

**COMMONWEALTH OF VIRGINIA
GAS AND OIL BOARD
MINUTES OF THE DECEMBER 15, 2009 HEARINGS**

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held hearings that commenced at 9 a.m. on Tuesday, December 15, 2009, at the Conference Center, Russell County Office Building, and 139 Highland Drive, Lebanon, Virginia.

Board members present included: Mr. Bradley C. (Butch) Lambert (Chairman), Mrs. Nellie K. Dye, Mr. Bruce Prather, Mrs. Mary Quillen and Mr. Donnie Ratliff.

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

1. The Board received public comments.
Comments were received from Ronnie Osborne, Juanita Sneeuwjagt, Harry Anderson, J. W. Compton, Jerry Grantham, Charles Bredwell, Louise Barton Compton, Katherine Jewell, Martha Williams, Frank Henderson and Johnny Pope.
2. The Board will consider recommendations for a standardized clear-language royalty payment statement for parties in Escrow.
A motion was made to adopt the form as submitted but to come back in 60 days (February 16, 2010) to review further clarification on the deductions item.
3. A petition from EQT Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells, Unit EQT 2619, in the Roberson District, Wise County, Virginia. Docket Number VGOB-09-1020-2619. Continued from November.
The petition was approved by the Board.
4. The Board will receive corrective testimony and disbursement exhibit from CNX regarding prior approved disbursement of funds for unit AW-109. Docket Number VGOB-01-0821-0909-01.
The petition was approved by the Board.
5. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit Q-43. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, and Buchanan County VA. Docket Number 00-0321-0779-02.
The matter was continued to January 2010.
6. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit Q-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties Garden District, and Buchanan County VA... Docket Number 00-0321-0780-02.

[The matter was continued to January 2010.](#)

7. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit R-43. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, and Buchanan County VA... Docket Number 00-0321-0781-02.
[The matter was continued to January 2010.](#)
8. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit R-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, and Buchanan County VA. Docket Number 00-0321-0782-01.
[The matter was continued to January 2010.](#)
9. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit S-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, and Buchanan County VA... Docket Number 00-0321-0784-01.
[The matter was continued to January 2010.](#)
10. A petition from CNX Gas Company LLC for re-pooling of coalbed methane unit O-41, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0362-02. Continued from October 2009.
[The matter was continued to February 2010.](#)
11. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit N40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0358-02
[The matter was continued to February 2010.](#)
12. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit N41, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0359-02.
[The matter was continued to February 2010.](#)
13. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit O40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0361-03.
[The petition was continued to February 2010.](#)

14. A petition from CNX Gas Company, LLC for modification of the **Middle Ridge 1 Field Rules** to allow for more than one well to be drilled in units AW132, AW133, AX132, BL107 and BL108 in Tazewell and Russell County, Virginia. Docket Number VGOB-00-1017-0835-06.
[The petition was approved by the Board.](#)
15. A petition from CNX Gas Company, LLC for modification of the Nora Coalbed Gas Field Rules to allow for more than one well to be drilled in units BD88, BD89, BE88-BE91, BF90, BF91, BG90, BG91, BH90, BH91, BE93-BE101, BF92-BF102, BG93-BG96, BG98-BG103, BH95, BH101-BH103, BI99-BI105, BJ98-BJ102, BJ104, BJ105, BK99-BK101, BK105, BL99, Buchanan and Russell, County, Virginia. Docket Number VGOB-89-0126-0009-59.
[The petition was approved by the Board.](#)
16. A petition from CNX Gas Company, LLC for the disbursement of funds from a portion of tract 1C for Unit BD116, New Garden District, Russell County, Virginia. Docket Number VGOB-02-1015-1082-01. The applicant will provide a revised Tract-By-Tract exhibit.
[The petition was approved by the Board.](#)
17. A petition from CNX Gas Company, LLC for the **disbursement** of funds from a portion of tract 1B, Unit AA-8, Prater/Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0032-06. The applicant will provide a revised Tract-By-Tract exhibit.
[The petition was approved by the Board.](#)
18. A petition from CNX Gas Company, LLC for the **disbursement** of funds from a portion of tract 2C, Unit AA9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0116-05. The applicant will provide a revised Tract-By-Tract Exhibit.
[The petition was approved by the Board.](#)
19. A petition from CNX Gas Company, LLC for the **disbursement** of funds from a portion of tract 2C, Unit BB8, Prater/Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0033-06. The applicant will provide a revised Tract-By-Tract Exhibit.
[The petition was approved by the Board.](#)
20. The Board on its own motion will hear testimony from EQT Production Company clarifying the previously issued order under docket VGOB-08-0819-2301.
[The Board continued this item to January 2010.](#)
21. A petition from EQT Production Company for the pooling of coalbed methane unit VC-537094, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2644. [The petition was approved by the Board.](#)

