

COMMONWEALTH OF VIRGINIA

MINUTES OF THE GAS AND OIL BOARD MEETING

October 20, 2009

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held hearings that commenced at 9 a.m. on Tuesday, October 20, 2009. The hearings were held at the Conference Center, Russell County Government Building, and 139 Highland Drive, Lebanon, Virginia.

Board Members who were present included: Mr. Bradley C Lambert (Chairman), Mr. Bruce Prather, Mrs. Mary Quillen, Mrs. Katie Dye, and Mr. Donnie Ratliff.

Also present were Ms. Sharon Pigeon, Sr. Assistant Attorney General, Mr. Steve Waltz, DMME Director Mr. David E. Asbury Jr., Principal Executive to the staff of the board and Mrs. Diane J. Davis, Programs Administrator with the Division of Gas and Oil.

1. The Board will receive public comments.

Individuals who requested to be heard were:

- (1) Ronnie Osborne, (2) Juanita Sneeuwjagt, (3) Katherine Jewell and
(4) Jerry Grantham of Range Resources.

Chairman Lambert and the Board addressed the issue of Board Order Language in Forced Poolings and the transparency of post production costs.

The Board directed Mr. Asbury to work with industry, compile and present a list of post production cost items at the November 17, 2009 meeting. The list and the definitions of each item is to be in common language, such that individual royalty payment checks clearly identify what deductions are taken from gross royalty.

2. The Board will receive a quarterly report on the escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board. Mr. Asbury reported the ending balance was \$24,402,636.00 and disbursement year-to date 2009 have been \$1,107,141:

Quarterly Statement of Account

Wachovia Bank, Escrow Agent for:

Virginia Oil and Gas Board (VGOB)

	2007 Year-End	2008 Year-End	2009 1st Qtr	2009 2nd Qtr	2009 3rd Qtr	2009 4th Qtr	2009 Year-End
1 Beginning Value	\$ 15,942,163	\$ 18,514,685	\$ 23,983,291	\$ 24,576,736	\$ 24,650,707		\$ 23,983,291
2 Contributions	2,880,421	5,374,604	678,181	373,130	490,125		1,541,436
3 Income (net)	754,937	346,885	4,993	(11,791)	(8,152)		(14,950)
4 Realized Gain / (Loss)	-	-	-	-			-
5 Unrealized Gain / (Loss)	-	-	-	-			-
6 Fees and Expenses	-	-	-	-			-
7 Withdrawals / Disbursements	(1,062,837)	(252,883)	(89,730)	(287,368)	(730,044)		(1,107,141)
8 Ending Value	\$ 18,514,685	\$ 23,983,291	\$ 24,576,736	\$ 24,650,707	\$ 24,402,636		\$ 24,402,636

3. A petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 281 Unit A-43, North Grundy/Garden Districts, Buchanan County, Virginia. Docket Number VGOB-09-0616-2531. Continued from June and September 2009.

The Board approved the **withdrawal** of this application by the applicant.

4. A petition from CNX Gas Company LLC for pooling of coalbed methane BC-90, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-09-0818-2576. Continued from August and September 2009. A revised plat was submitted by the applicant. No escrowing is required for the unit. A revised Exhibit A, Page 2 will need to be submitted.
The petition was approved by the Board.
5. A petition from EQT Production Company for pooling of coalbed methane unit VC-536564, Ervinton District, Dickenson County, Virginia. Docket Number VGOB -09-0915-2587. Continued from September 2009. The Board will need to establish an escrow account.
The petition was approved by the Board.
6. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 422 Unit E-33, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2601.
The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.
7. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 198 Unit B-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2602.
The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.
8. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 199 Unit D-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2603.
The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.
9. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 200 Unit D-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2604.
The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.
10. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 426 Unit E-37, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2607.
The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.

11. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 207 Unit A-42, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2609.

The petition for well location was approved and the original pooling order did not expire because court action was pending for more than two years.

12. A petition from CNX Gas Company LLC for re-pooling of coalbed methane unit N-17, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-07-1113-2081-02. The Board will need to establish an escrow account.

The petition was approved by the Board.

13. A petition from CNX Gas Company LLC for re-pooling of coalbed methane unit O-41, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0362-02.

