

VIRGINIA GAS AND OIL BOARD

MINUTES OF THE JUNE 16, 2009 HEARINGS

Board members present included: Bradley C. Lambert (Chairman), Mrs. Katie Dye, Mr. Bill Harris, Mr. Bruce Prather, Mrs. Mary Quillen 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, and Mr. Gary J. Eide, Division of Gas and Oil.

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held a hearing that commenced at 9 a.m. on Tuesday, June 16, 2009, at the Conference Center, Russell County Office Building, Highland Drive, Lebanon, Virginia. The board heard and addressed the following items:

1. The Board will receive public comments.

Public comments and questions to the Board were heard from:

Mr. John Sheffield

Ms. Catherine Jewell

2. The Board on its own motion will review the Escrow Account, First Quarter 2009 activities as provided by Wachovia Bank.

Mr. Asbury presented the quarterly update for the VGOB Escrow Account and stated that the staff continues to work closely with Wells Fargo – Wachovia.

Quarterly Statement of Account

Wachovia Bank, Escrow Agent for:

Virginia Oil and Gas Board (VGOB)

	2007 Year-End	2008 Year-to-date	2009 1st Qtr
1 Beginning Value	\$ 15,942,163	\$ 18,514,685	\$ 23,974,560
2 Contributions	2,880,421	5,374,604	678,181
3 Income (net)	754,937	346,885	4,993
4 Realized Gain / (Loss)	-	-	o
5 Unrealized Gain / (Loss)	-	-	-
6 Fees and Expenses	-	-	-
7 Withdrawals / Disbursements	(1,062,837)	(252,883)	(89,730)
8 Ending Value	\$ 18,514,685	\$ 23,983,291	\$ 24,568,005

3. The Board, on its own motion, will consider the investment risk assessment from the Board's escrow Agent, Wachovia Corporation.
This item was continued by the Board to the July 2009 meeting.
4. The Board, on its own motion, will discuss the procedural rule of January 5, 1991. This item was continued from May.
After deliberations and testimony, the Board adopted the procedural rule of January 5, 1991. Section 45.1-361.22 of the Code of Virginia, which authorizes the Virginia Gas and Oil Board, upon application of a claimant, to pool competing interests for purposes of producing coalbed methane. The Board holds the consent of the coal operator for stimulation of the coal seams was (is) essential to maximize production and protect the correlative rights of all the parties involved (in a Unit).
5. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
6. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
7. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
8. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
9. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
10. 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. This item was continued from May.
This item was continued by the Board to the July 2009 meeting.
11. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-199 (F-37), Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2517. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

12. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-241 (F-33), Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2518. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

13. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-237 (F-36) Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2519. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

14. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-245 (F-35), Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2520. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

15. A petition from Appalachian Energy Inc. for pooling of coalbed methane Unit AE-243 (F-34), Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0421-2521. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

16. 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. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

17. 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. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

18. 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. This item was continued from May.

This item was continued by the Board to the July 2009 meeting.

19. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-73, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2523.

After due consideration, this item was approved by the Board.

20. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit S-57, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-09-0616-2524.

After due consideration, this item was approved by the Board.

21. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit Z-56, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-09-0616-2525.

After due consideration, this item was approved by the Board.

22. A petition from CNX Gas Company, LLC for modification of the Middle Ridge Field Order to allow for more than one well to be drilled in units AV114-AV124, AW114-AW124, AX114-AX124, AY114-AY124, AZ114-AZ118, AZ121-AZ124, BA114-BA117, BB114-BB119, BC114-BC115, BD114-BD115, BE114-BE119, BF114-BF119, BG114-BG119, BH114-BH119, BI114-BI117, BJ114-BJ115, BK114-BK115, BL114-BL116 and BM114-BM116. Docket Number VGOB-00-1017-0835-05.

After due consideration, this item was approved by the Board.

23. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tract 3, Unit AV-111, Hurricane/New Garden Districts, Buchanan/Russell County, Virginia. Docket Number VGOB-01-0116-0852-01.

After due consideration, this item was approved by the Board.

24. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tract 3D and a portion of Tracts 3A, 3B and 3C, Unit AV-110, Hurricane/New Garden Districts, Buchanan/Russell County, Virginia. Docket Number VGOB-01-0320-0870-02.

After due consideration, this item was approved by the Board.

25. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tract 1, Unit AW-111, Hurricane/New Garden Districts, Buchanan/Russell County, Virginia. Docket Number VGOB-01-0320-0871-02

After due consideration, this item was approved by the Board.

26. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1, 2, 3, 5, and 6, Unit AX-110, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0320-0872-01.

After due consideration, this item was approved by the Board.

27. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tract 2, Unit AX-111, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0320-0873-01.

After due consideration, this item was approved by the Board.

28. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 2, 3 and a portion of

1B, Unit AW-109, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0821-0909-01.