22. A petition from EQT Production Company for the pooling of coalbed methane unit VC-536201, New Garden District, Russell County, Virginia. Docket Number VGOB-09-1215-2645.
[The applicant requested the petition be withdrawn.](#)
23. A petition from EQT Production Company for the pooling of coalbed methane unit VC-536336, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-1215-2646.
[The petition was approved by the Board.](#)
24. A petition from EQT Production Company for the creation of a Unit and Pooling of conventional well V-536901, Gladeville District, Wise County, Virginia. Docket Number VGOB-09-1215-2647.
[The applicant requested a continuance to February 2010.](#)
25. A petition from EQT Production Company for the pooling of coalbed methane unit VC-536244, Kenady District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2648.
[The petition was approved by the Board.](#)
26. A petition from EQT Production Company for the pooling of coalbed methane Unit VC-531317, Kenady District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2649.
[The petition was approved by the Board.](#)
27. A petition from EQT Production Company for the pooling of coalbed methane unit VC-537252, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2650.
[The petition was approved by the Board.](#)
28. A petition from EQT Production Company for the establishment of a Provisional Drilling unit consisting of 320 acres, Unit EQT 2651, for the drilling of horizontal **conventional** gas wells, Richmond District, Wise County, Virginia. Docket Number VGOB-09-1215-2651
[The petition was withdrawn by the applicant.](#)
29. A petition from EQT Production Company for the establishment of a Provisional Drilling Unit consisting of 320 acres, Unit EQT 2652, for the drilling of horizontal **conventional** gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-09-1215-2652.
[The petition was approved by the Board.](#)
30. A petition from EQT Production Company for the establishment of a Provisional Drilling Unit consisting of 235.08 acres, Unit EQT 2653, for the drilling of horizontal **coalbed** gas wells, (Well VCH-531257) Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-1215-2653 Corrected application and exhibits will be submitted.
[The petition was approved by the Board.](#)

31. A petition from EQT Production Company for the establishment of a Provisional Drilling Unit consisting of 352.62 acres, Unit EQT 2654, for the drilling of horizontal coalbed gas wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2654.
For lack of a motion the petition was not approved.
32. A petition from EQT Production Company for the establishment of a Provisional Drilling Unit consisting of 352.52 acres, Unit EQT 2655, for the drilling of horizontal coalbed gas wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2655.
The petition was withdrawn by the applicant.
33. A petition from EQT Production Company for a well **location exception** for proposed conventional well V-502747, Gladeville District, and Wise County, Virginia. Docket Number VGOB-09-1215-2656.
The petition was continued to January 2010.
34. A petition from EQT Production Company for modification of 320 acre Provisional Drilling Unit EQT 2401 for the drilling of horizontal **conventional** gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-08-1219-2401-01.
The applicant requested the petition be continued to February 2010.
35. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a Provisional drilling Unit consisting of 320 acres, Unit RR 2659, for the drilling of horizontal **conventional** gas wells, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2659.
The petition was continued to January 2010.
36. A petition from Range Resources-Pine Mountain, Inc. for a well **location exception** for proposed conventional well V-530248, Clintwood District, and Dickenson County, Virginia. Docket Number VGOB-09-1215-2660.
The petition was continued to January 2010.
37. The Board will receive investment option recommendations from First Bank and Trust for the Board's Escrow Account effective January 1, 2010. The Board recommended monies transferred from Wachovia/Wells Fargo in January be placed in a transaction account earning 25 basis points or ¼ percent interest by First Bank and Trust until further action is taken by the Board in 2010.

The Board will receive an invoice from First Bank and Trust relative to the set-up fee for the Escrow Account.

The Board approved the \$5000 set-up fee for First Bank and Trust.

38. The Board on its own motion will discuss the awarding of Request for Proposal (RFP) relative to an Audit of the Board's Escrow Account.

The Board made a motion and a second to accept the RFP for the audit of the escrow account from Robinson, Farmer and Cox. Mr. Asbury was instructed to contact the successful candidate and commence the audit on January 1, 2010.

The Board will consider closing costs of the Escrow Account and the 2010 Escrow Account Audit as applicable to Wells Fargo – Wachovia.

This matter was continued to January 2010.

The minutes for the November 2009 hearing were approved.

The deadline for filing of petitions to the Board for the February 2010 hearing is 5 p.m., Friday, January 16, 2010 with the hearing scheduled for February 16, 2010 at the Conference Center, Russell County Office Building, and Highland Drive, Lebanon, Virginia.