-09-0412-2522.**

The applicant requests to re-pool the entire unit as owners were missed on the original pooling of the first well (AE 153). The petition was approved by the Board.

- 61. A petition from Appalachian Energy Inc for modification of the Oakwood I Field Order to allow for the drilling of an additional well in Unit J-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-18.**

The petition was approved by the Board.

- 62. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in Units BK-34 BK-35, BK-36, BL-34, BL-35, BL-36, BN-39, BN-40, BN-41, BO-39, BO-40, and BO-41, Kenady District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-47.**

The petition was continued to May.

- 63. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in Units AS-55, AS-56, AS-57, AS-58, AT-55, AT-56, AT-58, AU-57, AV-53, AV-54, AV55 AW53, AW-54 AW-55 AX-53, and AX-54, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-48.**

The petition was continued to May.

- 64. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in Units BJ-61, BJ-62, BK-60, BK-61, and BK-63, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-49.**

The petition was continued to May.

- 65. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in Units AV-43, AV-44, AW-43,**

AW-44, AX42, AX-43, AX-44, AX-45, AY-43, and AY-44, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-50.

The petition was continued to May.

- 66. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Order to allow for drilling of an additional well in Units BP-39, BP-40, BP-41, BQ39, and BQ-40, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-51.**

The petition was continued to May.

- 67. A petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 3, Unit VC-551315, Castlewood District, Russell County, Virginia. Docket Number VGOB-06-0620-1653-02.**

The petition was continued to May.

- 68. A petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 5, Unit VC-536070, Castlewood District, Russell County, Virginia. Docket Number VGOB-04-0921-1337-04.**

The petition was continued to May.

- 69. A petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 4, Unit VC-702835, Castlewood District, Russell County, Virginia. Docket Number VGOB-98-0324-0642-02.**

The petition was continued to May.

- 70. A petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 5, Unit VC-501853, Castlewood District, Russell County, Virginia. Docket Number VGOB-00-0516-0815-04.**

The petition was continued to May.

The May 2009 hearing will be held on Tuesday, May 19, 2009 commencing at 9 a.m. at the Conference Center, Russell County Office Facility, and 135 Highlands Drive, Lebanon, Virginia.