

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD MINUTES
August 17, 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 its regularly scheduled meeting that commenced at 9 a.m. today, Tuesday, August 17, 2010, at the Russell County Office Complex, Conference Center, and 139 Highland Drive, Lebanon, Virginia.

Present were Bradley C. (Butch) Lambert, Chairman, Katie Dye, Public Member, Mary Quillen, Public Member, Bruce Prather, Gas Representative, Donnie Ratliff, Coal Representative.

Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General, David E. Asbury Jr., Principal Executive to the Staff of the Board, Diane Davis and Rick Cooper, Division of Gas and Oil. Michell Street was the court recorder.

1. The board received public comments from:

Mitchell Counts

2. The Board will consider approval of recommended language change to the “Statement of Investments Policy” as presented by First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board.

The “Statement of Investments Policy” was distributed to Board members with no action. Additional time for review was agreed and the Board will consider an approval during their September 2010 meeting.

3. The Board will receive an update from staff regarding escrow account activities.

Mr. Corbin Stone was present for Robinson, Farmer & Cox. A motion was made to expand the RFP engagement to include the limited audit of four sub-accounts and a total payment of \$73,720.49 to Robinson, Farmer & Cox for work to-date or net payment of \$50,720.49.

David Asbury provided an update regarding the Board’s escrow account through July 31, 2010:

- 1) **The Ending market value of the Escrow Fund was \$26,130,537.**
- 2) **Gas operator’s working interest and royalty payments have totaled 1,927,100.**
- 3) **Interest Income for the first seven months equals \$37,450.**
- 4) **Audit Costs to-date of \$23,000 have been paid.**
- 5) **Escrow Agent Fees of \$20,588 have been paid and are inclusive of a one time \$5,000 account set-up charge.**
- 6) **Board approved disbursements to gas owners have totaled \$747,928.**

Michael Skiffington provided an overview of the proposed emergency regulations for the Escrow Account arbitration process. The emergency regulations were approved by the Board.

Mr. Skiffington outlined the approval process for Emergency Regulations and steps before potentially becoming permanent regulation...

4. The Board on its own motion will consider a disbursement of funds for unit Q-40, Docket Number VGOB-93-0216-0328. This item was previously heard and approved by the Board on August 20, 2002. Based on research of Board files, the disbursement was never made. The Board will decide whether to uphold the prior disbursement petition or deny and ask the operator to resubmit a petition.
Continued from June 2010.

The board made a motion to vacate prior disbursement order, direct the operator to re-pool the unit, and then to file a disbursement petition.

5. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow, authorization of direct payment of royalties to Torch Oil and Gas Company and Jane Hale for Tract 1D, Unit FF-24, Hurricane District, Buchanan County, Virginia. Docket VGOB-00-1017-0830-02.

A disbursement for Tract 1 B will be disbursed to Torch Oil & Gas (11.701%) and Jane Hale (11.701%) through a 50/50 split agreement was approved. The account will continue.

6. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow, authorization of direct payment of royalties to Torch Oil and Gas Company and Jane Hale for Tract 1C, Unit FF-25, Hurricane/New Garden Districts, Buchanan and Russell County, Virginia. Docket VGOB-00-1017-0831-02.

A disbursement for Tract 1C was approved for Torch Oil & Gas (27.31%) and Jane Hale (27.31%) through a 50/50 split agreement. The account will continue.

7. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow, authorization of direct payment of royalties to Torch Oil and Gas Company and Jane Hale for Tract 1C, Unit AV-112, Hurricane/New Garden Districts, Buchanan and Russell County, Virginia. Docket VGOB-01-0116-0853-01.

A disbursement for Tract 1C was approved for Torch Oil & Gas (46.9975%) and Jane Hale (46.9975%) through a 50/50 split agreement. The account will continue.

8. A petition from CNX Gas Company, LLC for the disbursement of funds from escrow, authorization of direct payment of royalties to Torch Oil and Gas Company and Jane Hale for Tract 1, Unit AV-113, Hurricane/New Garden Districts, Buchanan and Russell County, Virginia. Docket VGOB-0-0116-0854-01.

A disbursement for Tract 1 was approved for Torch Oil & Gas (41.4185%) and Jane Hale (41.4185%) through a 50/50 split agreement. The account will continue.

9. A petition from Southeast Land & Mineral, LLC for pooling of conventional gas unit C-6 Wolfrun Hall#1, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2713. Continued from June 2010.

The petition was approved by the Board with no escrowing required.

10. A petition from Southeast Land & Mineral, LLC for establishment of field rules for the Wolf Run Conventional Gas Field in Washington County, Virginia. Docket Number VGOB-10-0615-2714. Continued from June 2010.

The petition was continued to December 2010 at the request of the applicant.

11. A petition from Southeast Land & Mineral, LLC requesting to be named Unit Operator for each of the units for the proposed Wolf Run Conventional Gas Field. Docket Number VGOB-10-0615-2738. Continued from June 2010.

