

MEMORANDUM OF UNDERSTANDING

**Between the Virginia Department of Mines, Minerals and Energy
and the Virginia Department of Labor and Industry**

This MEMORANDUM OF UNDERSTANDING made and entered into this 1st day of June, 2001, by and between the Department of Mines, Minerals and Energy, Division of Gas and Oil (hereinafter called "DMME"), and the Virginia Department of Labor of Industry, Virginia Occupational Safety and Health Program (hereinafter called "DOLI"), defines the regulatory responsibilities over the safety of persons on coalbed methane gas, oil, and geophysical operations.

WHEREAS, DMME administers the Virginia Gas and Oil Act pursuant to Title 45 of the Code of Virginia; and

WHEREAS, § 45.1-361.42 of the Code of Virginia directs DMME to inspect permitted coalbed methane well and related facility operations to ensure the safety of persons on permitted sites; and

WHEREAS, § 45.1-361.42 of the Code of Virginia directs the Director to issue a closure order when the inspection reveals any hazardous condition that creates an imminent danger; and

WHEREAS, § 45.1-361.42 of the Code of Virginia directs the Director to lift the closure order when he finds that the imminent danger has been corrected or eliminated; and

WHEREAS, § 45.1-361.42 of the Code of Virginia directs the Director to notify the DOLI when an inspection reveals any other condition that creates a risk to the safety or health of any person on the permitted site for actions under Title 40.1, as applicable; and

WHEREAS, to efficiently and effectively utilize resources and better administer the provisions of § 45.1-361.42 and Title 40.1 of the Code of Virginia, DMME and DOLI desire to enter this Memorandum of Understanding to provide for cooperation and coordination in the administration of their duties under their respective statutes with respect to the safety of persons on coalbed methane gas, oil, and geophysical operations.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

- DMME will, after consultation with DOLI, develop guidelines for inspecting for worker safety and reporting any conditions that create a risk to the safety or health of any worker to DOLI.
- DMME will refer any safety or health hazards they see to DOLI using telephone, telefacsimile, or e-mail, whichever is most convenient.

- DMME and DOLI staff will cross train appropriate staff at the other agency on worker safety and health issues at coalbed methane gas well sites at all stages of construction and operation.
- DOLI will conduct appropriate inspections or investigations when DMME reports safety or health hazards to DOLI.
- DOLI will report the results of the investigation or inspection to the person making the referral, including a copy of any citations issued where appropriate.
- This Memorandum of Understanding represents a non-financial understanding.

Any future changes in the MOU after entering this agreement shall be reviewed and approved by both parties prior to implementation.

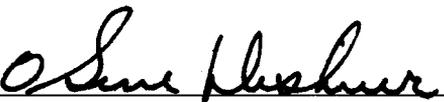
This Memorandum of Understanding represents a cooperative understanding between the participating entities, as indicated by the representative signatures below. It is entered into for the mutual benefit of both parties with regard to their respective missions. It is not a legal contract, nor is it intended to create any contractual rights, obligations, or benefits. Neither participating entity shall assign or subcontract any work or services related to this understanding without prior written consent of the other entity.

This MEMORANDUM will become effective upon signing by both parties. This MEMORANDUM may be cancelled upon 30 day written notice by either party.

This MEMORANDUM will remain in effect for five years from the time of signing, after which time it may be renewed by the concurrence of all signatory parties.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto in manner and form sufficient to bind them as of the day and year first written.

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MINES, MINERALS
AND ENERGY, DIVISION OF GAS AND OIL

By 
Director

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF LABOR AND INDUSTRY

By 
Commissioner