

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

Minutes and results of hearing, October 21, 2004

Board members present: Ms. Barber, Mr. Harris, Mr. McIntyre, Mr. Ratliff

1. The Board received a quarterly report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board.

The escrow account balance at the beginning of the quarter was \$9,168,865.77. Deposits of \$645,629.74 and interest of \$26,051.97 were credited to the account, and fees of \$30,000 were debited leaving a closing balance of \$9,805,852.73. Interest rate for September was 1.35%.

2. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit B-20, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-1019-1342.

In the B-20 unit, the operator controls 98.6% of the coal and gas interests, and seeks to pool the remaining 1.4% of the interests. Unleased acreage subject to pooling totals 1.08 net acres in one tract with two unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill the unit was issued on August 24, 2004, and a well has been drilled. Pooling was approved.

3. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit C-29, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1019-1343.

In the C-29 unit, the applicant controls 99.0% of the coal interests and 100% of the gas interests, and seeks to pool the remaining 1.0% of the coal interests. Unleased coal acreage subject to pooling totals 0.79 net acres in two tracts with three unleased owners. There are conflicting claimants subject to escrow. A permit to drill was issued on March 19, 2004, and a well has been drilled. Pooling was approved.

4. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BD-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-1019-1344.

In the BD-100 unit, the applicant controls 100% of the coal interests and 96.8% of the gas interests, and seeks to pool the remaining 3.2% of the gas interests. Unleased gas acreage subject to pooling totals 1.9 net acres in four tracts with 86 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on July 29, 2004. Pooling was approved.

5. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-118, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1019-1345.

In the BE-118 unit, the applicant controls 100% of the coal interests and 99.98% of the gas interests, and seeks to pool the remaining 0.02% of the gas interests. Unleased gas acreage subject to pooling totals 0.01 net acres in one tract with 13 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on September 14, 2004. Pooling was approved.

6. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-119, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1019-1346.

In the BE-119 unit, the applicant controls 96.2% of the coal interests and 61.6% of the gas interests, and seeks to pool the remaining 3.8% of the coal interests and 38.4% of the gas interests. Unleased coal acreage subject to pooling totals 2.2 net acres in one tract with eight unleased owners, and gas acreage subject to pooling totals 22.5 net acres in two tracts with 21 unleased owner. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on March 8, 2004, and a well has been drilled and completed. Pooling was approved.

7. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BF-117, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1019-1347.

In the BF-117 unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.17 net acres in one tract with two unleased potential owners. There are conflicting claimants and undetermined owners subject to escrow. A permit to drill the unit was issued on September 14, 2004. Pooling was approved.

8. The Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BF-118, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1019-1348.

In the BF-118 unit, the operator controls 93.2% of the coal and gas interests, and seeks to pool the remaining 6.8% of the interests. Unleased acreage subject to pooling totals 5.4 net acres in two tracts with 11 unleased potential owners. There are conflicting claimants and undetermined owners subject to escrow. A permit to drill the unit was issued on September 14, 2004. Pooling was approved.

9. The Board considered a petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit 25469, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1019-1349.

In the proposed 25469 conventional gas unit, the applicant controls 63.2% of the oil and gas interests, and seeks to pool the remaining 36.8% of the interests. Unleased acreage subject to pooling totals 41.5 net acres in two tracts having three unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

10. The Board considered a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 3, 5, 7 and 8, Unit T-16, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-94-1024-0476-01.

Owners with conflicting claims to coalbed gas in the T-16 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to November hearing.

11. The Board considered a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, Unit T-15, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-92-1215-0306-01.

Owners with conflicting claims to coalbed gas in the T-15 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to November hearing.

12. The Board considered a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2B & 2C, Unit AA-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0116-01.

Owners with conflicting claims to coalbed gas in the AA-9 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and

authorization of direct payment of future revenues according to the agreement. Continued to November hearing.

13. The Board considered a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2C, Unit BB-8, Prater & Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0033-02. Owners with conflicting claims to coalbed gas in the BB-8 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to November hearing.

14. The Board considered a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 1B, Unit AA-8, Prater & Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0032-02. Owners with conflicting claims to coalbed gas in the AA-8 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to November hearing.

15. The Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536128, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-10/19-1350. In the proposed V-536128 conventional gas unit, the applicant controls 99.5% of the oil and gas interests, and seeks to pool the remaining 0.5% of the interests. Unleased acreage subject to pooling totals 0.6 net acres in two tracts having 23 unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on September 20, 2004. Pooling was approved.

16. The Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-535617, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-10/19-1351. In the VC-535617 unit, the applicant controls 98.3% of the coal interests and 100% of the gas interests, and seeks to pool the remaining 1.7% of the coal interests. Unleased coal acreage subject to pooling totals 1.0 net acres in one tract with 5 unleased owners. There are conflicting claimants subject to escrow. No permit application has been filed. Pooling was approved.

17. The Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-535618, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-10/19-1352. In the VC-535618 unit, the applicant controls 88.3% of the coal interests and 98.5% of the gas interests, and seeks to pool the remaining 11.7% of the coal interests and 1.5% of the gas interests. Unleased coal acreage subject to pooling totals 6.6 net acres in two tracts with 5 unleased owners, and gas acreage subject to pooling totals 0.9 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. No permit application has been filed. Pooling was approved.

18. The Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-507920, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-10/19-1353. In the proposed V-507920 conventional gas unit, the applicant has leased 100% of the oil and gas interests, but a portion of the leasehold does not have specific pooling clauses in their leases. Applicant seeks to pool these interests. Acreage subject to pooling totals 1.7 net acres in one tract having seven owners to be pooled. There are no unlocated owners subject to escrow. No permit application has been filed. Pooling was approved.

19. The Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-507926, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-10/19-1354.

In the proposed V-507926 conventional gas unit, the applicant has leased 100% of the oil and gas interests, but a portion of the leasehold does not have specific pooling clauses in their leases. Applicant seeks to pool these interests. Acreage subject to pooling totals 11.9 net acres in two tracts having seven owners to be pooled. There are no unlocated owners subject to escrow. No permit application has been filed. Pooling was approved.

20. The Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-535914, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-10/19-1355.

In the VC-535914 unit, the operator controls 74.1% of the coal and gas interests, and seeks to pool the remaining 25.9% of the interests. Unleased acreage subject to pooling totals 15.2 net acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. No permit application has been filed. Pooling was approved.

21. The Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-505249, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-10/19-1356.

In the proposed V-505249 conventional gas unit, the applicant controls 99.96% of the oil and gas interests, and seeks to pool the remaining 0.04% of the interests. Unleased acreage subject to pooling totals 0.05 net acres in one tract having nine unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

22. The Board considered a petition from Equitable Production Company for a well location exception for proposed well V-535655, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-1019-1357.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 141.67 feet closer to existing Equitable gas well V-535654 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. The application was withdrawn.

The deadline for filing of petitions to the Board for the November hearing is 5 p.m., Friday, October 15, 2004, with the hearing scheduled for 9 a.m. on Tuesday, November 16, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.