

COMMONWEALTH OF VIRGINIA
MINUTES OF THE VIRGINIA GAS AND OIL BOARD HEARINGS
November 16, 2010

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its regularly scheduled meeting at 9 a.m. on Tuesday, November 16, 2010, at the Russell County Office Complex, Conference Center, and 139 Highland Drive, Lebanon, Virginia.

Board members present included: Katie Dye, Mary Quillen, Bruce Prather, Donnie Ratliff, and Bill Harris.

Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General, Jim Lovett and Sharon Hagy representing the Board Staff and the Division of Gas and Oil.

1. The board will receive public comments.

Public comments were received from:

1. Mary Kelly
2. Karen Anstey
3. Shirley Presley

2. The board will receive a report from the Escrow Agent, First Bank and Trust regarding investment options.

A quarterly report was presented by Ms. Debbie Davis, and Ms. Karen McDonald. A proposal with investment options, placing additional funds into Certificate of Deposits (CD's) and the CDARS program was presented. The proposal by First Bank and Trust was approved.

3. A petition from CNX Gas Company, LLC requesting **disbursement of funds** and **authorization of direct payment** of royalties from coalbed methane gas unit W-31 for Tracts 2, 3, 4, 5, 8 and 12, Garden District, Buchanan County, Virginia. Docket Number VGOB-95-0418-0503-02.

The disbursement was approved by the Board.

4. A petition from CNX Gas Company, LLC for **authorization to revise acreages and interest** in unit percentage based on revised mapping, **disbursement of funds** from escrow account consistent with Circuit Court Order and **authorization of direct payment** of royalties by the operator for coalbed methane unit Y-26, Hurricane/Garden Districts, Buchanan County, Virginia. Docket Number VGOB-01-0918-0923-01. (Petition to be broken out into two documents; one as a Unit "Modification" petition under VGOB 01-0918-0923-01 plus a second one for "Disbursement" petition under VGOB 01-0918-0923-02)

The disbursement was approved by the Board.

5. A petition from CNX Gas Company, LLC requesting **disbursement of funds** and **authorization of direct payments** of royalties from coalbed methane gas unit V-31 for Tracts 8 and 9, Garden District, Buchanan County, Virginia. Docket Number VGOB-96-0116-0533-01.

The disbursement was approved by the Board.

6. A petition from CNX Gas Company, LLC requesting **disbursement of funds** and **authorization of direct payments** of royalties from coalbed methane gas unit Buchanan No. 1 SGU1 for Tracts 22, 50, 51 and 52, Buchanan County, Virginia. Docket Number VGOB-98-1117-0697-02.

The Board approved disbursements for Tracts 22, 50 and 51 only.

The disbursement for Tract 52 is being challenged and will be carried forward to the December meeting. The future disbursement for Tract 52 will be heard under Docket Number VGOB 98-1117-0697-03.

7. A petition from CNX Gas Company, LLC requesting **disbursement of funds** and **authorization of direct payments** of royalties from coalbed methane gas unit SLW7, for Tract 33, Buchanan County, Virginia. Docket Number VGOB-92-0218-0185-03.

The disbursement was approved by the Board.

8. A petition from Range Resources-Pine Mountain, Inc. for **pooling** of horizontal conventional gas unit VH-530269, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-0921-2815. Continued from October.

The petition was approved by the Board.

9. A petition from Range Resources-Pine Mountain, Inc. for the **establishment of a drilling unit and pooling** of conventional gas well unit V-530270, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0921-2819. Continued from October.

The petition was approved by the Board.

10. A petition from Range Resources-Pine Mountain, Inc. for **the establishment of a drilling unit and pooling** of conventional gas well unit 900001, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0921-2820. Continued from October.

The petition was approved by the Board.

11. A petition from Range Resources-Pine Mountain, Inc. for **the establishment of a drilling unit and pooling** of conventional gas well unit 900004, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0921-2821. Continued from October.

The petition was approved by the Board.

12. A petition from CNX Gas Company, LLC for **creation of a drilling unit and pooling** for coalbed methane horizontal unit CC38, Maiden Springs and Garden Districts, Buchanan and Tazewell County, Virginia. Docket Number VGOB-10-1019-2825. Continued from October.

The petition was approved by the Board.

