

**VIRGINIA GAS & OIL BOARD
WORK COMMITTEE MEETING**

DECEMBER 18, 2008

The following is a summary of the December 18, 2008 Committee Meeting:

Members present: Chairman Bruce Prather, Katie Dye, Peggy Barber, Mary Quillen, Donnie Ratliff and Bill Harris.

Also present were Jim Kaiser, Scott Hodges, Jerry Grantham, Mark Swartz, Kevin West, Juanita Sneeuwjagt & Gladys Counts.

Also present were David Asbury and Gloria Clark, Office of the Attorney General.

The meeting was called to order by Chairman Prather at 2:15 PM.

The Committee continued to discuss the recommendation previously submitted to the full Board regarding a statute change which would require operators of coalbed methane wells to control a minimum of 25 percent of the surface, coal and gas rights before requesting the establishment or pooling of a unleased party.

Extensive discussion was had regarding the escrow account and auditing of this account by the Board. Discussion was also had regarding AFE's and use by companies for reporting post production costs.

Mark Swartz, Kevin West and Jim Kaiser presented testimony to the Committee regarding the post production costs and how these costs are defined and determined by a company. Juanita Sneeuwjagt presented testimony in opposition of the post production costs.

There being no further business to discuss, motion was made and seconded that meeting be adjourned.

There next meeting of the Committee will be January 22, 2009.

Meeting was adjourned at 4:40 PM.

Respectfully submitted,

Gloria Clark
December 21, 2008