

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

Minutes and results of hearing, September 19, 2006

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

1. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536616, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1532-01. Continued from August.

In the VC-536616 58.77-acre unit, the applicant controls 99.5% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 0.5% of the coal interests and 100% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in one tract with one unleased owner. Unleased gas acreage totals 58.77 acres in three tracts having one unlocated owner (99.5%) and one owner leased to a third party. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 12/16/05. The petition was withdrawn by the applicant.

2. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536474, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1533-01. Continued from August.

In the VC-536474 58.77-acre unit, the operator controls 89.6% of the coal and gas interests, and seeks to pool the remaining 10.4% of the interests. Unleased acreage subject to pooling totals 6.1 net acres in one tract with one owner who is not leased to the applicant. There are no conflicting claimants or unknown owners subject to escrow. The unit was originally pooled in November 2005. No permit application has been submitted. The petition was withdrawn by the applicant.

3. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536475, Sandlick District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1537-01. Continued from August 2006.

In the VC-536475 58.77-acre unit, the operator controls 42.1% of the coal and gas interests, and seeks to pool the remaining 57.9% of the interests. Unleased acreage subject to pooling totals 34.0 net acres in two tracts with two owners who is not leased to the applicant. There are no conflicting claimants but there are unknown owners subject to escrow. The unit was originally pooled in November 2005. No permit application has been submitted. The petition was withdrawn by the applicant.

4. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536622, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0321-1608. Continued from August.

In the VC-536622 58.77-acre unit, the applicant controls 100% of the coal interests and 5.9% of the gas interests, and seeks to pool the remaining 94.1% of the gas interests. Unleased gas acreage subject to pooling 55.3 net acres in one tract having one unlocated owner. There are conflicting claimants and unknown owners subject to escrow. A permit was issued on 4/25/06. Pooling was approved.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-76, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1647. Continued from August 2006.

In the O-76 58.65-acre unit, the applicant controls 93.5% of the coal interests and 58.5% of the gas interests, and seeks to pool the remaining 6.5% of the coal interests and 41.5% of the gas interests. Unleased coal acreage subject to pooling totals 3.8 net acres in two tracts with 29 unleased owner. Unleased gas acreage totals 24.3 net acres in four tracts having 44 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted and was subject to objection by royalty owners. The objections were referred to the Board. Continued to October.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1667. Continued from August.

In the G-9 80-acre unit, the operator controls 98.5% of the coal and gas interests, and seeks to pool the remaining 1.5% of the interests. Unleased acreage subject to pooling totals 1.5 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. The application was subject to objections by the mineral owners who are respondents to this pooling application. The objections were referred to the Board. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for establishment and pooling of conventional gas unit DPI 1772, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0815-1707. Continued from August.

In the DPI 1772 112.69-acre conventional gas unit, the applicant controls 68.6% of the oil and gas interests, and seeks to pool the remaining 31.4% of the interests. Unleased acreage subject to pooling totals 35.4 net acres in three tracts with one unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from Donald Ratliff (Deceased) and Anna Pearl Ratliff, Bill Ratliff and Geneva Ratliff, Ira Gordon Ratliff, Connie Sue Ratliff, Dianna L. Graham, Jerry Raines and Phyllis Raines, Kyle Robinson, Dewey Rowe and Earl Whited requesting the board to make a determination as to the formula used by CNX Gas Company, LLC for calculation of post-production costs deducted from royalties paid to applicants under Board orders pooling drilling units in Buchanan County, Virginia. Docket Number VGOB 06-0620-1652. Continued from June.

The petitioners were unleased gas owners whose interests were force pooled. Their royalties were escrowed until the Court determined that they were sole owners of coalbed methane on their tracts. Subsequent to that decision, escrowed funds were disbursed to them. They are questioning the validity of certain post-production costs (Mostly transportation costs) that were and are deducted from royalties before payment to gas owners. At its June hearing, the Board ordered CNX Gas to provide documentation of post-production costs at the September hearing. Post-production data was presented to and accepted by the Board.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit M-17, South Grundy District, Buchanan County, Virginia. Docket Number VGOB 06-0919-1713.

