

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, December 14, 2004

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

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. Continued from November.

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. Disbursement of funds was approved. An affidavit of ownership is required.

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. Continued from November.

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. Disbursement of funds was approved. An affidavit of ownership is required.

A petition from CNX Gas Company, LLC for further consideration of field rules allowing for horizontal drilling units, Maiden Springs District, Tazewell County, Virginia. Docket Number 04-0921-1341-01.

At its hearing on September 21, 2004, the Board gave approval for provisional units constructed on the basis of an expanded Oakwood grid for the purpose of drilling horizontal CBM wells. The applicant is requesting authorization of additional units for that purpose. The Board gave provisional approval to an expanded 80-acre drilling grid and drilling of an additional horizontal project with wells TA-61 and TA-62. The operator was instructed to return to the Board in January, 2006 to report on results of the operations.

A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit W-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0627-01.

In the W-35 80-acre unit, the applicant controls 100% of the coal interests and 27.3% of the gas interests, and seeks to pool the remaining 72.7% of the gas interests. Unleased gas acreage subject to pooling totals 58.1 net acres in four tracts with 34 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. Several wells have been permitted, drilled and completed in the unit. Pooling was approved.

A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit W-34 Garden District, Buchanan County, Virginia. Docket Number VGOB-97-0318-0571-02.

In the W-34 80-acre unit, the applicant controls 99.99% of the coal interests and 85.4% of the gas interests, and seeks to pool the remaining 0.01% of the coal interests and 14.6% of the gas interests. Unleased coal acreage subject to pooling totals 0.01 net acres in one tract with one

unleased owner, and gas acreage subject to pooling totals 12.1 net acres in three tracts with 30 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 3/12/97, and a well has been drilled and completed. Pooling was approved.

A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-127, Maiden Springs & New Garden Districts, Tazewell and Russell County, Virginia. Docket Number VGOB-04-1214-1365.

In the AV-127 48.63-acre unit, the applicant controls 100% of the coal interests and 70.5% of the gas interests, and seeks to pool the remaining 29.5% of the gas interests. Unleased gas acreage subject to pooling totals 14.3 net acres in seven tracts with six unleased owners. There are conflicting claimants subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 9/28/04, and a well has been drilled and completed. Pooling was approved.

A petition from CNX Gas Company, LLC for pooling of coalbed methane unit , BD-122, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1214-1366.

In the BD-122 58.74-acre unit, the applicant controls 100% of the coal interests and 86.9% of the gas interests, and seeks to pool the remaining 13.1% of the gas interests. Unleased gas acreage subject to pooling totals 7.7 net acres in 14 tracts with 44 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 5/18/04, and a well has been drilled and completed. Pooling was approved.

A petition from CNX Gas Company, LLC for pooling of coalbed methane unit , BF-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1368.

In the BF-100 58.78-acre unit, the applicant controls 97.2% of the coal interests and 36.4% of the gas interests, and seeks to pool the remaining 2.8% of the coal interests and 63.6% of the gas interests. Unleased coal acreage subject to pooling totals 1.7 net acres in one tract with seven unleased potential owners, and gas acreage subject to pooling totals 37.4 net acres in thirteen tracts with 10 unleased potential owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. An application for a permit to drill has been submitted. Pooling was approved.

A petition from CNX Gas Company, LLC for pooling of coalbed methane unit , BG-117, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1214-1369.

In the BG-117 58.74-acre unit, the operator controls 95.3% of the coal and gas interests, and seeks to pool the remaining 4.7% of the interests. Unleased acreage subject to pooling totals 2.78 net acres in one tract with two unleased potential owners. There are conflicting claimants and unresolved title issues making owners subject to escrow. A permit to drill was issued on 1/22/04 and a well has been drilled and completed. Pooling was approved.

A petition from CNX Gas Company, LLC for pooling of coalbed methane unit , BJ-115, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1214-1371.

In the BJ-115 58.74-acre unit, the applicant controls 100% of the coal interests and 87.4% of the gas interests, and seeks to pool the remaining 12.6% of the gas interests. Unleased gas acreage subject to pooling totals 7.43 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit to drill was issued on 10/18/04, and a well has been drilled. Pooling was approved.

A petition from Equitable Production Company for re-pooling of coalbed methane unit VC-504647, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-01-0220-0869-02.