At the request of the Applicant the petition was **continued** to the December 2009 hearing.

14. A petition from CNX Gas Company LLC for re-pooling of coalbed methane unit AZ-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-1216-1239-01. Revised exhibits B2, B3 and E were distributed by the Applicant. The Board will need to establish an escrow account.

The petition was approved by the Board.

15. A petition from CNX Gas Company LLC for pooling of coalbed methane unit N-1, Prater District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2611. A revised exhibit A, Page 2 will be submitted by the applicant. The Board does not need to establish an escrow account.

The petition was approved by the Board.

16. A petition from CNX Gas Company LLC for pooling of coalbed methane unit O-1, Prater District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2612. The Applicant will need to submit a revised Exhibit E. The Board will need to establish an escrow account.

The petition was approved by the Board.

17. A petition from CNX Gas Company LLC for pooling of coalbed methane unit Z-55, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-09-1020-2614. The Board will need to establish an escrow account.

The petition was approved by the Board.

18. A petition from EQT Production Company for pooling of coalbed methane unit VC-537068, Gladeville District, Wise County, Virginia. Docket Number VGOB -09-1020-2615. A revised plat was submitted by the Applicant. The Board will need to establish an escrow account.

The petition was approved by the Board.

19. A petition from EQT Production Company for pooling of coalbed methane unit VC-531356, Lipps District, Wise County, Virginia. Docket Number VGOB -09-1020-2616. The Board will need to establish an escrow account.

The petition was approved by the Board.

20. A petition from EQT Production Company for pooling of coalbed methane unit VC-537307, Prater District, Buchanan County, Virginia. Docket Number VGOB -09-1020-2617. The Board will need to establish an escrow account.
The petition was approved by the Board.
21. A petition from EQT Production Company for pooling of coalbed methane unit VC-531334, Hurricane District, Buchanan County, Virginia. Docket Number VGOB -09-1020-2618. The Board will need to establish an escrow account.
The petition was approved by the Board.
22. A petition from EQT Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells unit Roberson District, Wise County Virginia. Docket Number VGOB-09-1020-2619.
The applicant requested and the petition was **continued** to the November 2009 hearing.
23. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field to allow for one additional well to be drilled in unit AU-76. Docket Number VGOB-89-0126-0009-58.
The petition was approved by the Board.
24. A petition from EQT Production Company for re-pooling of coalbed methane unit VC-536082, Kenady District, Dickenson County, Virginia. Docket Number VGOB -05-1115-1535-01. The Board will need to establish an escrow account (already established).
The petition was approved by the Board.
25. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, Clintwood District, Dickenson County, Virginia. Docket Number VGOB-09-1020-2620.
The petition was approved by the Board.
26. A petition from Range Resources-Pine Mountain Inc. for creation of a drilling unit and pooling of conventional gas for well V-530176 Kenady District, Dickenson County, Virginia. Docket Number VGOB-09-1020-2621. Revised Exhibits B and E were distributed by the Applicant. The Board will need to establish an escrow account.
The petition was approved by the Board.
27. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530076, Clintwood District, and Dickenson County, Virginia. Docket Number VGOB-09-1020-2622.
The petition was approved by the Board.

28. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530176, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-09-1020-2623.

The petition was approved by the Board.

29. A petition from Range Resources-Pine Mountain, Inc. for a pooling of conventional gas well VH-530207, Clintwood District, Dickenson County, Virginia. Docket Number VGOB-09-1020-2624. The Board will need to establish an escrow account.

The petition was approved by the Board.

30. The Board on its own motion will hear proposals for Escrow Agent Accounting Services.

Proposals were presented by:

- First Bank and Trust and
- Wells Fargo/Wachovia

Chairman Lambert directed the division Staff to provide each Board members a copy of the RFP response documents and allow time for consideration of the proposals. The Board will take action on the RFP's at the November 17, 2009 meeting.

The minutes for the Board hearings of September 15, 2009 were reviewed and approved.

The deadline for filing of petitions to the Board for the **December** 2009 hearing is 5 p.m., **Friday, November 13, 2009**. The hearing is scheduled for Tuesday **December 15, 2009** at the Conference Center, Russell County Government Building, and 139 Highland Drive, Lebanon, Virginia.