

COMMONWEALTH OF VIRGINIA
GAS AND OIL BOARD MINUTES
February 16, 2010

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held their regular monthly hearings commencing at 9 a.m. on Tuesday, February 16, 2010, at the Conference Center, Russell County Office Building, and Highland Drive, Lebanon, Virginia.

Present at the hearing were Bradley Lambert, Chairman, Katie Dye, Bill Harris, Bruce Prather and Mary Quillen, members of the Board. Sharon M. B. Pigeon, Sr. Assistant Attorney General, David Asbury, Principal Executive to the Board and Diane Davis.

1. The Board will receive public comments.
[No public comments were received by the Board.](#)

2. The Board will consider amendments/recommendations for the standardized clear-language royalty payment statement for parties being escrowed by the Board.
[Discussion was held regarding information to be contained within a “common language” royalty statement. The Virginia Oil and Gas Association offered to participate in future town hall meetings to educate clients on royalty statement interpretation. Each operator will provide an annual report detailing deductions taken from royalty to the Board for posting on the DMME web site. The report will be submitted by the end of the first quarter of the following year beginning with 2009.](#)

3. 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. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)

4. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit N-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0358-02. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)

5. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit N-41, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0420-0359-02. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)

6. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit O-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-0420-0361-03. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)
7. A petition from EQT Production Company for the creation of a unit and pooling of conventional well V-536901, Gladeville District, Wise County, Virginia. Docket Number VGOB-09-1215-2647. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)
8. A petition from EQT Production Company for modification of a 320 acre provisional drilling unit (EQT 2401) for the drilling of horizontal conventional gas wells, Gladeville district, Wise County, Virginia. Docket Number VGOB-08-1219-2401-01. Continued from December 2009.
[The petition was withdrawn by the Applicant.](#)
9. A petition from CNX Gas Company LLC for pooling of horizontal conventional drilling unit for horizontal conventional Unit I12CV, South Grundy District, and Buchanan County, Virginia. Docket Number VGOB 10-0119-2661. This portion of the prior petition was continued from January 2010.
[The petition was approved by the Board with the submission of a revised Exhibit A, Page 2.](#)
10. A petition from EQT Production Company for the pooling of Unit and well VC-537199 (Nora Grid BP-23), Kenady District, and Dickenson County, Virginia. Docket Number VGOB 10-0119-2662. The petition was continued from January 2010.
[The petition was approved by the Board with escrowing required for Tracts 3, 4, 5, 7 and 9.](#)
11. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field to allow for an additional well to be drilled in units AH-73, AH-75, AI-74, AL-80 and AZ-52. Docket Number VGOB-089-0126-0009-60.
[The petition was approved by the Board.](#)
12. A petition from Range Resources-Pine Mountain Inc. for the establishment of a provisional drilling unit (RR 2670) consisting of 320 acres for the drilling of horizontal conventional gas wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-0216-2670.
[The petition was approved by the Board.](#)
13. A petition from Range Resources-Pine Mountain Inc. for the establishment of a provisional drilling unit (EQT 2671) consisting of 320 acres for the drilling of horizontal conventional gas wells, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0216-2671.
[The petition was approved by the Board.](#)

14. A petition from EQT Production Company for the pooling of coalbed methane unit VCI-539488, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0216-2672.
[The petition was approved by the Board with escrowing required for Tract 1.](#)
15. A petition from EQT Production Company for the pooling of coalbed methane unit VCI-539484, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0216-2673.
[The petition was approved by the Board with escrowing required for Tract 1.](#)
16. A petition from EQT Production Company for the pooling of coalbed methane unit VCI-539473, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0216-2674.
[The petition was approved by the Board with escrowing required for Tract 1.](#)
17. A petition from EQT Production Company for the pooling of coalbed methane unit VCI-539479, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0216-2675.
[The petition was approved by the Board with escrowing required for Tract 1.](#)
18. A petition from Appalachian Energy Inc. for modification of the Nora Coalbed Gas Field to allow for an additional well to be drilled in units D-94, D-95, D-96, E-94, E-95, E-96, F-94, F-95, F-96, F-97, F-98, G-95, G-96, G-97, G-98, G-99. Docket Number VGOB-89-0126-0009-61.
[The petition was approved by the Board.](#)
19. A petition from CNX Gas Company, LLC for the establishment of a provisional drilling unit for the drilling of horizontal conventional gas wells, Unit G43SH. Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0216-2676.
[The petition was approved by the Board with the submission of a revised Exhibit B.](#)
20. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for a portion of Tract 4, Unit AW116, Russell County, Virginia. Docket Number VGOB-01-0116-0858-01.
[The petition was approved by the Board.](#)
21. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for a portion of Tract 3, Unit CC-28, Buchanan County, Virginia. Docket Number VGOB-92-1020-0280-01.
[The petition was approved by the Board with a Revised Exhibit A being submitted removing owners that have not filed a W-9.](#)
22. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for a portion of Tracts 1 and 4, Unit DD-28, Buchanan County, Virginia. Docket Number VGOB-01-0918-0921-01.
[The Board granted a continuance until March 2010 to review the percentage calculations within the disbursement.](#)

23. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1C, 1E and 1F, Unit FF-32, Russell County, Virginia. Docket Number VGOB-03-0318-1132-01.
The petition was approved by the Board.
24. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling for conventional gas well V-530204, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0216-2677.
The petition was approved by the Board with escrowing required for Tracts 5 and 9.
25. The Board will receive a status report from Robinson, Farmer & Cox, Accounting Firm performing the audit of the Virginia Gas and Oil Board escrow account.
Mr. Corbin Stone and Mr. Steve Jacobs of Robinson, Farmer and Cox gave a presentation to the Board regarding their audit plan of the escrow account. The presentation detailed the stratification and random selection statistical process to be utilized for the audit.
The Board discussed and approved the following adjustments to the audit engagement:
- 1) The Audit will be extended to include a period beginning January 2000 to January 2010 at no additional cost.
 - 2) The Board will allow travel expenses at the state per-diem rate for a planned audit review trip out of state (if necessary).
26. The Board will receive a status report from First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board escrow account.
Mr. Leton L. Harding, Ms. Karen McDonald and Ms. Debbie Davis, representatives of First Bank and Trust Company appeared before the Board and provided an update regarding the Escrow Account transition, Account Investment status and the establishment of monthly reporting documents to the Board. The transition is now complete, investments are in-place as directed by the Board, and the Staff of the Board has received FB&T system information training relative to the access and monitoring of the Escrow Accounts.
27. The Board will consider approval of the January 2010 docket minutes.
The minutes were approved by the Board.

The deadline for filing of petitions to the Board for the March 2010 hearing is 5 p.m., Friday, February 12, 2010 with the March hearing scheduled for Tuesday, March 16, 2010 at the Conference Center, Russell County Office Building, and Highland Drive, Lebanon, Virginia.