In the M-17 80-acre unit, the applicant controls 97.8% of the coal interests and 96.4% of the gas interests, and seeks to pool the remaining 2.2% of the coal interests and 3.6% of the gas interests. Unleased coal acreage totals 1.73 net acres in four tracts with nine unleased owners. Unleased gas acreage totals 2.9 net acres in nine tracts having 12 unleased owners. There are conflicting claimants and unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-98, Hurricane District, Buchanan County, Virginia. Docket Number VGOB 06-0919-1714.

In the BG-98 58.78-acre unit, the operator controls 52.9% of the coal and gas interests, and seeks to pool the remaining 47.1% of the interests. Unleased acreage subject to pooling totals 27.7 net acres in two tracts with two unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit E-18, South Grundy District, Buchanan County. Docket Number VGOB 01-1120-0979-01.

In the E-18 80-acre unit, the operator controls 97.4% of the coal and gas interests, and seeks to pool the remaining 2.6% of the interests. Unleased acreage subject to pooling totals 2.0 net acres in one tract with two unleased owners. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 2/7/06. Pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit E-19, South Grundy District, Buchanan County. Docket Number VGOB 01-1120-0980-01.

In the E-19 80-acre unit, the operator controls 77.5% of the coal and gas interests, and seeks to pool the remaining 22.5% of the interests. Unleased acreage subject to pooling totals 18.0 net acres in two tracts with two unleased owners. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 2/6/06. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from EOG Resources, Inc. for pooling of conventional gas unit PK M-24, well Plum Creek #40, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1715.

In the PK M-24 180-acre conventional gas unit, the applicant controls 71.6% of the oil and gas interests, and seeks to pool the remaining 28.4% of the interests. Unleased acreage subject to pooling totals 51.1 net acres in one tract with two unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Continued to October.

14. The Virginia Gas and Oil Board heard a petition from Fred N. Kiser, Roy Curtis & Virginia Kiser for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, Unit VC-2966, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-94-0816-0467-01.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

15. The Virginia Gas and Oil Board heard a petition from Charles B. Counts, Jr. and Katherine Kirsch Counts, Connie Counts Godfrey, Cheri Lyn Simonenko and Nicole Lyn Simonenko-Connelly for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, Unit VC-2975, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-0715-0593-02.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

16. The Virginia Gas and Oil Board heard a petition from Mae Smith Rowlett, Jack and Irene Fields for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 7 and 9, Unit VC-503042, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-1214-1373-01.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

17. The Virginia Gas and Oil Board heard a petition from Delmar H. Mayes and Mary C. Mayes for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 10, Unit VC-702942, Kenady District, Dickenson County, Virginia. Docket Number VGOB-94-0621-0455-01.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536087, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-0919-1716.

In the VC-536087 58.77-acre unit, the operator controls 99.8% of the coal and gas interests, and seeks to pool the remaining 0.2% of the interests. Unleased acreage subject to pooling totals 0.1 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-537301, Castlewood District, Russell County, Virginia. Docket Number VGOB-06-0919-1717.

In the V-537301 112.69-acre conventional gas unit, the applicant controls 96.6% of the oil and gas interests, and seeks to pool the remaining 3.4% of the interests. Unleased acreage subject to pooling totals

3.9 net acres in one tract with one unleased and unknown owner. There are unlocated owners subject to escrow. A permit to drill the unit was issued on 8/21/06. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-535926, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1718.

In the VC-535926 58.77-acre unit, the applicant controls 94.4% of the coal interests and 86.5% of the gas interests, and seeks to pool the remaining 5.6% of the coal interests and 13.5% of the gas interests. Unleased coal acreage totals 3.3 net acres in two tracts with 17 unleased owners. Unleased gas acreage totals 7.9 net acres in two tracts having 18 unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-537302, Castlewood District, Russell County, Virginia. Docket Number VGOB-06-0919-1719.