13. A petition from EQT Production Company for **pooling** of coalbed methane well VC-537063, Unit AG-75, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-1019-2828. Continued from October.
The petition was withdrawn by the applicant.
14. A petition from EQT Production Company for **pooling** of coalbed methane unit VCI-538558, Unit BO-88, New Garden District, Russell County, Virginia. Docket Number VGOB-10-1019-2829. Continued from October.
The petition was approved by the Board.
15. A petition from EQT Production Company for **establishment of a provisional 320 acre horizontal conventional drilling unit**, EQT 2830, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2830. Continued from October.
The petition was approved by the Board.
16. A petition from EQT Production Company for **establishment of a provisional 320 acre horizontal conventional drilling unit**, EQT 2831, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2831. Continued from October.
The petition was approved by the Board.
17. A petition from EQT Production Company for **establishment of a provisional 320 acre horizontal conventional drilling unit**, EQT 2832, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2832. Continued from October.
The petition was approved by the Board.
18. A petition from EQT Production Company for **establishment of a provisional 480 acre horizontal conventional drilling unit**, EQT 2833, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2833. Continued from October.
The petition was approved by the Board.
19. A petition from EQT Production Company for **establishment of a provisional 393.39 acre horizontal conventional drilling unit**, EQT 2834, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2834. Continued from October.
The petition was approved by the Board.
The Board advised EQT to submit revised exhibits of AA & EE.
20. A petition from EQT Production Company for **establishment of a provisional 320 acre horizontal conventional drilling unit**, EQT 2835, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2835. Continued from October.
The petition was approved by the Board.
21. A petition from EQT Production Company for **establishment of a provisional 320 acre horizontal conventional drilling unit**, EQT 2836, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-1019-2836. Continued from October.
The petition was approved by the Board.
22. A petition from EQT Production Company for **modification of the Nora Coalbed Gas Field Rules** to allow for the drilling of one additional coalbed gas well to be drilled within

each of the 58.77 acre units identified as 77AP (VC-531475), 78AP (VC-537305), 79AP (VC-536630) 80AP (VC-537307), Prater District, Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-71. Continued from October.

The petition was approved by the Board.

23. A petition from Southeast Land & Mineral, LLC for the establishment of provisional 160 acre conventional drilling unit, C7, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2837. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

24. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Hutton #1, Unit C7, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2838. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

25. A petition from Southeast Land & Mineral, LLC for the **establishment of provisional 160 acre conventional drilling unit**, C8, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2839. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

26. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Carroll #1, Unit C8, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2840. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

27. A petition from Southeast Land & Mineral, LLC for the **establishment of provisional 160 acre conventional drilling unit**, D4, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2841. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

28. A petition from Southeast Land & Mineral, LLC for the **pooling** of Conventional Gas Well Smith#1, Unit D4, Tyler District, Washington County, Virginia. Docket Number VGOB-10-1019-2842. Continued from October.

The petition was continued to December 2010 at the request of the applicant.

29. A petition from Range Resources-Pine Mountain, Inc. for **modification of the Nora Coalbed Gas Field Rules** to allow one additional coalbed gas well to be drilled within the 58.77 acre unit identified as 70BE (530100) and to allow that the well be located within 60 feet of existing well 702586, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-72. Continued from October.

The petition was approved by the Board.

30. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530231, Lipps District, Wise County, Virginia. Docket Number VGOB-10-1019-2843. Continued from October.

The petition was approved by the Board.

31. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530298, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-1019-2844. Continued from October.

The petition was approved by the Board.

32. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530287 Lipps District, Wise County, Virginia. Docket Number VGOB-10-1019-2845. Continued from October.

The petition was approved by the Board.

33. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530197, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-1019-2846. Continued from October.

The petition was approved by the Board.

34. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530293, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-1019-2847. Continued from October.

The petition was approved by the Board.

35. The Board will receive an update from the Staff regarding escrow activities.

Jim Lovett reported on behalf of David Asbury information which was prepared by staff from the monthly summaries submitted by the Board's Escrow Agent. The updates reflected activities and ending market value of accounts through October 31, 2010. The disbursements for 2010 have reached \$1.150 million.

36. The Board will review the October 2010 minutes for approval.

The October 2010 minutes were approved.

The deadline for filing of petitions to the Board for the **December 2010** hearing is **5 p.m., Friday, November 12, 2010** with the December hearing scheduled for **Tuesday, December 14, 2010** at the Russell County Government Complex, Conference Center, and 135 Highland Drive, Lebanon, Virginia.