In the VC-504647 58.77-acre unit, the applicant controls 91.4% of the coal interests and 92.9% of the gas interests, and seeks to pool the remaining 8.6% of the coal interests and 7.1% of the gas interests. Unleased coal acreage subject to pooling totals 5.0 net acres in two tracts with five unleased owners, and gas acreage subject to pooling totals 4.2 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit to drill was issued on 7/30/01 and a well has been drilled and completed. Pooling was approved.

A petition from Equitable Production Company for pooling of coalbed methane unit VC-535601, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-1214-1372.

In the VC-535601 58.77-acre unit, the applicant controls 100% of the coal interests and 84.7% of the gas interests, and seeks to pool the remaining 15.3% of the gas interests. Unleased gas acreage subject to pooling totals 8.99 net acres in two tracts with 17 unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

A petition from Equitable Production Company for pooling of coalbed methane unit VC-503042, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-1214-1373.

In the VC-503042 58.77-acre unit, the applicant controls 100% of the coal interests and 99.04% of the gas interests, and seeks to pool the remaining 0.96% of the gas interests. Unleased gas acreage subject to pooling totals 0.57 net acres in two tracts with three unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

A petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #2, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1374.

In the HRVAE #2 179-acre conventional gas unit, the applicant controls 65.5% of the oil and gas interests, and seeks to pool the remaining 34.5% of the interests. Unleased acreage subject to pooling totals 61.9 net acres in six tracts having 29 unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

A petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #5, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1375.

In the HRVAE #5 180-acre conventional gas unit, the applicant controls 65.7% of the oil and gas interests, and seeks to pool the remaining 34.3% of the interests. Unleased acreage subject to pooling totals 61.8 net acres in one tract having five unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

A Petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 164 CBM Unit C-46, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1376.

In the C-46 (Rogers 164) 80-acre unit, the applicant controls 92.8% of the coal interests and 81.2% of the gas interests, and seeks to pool the remaining 7.2% of the coal interests and 18.8% of the gas interests. Unleased coal acreage subject to pooling totals 5.8 net acres in two tracts

with 13 unleased owners, and gas acreage subject to pooling totals 15.1 net acres in three tracts with 19 unleased owners. There are conflicting claimants subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

A Petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 165 CBM Unit C-47, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1377.

In the C-47 (Rogers 165) 80-acre unit, the applicant controls 84.3% of the coal interests and 68.9% of the gas interests, and seeks to pool the remaining 15.7% of the coal interests and 31.1% of the gas interests. Unleased coal acreage subject to pooling totals 12.3 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 24.3 net acres in three tracts with eight unleased owners. There are conflicting claimants subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

A Petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 167 CBM Unit B-45, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1378.

In the B-45 (Rogers 167) 80-acre unit, the applicant controls 100% of the coal interests and 81.5% of the gas interests, and seeks to pool the remaining 18.5% of the gas interests. Unleased gas acreage subject to pooling totals 14.8 net acres in four tracts with seven unleased owners. There are conflicting claimants subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

A Petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 168 CBM Unit C-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1379.

In the C-44 (Rogers 168) 80-acre unit, the applicant controls 100% of the coal interests and 87.5% of the gas interests, and seeks to pool the remaining 12.5% of the gas interests. Unleased gas acreage subject to pooling totals 24.3 net acres in one tract with seven unleased owners. There are conflicting claimants subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

A Petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 169 CBM Unit B-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1380.

In the B-44 (Rogers 169) 80-acre unit, the applicant controls 100% of the coal interests and 81.6% of the gas interests, and seeks to pool the remaining 18.4% of the gas interests. Unleased gas acreage subject to pooling totals 14.7 net acres in two tracts with seven unleased owners. There are conflicting claimants subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

A petition from Hard Rock Exploration, Inc. for creation and pooling of conventional gas unit HRVAE #9, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-1214-1381.

In the HRVAE #9 180-acre conventional gas unit, the applicant controls 79.5% of the oil and gas interests, and seeks to pool the remaining 20.5% of the interests. Unleased acreage subject to pooling totals 36.9 net acres in one tract having five unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

The deadline for filing of petitions to the Board for the January hearing is 5 p.m., Friday, December 17, 2004, with the hearing scheduled for 9 a.m. on Tuesday, January 18, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.