In the V-537302 112.69-acre conventional gas unit, the applicant controls 98.3% of the oil and gas interests, and seeks to pool the remaining 1.7% of the interests. Unleased acreage subject to pooling totals 1.9 net acres in one tract with one unleased and unknown owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537304, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1720.

In the VC-537304 48.53-acre unit, the applicant controls 100% of the coal interests and 59.3% of the gas interests, and seeks to pool the remaining 40.7% of the gas interests. Unleased gas acreage subject to pooling totals 19.7 acres in two tracts having two unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 8/24/06. Pooling was approved.

23. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536803, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0919-1721.

In the V-536803 112.69-acre conventional gas unit, the applicant controls 78.95% of the oil and gas interests, and seeks to pool the remaining 21.05% of the interests. Unleased acreage subject to pooling totals 23.7 net acres in one tract with three unleased owners. There are unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

24. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536804, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0919-1722.

The applicant seeks an exception in order to drill a conventional well closer to another proposed well than allowed under statewide spacing. The V-536804 well is to be 61 feet closer to Equitable gas well V-536712 than the 2500 feet mandated by spacing. The exception is needed because of topographic restraints. No application for permit to drill the unit has been submitted. Pooling was approved.

25. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 824656, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1723.

In the 824656 112.69-acre conventional gas unit, the applicant controls 90.8% of the oil and gas interests, and seeks to pool the remaining 9.2% of the interests. Unleased acreage subject to pooling totals 10.4 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

26. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825695, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1724.

In the 825695 112.69-acre conventional gas unit, the applicant controls 95.3% of the oil and gas interests, and seeks to pool the remaining 4.7% of the interests. Unleased acreage subject to pooling totals 5.3 net acres in two tracts with seven unleased owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

27. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825695, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1725.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The 825695 well is to be 520 feet closer to Chesapeake gas well 825528 than the 2500 feet mandated by spacing. The exception is needed in order to accommodate mining operations. An application for permit to drill the unit has been submitted. The location exception was approved.

28. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for re-pooling of conventional gas unit 825692, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1680-01.

In the 825692 112.69-acre conventional gas unit, the applicant controls 93.2% of the oil and gas interests, and seeks to pool the remaining 6.8% of the interests. Unleased acreage subject to pooling totals 7.7 net acres in four tracts with 10 unleased owners. There are unlocated owners subject to escrow. An permit to drill the unit was issued 7/19/06. The unit was originally pooled in July of this year. Pooling was approved.

29. The Virginia Gas and Oil Board heard a petition from Daugherty Petroleum, Inc. for pooling of conventional gas unit DPI 1773, Rocky Station District, Lee County, Virginia. Docket Number VGOB-06-0919-1726.

In the DPI-1773 112.69-acre conventional gas unit, the applicant controls 80.9% of the oil and gas interests, and seeks to pool the remaining 19.1% of the interests. Unleased acreage subject to pooling totals 21.5 net acres in four tracts with one unleased owner. There are no unlocated owners subject to escrow. No Application for permit to drill the unit has been submitted. Pooling was approved.

30. The Virginia Gas and Oil Board heard a petition from EOG Resources appealing a decision by the Director of the Division of Gas and Oil to deny permit issuance subsequent to Informal Fact Finding Conference 18605. Docket Number VGOB-06-0919-1727.

Island Creek Coal Company filed objections to the permit applications listed above under Section 45.1-361.12.A of the Gas and Oil Act which, paraphrased, states that if a coal owner and a gas operator cannot agree to a new well location within 2500 feet of an existing or permitted well, the permit shall be denied. Because no agreement was reached, the permits were denied by decision of the Director. The petition for appeal was withdrawn by the applicant.