

Virginia Department of Mines, Minerals and Energy
Virginia Gas and Oil Board
Minutes and results of hearing, July 20, 2004

Board members present: Mr. Brent, Mr. McIntyre, Mr. Ratliff, Mr. Wampler

1. The Board received a quarterly report on the Board's escrow account as administered by Wachovia Bank, Escrow Agent for the Board.

The quarter had a starting balance of \$8,577,070.94. Deposits totaling \$573,220.02 and interest of \$18,574.81 were credited to the account, and there were no disbursements or other deductions. Account balance as of June 30, 2004 was \$9,168,865.77. Interest rate for June averaged 1.03%. For the first half of the calendar year, \$17,926.84 has been disbursed to owners by order of the Board.

2. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit I-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0615-1294.

In the I-39 unit, the applicant controls 56.8% of the coal interests and 58.9% of the gas interests, and seeks to pool the remaining 43.2% of the coal interests and 41.1% of the gas interests. Unleased coal acreage subject to pooling totals 34.5 net acres in 12 tracts with 28 unleased owners, and gas acreage subject to pooling totals 32.9 net acres in 11 tracts with 46 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted. Pooling was approved.

3. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit A-23, Garden/South Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-04-0720-1305.

In the A-23 unit, the operator controls 99.98% of the coal and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased acreage subject to pooling totals 0.02 acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill the unit was issued on February 11, 2004, and a well has been drilled and completed. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0720-1306.

In the AV-100 unit, the operator controls 100% of the coal interests and 83.1% of the gas interests, and seeks to pool the remaining 16.9% of the gas interests. Unleased gas acreage subject to pooling totals 8.74 net acres in two tracts with seven unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on March 10, 2004. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-117, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0720-1307.

In the AV-117 unit, the applicant controls 94.3% of the coal interests and 96.7% of the gas interests, and seeks to pool the remaining 5.7% of the coal interests and 3.3% of the gas interests. Unleased coal acreage subject to pooling totals 2.8 net acres in four tracts with 13 unleased owners, and gas acreage subject to pooling totals 1.6 net acres in two tracts with nine unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on April 28, 2004, and a well has been drilled. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AY-103, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0720-1308.

In the AY-103 unit, the operator controls 100% of the coal interests and 64.4% of the gas interests, and seeks to pool the remaining 35.6% of the gas interests. Unleased gas acreage subject to pooling totals 20.9 net acres in three tracts with 43 unleased owners. There are conflicting claimants and unknown/unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on June 29, 2004. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-104, Hurricane/New Garden Districts, Buchanan County, Virginia. Docket Number VGOB-04-0720-1309.

In the AV-100 unit, the operator controls 100% of the coal interests and 96.1% of the gas interests, and seeks to pool the remaining 3.9% of the gas interests. Unleased gas acreage subject to pooling totals 2.22 net acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners requiring escrow, but there are conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on April 2, 2004. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BD-119, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0720-1310.

In the BD-119 unit, the applicant controls 99.99% of the coal interests and 56.1% of the gas interests, and seeks to pool the remaining 0.002% of the coal interests and 43.9% of the gas interests. Unleased coal acreage subject to pooling totals 0.002 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 25.8 net acres in five tracts with 18 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 the unit was issued on December 24, 2003, and a well has been drilled and completed. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-109, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0720-1311.

In the BB104 unit, the operator controls 98.3% of the coal and gas interests, and seeks to pool the remaining 1.7% of the interests. Unleased acreage subject to pooling totals 1.01 acres in one tract with five unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill the unit was issued on October 18, 2002, and a well has been drilled and completed. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit AX-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-0715-1158-01.

In the AX-100 unit, the operator controls 100% of the coal interests and 92.7% of the gas interests, and seeks to pool the remaining 7.3% of the gas interests. Unleased gas acreage subject to pooling totals 4.3 net acres in three tracts with 46 unleased owner. There are conflicting claimants and unlocated owners requiring escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on October 18, 2002, and a well has been drilled and completed. Pooling was approved.

11. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit AW-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-0819-1165-01.

In the AW-102 unit, the operator controls 100% of the coal interests and 99.5% of the gas interests, and seeks to pool the remaining 0.5% of the gas interests. Unleased gas acreage

subject to pooling totals 0.15 net acres in three tracts with 82 unleased owner. There are conflicting claimants and unlocated owners requiring escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on February 27, 2004, and a well has been drilled. Pooling was approved.

12. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-502834, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0720-1312.

In the VC-502834 unit, the operator controls 94.1% of the coal and gas interests, and seeks to pool the remaining 5.9% of the interests. Unleased acreage subject to pooling totals 5.9 acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-535648, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0720-1313.

In the VC-535648 unit, the operator controls 97.99% of the coal and gas interests, and seeks to pool the remaining 2.01% of the interests. Unleased acreage subject to pooling totals 1.2 net acres in one tract with two unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

14. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-505191, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0720-1314.

In the VC-505191 unit, the operator controls 96.3% of the coal and gas interests, and seeks to pool the remaining 3.7% of the interests. Unleased acreage subject to pooling totals 2.2 net acres in one tract with two unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

The deadline for filing of petitions to the Board for the August hearing is 5 p.m., Friday, July 16, 2004, with the hearing scheduled for 9 a.m. on Tuesday, August 17, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.