After due consideration, this item 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 for Tracts 2A, 3 and a portion of 1B, Unit AX-109, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0821-0912-01.

After due consideration, this item was approved by the Board.

30. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1E, 1F, 2 and a portion of 1G, Unit AZ-111, New Garden District, Russell County, Virginia. Docket Number VGOB-02-0416-1023-01.

After due consideration, this item was approved by the Board.

31. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1C, 1D, 1E, 1F and 1G, Unit AZ-110, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0917-1070-02.

After due consideration, this item was approved by the Board.

32. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1, 2, 4, 5 and 6, Unit AY-110, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0320-0875-01.

After due consideration, this item was approved by the Board.

33. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 2, 4 and 5, Unit AY-111, New Garden District, Russell County, Virginia. Docket Number VGOB-01-0320-0876-01.

After due consideration, this item was approved by the Board.

34. A petition from Range Resources-Pine Mountain, Inc. for pooling of horizontal conventional gas unit VH-530149, Kenady District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2526.

After due consideration, this item was approved by the Board.

35. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530057, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-09-0616-2527.

After due consideration, this item was approved by the Board.

36. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 211 VA Unit ZZZ-39, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2528.

This item was continued by the Board to the July 2009 meeting.

37. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 209 Rogers ZZZ-41, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2530.

After due consideration, this item was approved by the Board.

38. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 281 Unit A-43, North Grundy/Garden Districts, Buchanan County, Virginia. Docket Number VGOB-09-0616-2531.

This item was continued by the Board to the July 2009 meeting.

39. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 284 VA Unit B36, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2532.

After due consideration, this item was approved by the Board.

40. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 434 Unit C35, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2533.

After due consideration, this item was approved by the Board.

41. A petition from Equitable Production Company for re-pooling of conventional gas unit V-502028, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-0816-1492-02.

This item was continued by the Board to the July 2009 meeting.

42. A petition from Equitable Production Company for pooling of coalbed methane unit VC-537887, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2534.

After due consideration, this item was approved by the Board.

43. A petition from Equitable Production Company for pooling of coalbed methane unit VC-550453, Kenady District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2535.

After due consideration, this item was approved by the Board.

44. A petition from Equitable Production Company for pooling of coalbed methane unit VC-502284, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2536.

After due consideration, this item was approved by the Board.

45. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536640, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0616-2537.

After due consideration, this item was approved by the Board.

46. A petition from Equitable Production Company for pooling of coalbed methane unit VCI-531389, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2538.

[This item was continued by the Board to the July 2009 meeting.](#)

47. A petition from Equitable Production Company for pooling of coalbed methane unit VCI-531370 Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2539.

[This item was continued by the Board to the August 2009 meeting.](#)

48. A petition from Equitable Production Company for pooling of coalbed methane unit VCI-537521, Castlewood District, Russell County, Virginia. Docket Number VGOB-09-0616-2541.

[This item was continued by the Board to the July 2009 meeting.](#)

49. A petition from Equitable Production Company for a well location exception for proposed well VH-539991, Gladeville District, and Wise County, Virginia. Docket Number VGOB-09-0616-2542.

[This item was continued by the Board to the July 2009 meeting.](#)

50. 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 well(s) (EPC-2543), Roberson District, Wise County. Docket Number VGOB-09-0616-2543.

[This item was withdrawn by the applicant.](#)

51. 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 BD-72, BE-71, BE-72, BE-74, BF-71, Ervinton/Garden Districts, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-52.

[This item was continued by the Board to the July 2009 meeting.](#)

52. 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 BI-66, BI-68, BJ-67, BM-63, BN-62, BP-59, BP-60, Ervinton/Sandlick Districts, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-53.

[This item was continued by the Board to the July 2009 meeting.](#)

53. 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 AX-56 and AU-54, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-54.

[This item was continued by the Board to the July 2009 meeting.](#)

54. 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 well(s) (RR-2544), Kenady District, Dickenson County. Docket Number VGOB-09-0616-2544.

This item was continued by the Board to the July 2009 meeting.

55. 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 well(s) (RR-2545), Ervinton District, Dickenson County. Docket Number VGOB-09-0616-2545.

This item was continued by the Board to the July 2009 meeting.

56. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a unit and pooling for well V-530110, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-0616-2546.

This item was approved by the Board

57. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530109, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-09-0616-2547.

This item was continued by the Board to the July 2009 meeting.

58. A petition from Range Resources-Pine Mountain Inc. for a well location exception for proposed well V-530193, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-09-0616-2548.

This item was continued by the Board to the July 2009 meeting.

Minutes of the May 12, 2009 Board meeting were reviewed and approved.

The next scheduled Board Meeting is July 21, 2009 at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia. The hearings will convene at 9:00am.

Information concerning the above docket can be viewed from 8 a.m. to 5 p.m., Monday through Friday at the Office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 135 Highland Drive, Lebanon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276 415-9700.