

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

Minutes and results of hearing, February 19, 2008

Board members present (Quorum was established): Ms. Dye, Mr. Harris, Mr. Prather, Ms. Quillen.

1. A petition from Equitable Production Company for re-pooling of coalbed methane unit VC-537113, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1934-01. Continued from December 2008.

In the VC-537113 58.77-acre unit, the applicant controls 100% of the coal interests and 84.0% of the gas interests, and seeks to pool the remaining 16.0% of the gas interests. Unleased gas acreage subject to pooling totals 9.4 net acres in four tracts having 179 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 5/4/07. Continued to April.

2. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AY-134, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-0115-2121. Continued from January.

In the AY-134 58.74-acre unit, the applicant controls 100% of the coal interests and 59.2% of the gas interests, and seeks to pool the remaining 40.8% of the gas interests. Unleased gas acreage subject to pooling totals 23.9 net acres in nine tracts having 13 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 12/17/07. Pooling was approved.

3. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit L-73, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2128.

In the L-73 58.65-acre unit, the applicant controls 100% of the coal interests and 60.9% of the gas interests, and seeks to pool the remaining 39.1% of the gas interests. Unleased gas acreage subject to pooling totals 22.9 net acres in two tracts having eight unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

4. A petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit T2(CV) Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2129.

In the T2(CV) 112.69-acre conventional unit, the applicant controls 86.4% of the oil and gas interests, and seeks to pool the remaining 13.6% of the interests. Unleased acreage subject to pooling totals 15.4 net acres in one tract having nine claimants who are leased to another operator. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Continued to March.

5. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-140, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-0219-2130.

In the AZ-140 58.74-acre unit, the applicant controls 87.5% of the coal and gas interests, and seeks to pool the remaining 12.5% of the interests. Unleased acreage subject to pooling totals 7.4 net acres in one tract having 38 unleased claimants. There are unlocated owners subject to escrow. A permit to drill the unit was issued on 11/29/04. Pooling was approved.

6. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BF-108, New Garden District, Russell County, Virginia. Docket Number VGOB-08-0219-2131.

In the BF-108 58.74-acre unit, the applicant controls 99.9% of the coal interests and 98.7% of the gas interests, and seeks to pool the remaining 0.1% of the coal interests and 1.2% of the gas interests. Unleased coal acreage subject to pooling totals 0.05 net acres in one tract having three unleased claimants. Unleased gas acreage subject to pooling totals 0.7 net acres in three tracts having five unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

7. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit XXX-22, North Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-08-0219-2132. In the XXX-22 80-acre unit, the applicant controls 97.9% of the coal and gas interests, and seeks to pool the remaining 2.1% of the interests. Unleased acreage subject to pooling totals 1.7 net acres in one tract having one unleased claimant. There are no conflicting claimants or unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

8. A petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit YYY24(CV), North Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-08-0219-2133. In the YYY-24(CV) 112.69-acre conventional unit, the applicant controls 99.98% of the oil and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased acreage subject to pooling totals 0.02 net acres in one tract having six unleased claimants. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 3/9/06. Pooling was approved.

9. A petition from CNX Gas Company for modification of the Middle Ridge 1 Field Rules for units AV106 to AV109, AW106 to AW109, AX106 to AX109, AY106 to AY109, AZ106 to AZ109, BA106 to BA109, BB106 to BB109, BC106 to BC109, BD106 to BD109, BE107 to BE 109, BF107 to BF109, BG107 to BG109, BH107 to BH109, BI106 to BI109, BJ106 to BJ109 and BK106 to BK109 in the New Garden district, Russell County, and the Hurricane District, Buchanan County, Virginia. Docket Number 00-1017-0835-02. The applicant seeks to modify a portion of the Middle Ridge Coalbed Methane Field Rule to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. One area of the Middle Ridge Field has previously been approved for multiple wells. Continued to March.

10. A petition from Chesapeake Appalachia LLC for a well location exception for proposed conventional well 826642, Knox District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2144. The applicant seeks an exception to drill a conventional well closer to a previously permitted well than allowed under statewide spacing. The proposed well is to be 228 feet closer to Chesapeake horizontal well 826641 than the 2500 feet mandated by spacing. The exception is needed in order to complete the well in the same zone to be penetrated by an off-setting horizontal well. A permit for this well was issued on 12/31/07 with the stipulation that it couldn't be completed in the Lower Huron Shale until a location is granted. The location exception was approved.

11. A petition from Chesapeake Appalachia LLC for a well location exception for proposed conventional well 823793, Knox District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2145. The applicant seeks an exception to drill a conventional well closer to two previously permitted wells than allowed under statewide spacing. The proposed well is to be 163 feet closer to existing Chesapeake well 826463, and 61 feet closer to existing Chesapeake well 823794 than the 2500 feet mandated by spacing. The exception is needed because of topographic conditions and coal approval. An application for permit to drill the well has been submitted. The location exception was approved.

12. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-152 (J-34), Garden District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2146. In the J-34 80.13-acre unit, the applicant controls 79.8% of the coal and gas interests, and seeks to pool the remaining 20.2% of the interests. Unleased acreage subject to pooling totals 16.2 net acres in two tracts having four unleased claimants. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

13. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-153 (J-35), Garden District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2147. In the J-35 80.19-acre unit, the applicant controls 90.8% of the coal interests and 67.2% of the gas interests, and seeks to pool the remaining 9.2% of the coal interests and 32.8% of the gas interests. Unleased coal acreage subject to pooling totals 7.4 net acres in five tracts having 25 unleased claimants. Unleased gas

acreage subject to pooling totals 26.3 net acres in seven tracts having 27 unleased claimants. There are no conflicting claimants or unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

14. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-154 (I-36), Garden District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2148.

In the I-36 80.13-acre unit, the applicant controls 87.1% of the coal interests and 91.8% of the gas interests, and seeks to pool the remaining 12.9% of the coal interests and 8.2% of the gas interests. Unleased coal acreage subject to pooling totals 10.3 net acres in two tracts having two unleased claimants. Unleased gas acreage subject to pooling totals 6.6 net acres in three tracts having three unleased claimants. There are no conflicting claimants or unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

15. A petition from Equitable Production Company for pooling of coalbed methane unit VC-505189, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2149.

In the VC-505189 58.77-acre unit, the applicant controls 99.3% of the coal and gas interests, and seeks to pool the remaining 0.7% of the interests. Unleased acreage subject to pooling totals 0.4 net acres in one tract having one unleased claimant. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536865, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2150.

In the VC-536865 58.77-acre unit, the applicant controls 100% of the coal interests and 46.4% of the gas interests, and seeks to pool the remaining 53.6% of the gas interests. Unleased gas acreage subject to pooling totals 31.5 net acres in four tracts having two unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

17. A petition from Equitable Production Company for pooling of coalbed methane unit VC-537924, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2151.

In the VC-537924 58.77-acre unit, the applicant controls 100% of the gas interests and 83.0% of the coal interests, and seeks to pool the remaining 17.0% of the coal interests. Unleased coal acreage subject to pooling totals 10.0 net acres in one tract having one unleased and unknown claimant. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

18. A petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0219-2152.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The provisional unit was approved.

19. A petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Ervinton and Hurricane Districts, Dickenson and Buchanan Counties, Virginia. Docket Number VGOB-09-0219-2153.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The provisional unit was approved.

20. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field to allow for drilling of an additional well in unit BU57, Ervinton District, Dickenson County, Virginia. Docket Number 89-0126-0009-20.

The applicant seeks to modify a unit within the Nora Coalbed Methane Field Rule to allow for drilling of multiple wells. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. The field rule modification was approved.

21. A petition from Equitable Production Company for modification of the Nora Coalbed Gas Field to allow for drilling of an additional well in unit BT41, Kenady District, Dickenson County, Virginia. Docket Number 89-0126-0009-21.

The applicant seeks to modify a unit within the Nora Coalbed Methane Field Rule to allow for drilling of multiple wells. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. Continued to March.

22. The Board will hear testimony from Equitable Production Company regarding discrepancies between gas production reported to the state versus that reported to royalty owners of certain properties in the Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2154.

In response to public comments received at its January hearing, the Board instructed Equitable to appear and explain why gas production reported to royalty owners is different than that reported to the state. Continued to March.

23. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530081, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2155.

The applicant seeks an exception to drill a conventional well closer to two previously permitted wells than allowed under statewide spacing. The proposed well is to be 720 feet closer to existing Equitable well P434, and 685 feet closer to existing Equitable well P-100 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The location exception was approved.

24. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530082, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2156.

The applicant seeks an exception to drill a conventional well closer to three previously permitted wells than allowed under statewide spacing. The proposed well is to be 740 feet closer to existing Equitable well P-100, 270 feet closer to existing Equitable well P-79, and 625 feet closer to existing Equitable well P-37 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The location exception was approved.

25. A petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane unit Haysi-141-CBM Unit 71-AH, Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2157.

In the 71-AH 58.77-acre unit, the applicant controls 100% of the coal interests and 99.6% of the gas interests, and seeks to pool the remaining 0.4% of the gas interests. Unleased gas acreage subject to pooling totals 0.25 net acres in one tract having one unleased and unknown claimant. There are conflicting claimants and unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

26. A petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane unit Haysi-142-CBM Unit 72-AH, Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2158.

In the 72-AH 58.77-acre unit, the applicant controls 100% of the coal interests and 98.9% of the gas interests, and seeks to pool the remaining 1.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.7 net acres in one tract having one unleased and unknown claimant. There are conflicting claimants and unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

27. The Virginia Gas and Oil Board, on its own motion, will consider a proposal to define the boundary and unit configurations at the juncture of the Oakwood and Nora Coalbed Methane Fields and to

modify Field Rules under Docket numbers 89-0126-0009 and 93-0216-0325, as previously modified, to include that boundary definition. Continued from October, 2007.

The boundary of the Oakwood Coalbed Methane Field has been modified several times so as to overlap or adjoin the Nora Coalbed Methane Field. Neither the exact boundary between the two fields nor the size and shape of units at the boundary has been defined. Carried forward to March.

The Virginia Gas and Oil Board called for public comments regarding Board matters immediately following the final Docket item. No comments were heard.

The deadline for filing of petitions to the Board for the March 2008 hearing is 5 p.m., Friday, February 15, 2008 with the hearing scheduled for 9 a.m. on Tuesday, March 18, 2008 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.