The petition was continued to December 2010 at the request of the applicant.

12. A petition from Southeast Land & Mineral, LLC for pooling of conventional gas well unit C-8 Wolfrun #1, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2739. Continued from June 2010.

The petition was continued to October 2010 for correction of notice.

13. A petition from Southeast Land & Mineral, LLC for creation of a 160 acre conventional gas well unit, D-4 Wolfrun, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0615-2740. Continued from June 2010.

The petition was continued to October 2010 for correction of notice.

14. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit Q-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0779-03. Continued from July 2010.

The petition was continued to September at the request of the applicant.

15. A petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit Q-42, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0216-0326-02. Continued from July 2010.

The re-pooling was approved by the Board with escrowing required.

16. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-146, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-10-0720-2754. Continued from July 2010.

Applicant will submit a revised plat indicating this is a Middle Ridge unit. AW-146A well costs are being withdrawn. Escrowing will be required for conflicting owners in Tracts 2A, 2B, 2C, 2E, 2F, 2G, 2H, 2I, 2J, 2K, 2L, 2M, 3B, 3C, 6. The petition was approved by the Board.

17. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit ZZZ-25, Garden & North Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-10-0720-2755. Continued from July 2010.
The petition was approved by the Board with no escrowing required.
18. A petition from CNX Gas Company, LLC for establishment of 240 acre horizontal coalbed methane drilling unit, location exception and pooling for Unit I17, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2756. Continued from July 2010.
The petition was approved by the Board. Escrowing is required for Tracts 5, 8, 11, and 12B. Revised Exhibit presented for Exhibit A, Page 2. The unit was previously established under docket number 1599.
19. A petition from EQT Production Company for pooling of Horizontal Conventional Gas Unit VH-539909, Roberson District, Wise County, Virginia. Docket Number VGOB-10-0720-2757. Continued from July 2010.
The petition was approved by the Board. No escrowing is required.
20. A petition from EQT Production Company for pooling of Horizontal Conventional Gas Unit VH-531021, Roberson District, Wise County, Virginia. Docket Number VGOB-10-0720-2758. Continued from July 2010.
The petition was approved by the Board. No escrowing is required.
21. A petition from EQT Production Company for pooling of coalbed methane unit VCI-538130, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2759. Continued from July 2010.
The petition was withdrawn by the Applicant.
22. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2760, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2760. Continued from July 2010.
The petition was approved by the Board.
23. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2761, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2761. Continued from July 2010.
The petition was approved by the Board.
24. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2762, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2762. Continued from July 2010.
The petition was approved by the Board.
25. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2763, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2763. Continued from July 2010.
The petition was approved by the Board.

26. A petition from EQT Production Company for the establishment of a provisional 312.11 acre horizontal conventional drilling unit, EQT 2764, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2764. Continued from July 2010.
The petition was approved by the Board.
27. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2765, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2765. Continued from July 2010.
The petition was approved by the Board.
28. A petition from EQT Production Company for the establishment of a provisional 320 acre horizontal conventional drilling unit, EQT 2766, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0720-2766. Continued from July 2010.
The petition was withdrawn by the Applicant.
29. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora Units identified as BC50, BC51, BD49-BD51, BE48-BE51, BF47-BF54, BG46-BG53, BH49, BH51, and BI49-BI52, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-66. Continued from July 2010.
Applicant stated that all units are 100% leased. The petition was approved by the Board.
30. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field to allow one additional coalbed gas well to be drilled within the 58.77 acre Nora Unit identified as BN89, Russell County, and Virginia. Docket Number VGOB-89-0126-0009-67. Continued from July 2010.
The petition was approved by the Board.
31. A petition from Range Resources-Pine Mountain, Inc. for establishment of a drilling unit and pooling of conventional well unit V-530229, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0720-2767. Continued from July 2010.
The petition was approved by the Board with the submission of a Revised B-3 providing addresses for the unknowns.
32. A petition from Range Resources-Pine Mountain, Inc. for establishment of a drilling unit and pooling of conventional well unit V-530212, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0720-2768. Continued from July 2010.
The petition was approved by the Board. No escrowing is required.
33. A petition from GeoMet Operating Company, Inc. for re-pooling coalbed methane unit 279 VA YYY-36, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-09-0217-2465-01 (now VGOB 10-0720-2774).
The petition was approved by the Board. No escrowing is required.

34. A petition from GeoMet Operating Company, Inc. for re-pooling coalbed methane unit 290 VA B-34, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-1020-2610-01 (now VGOB-10-0720-2775).
The petition was approved by the Board. Escrowing required for Tracts 3 and 4 for conflicting owners.
35. A petition from GeoMet Operating Company, Inc. for re-pooling coalbed methane unit 433 VA C-34, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1804-01 (now VGOB-10-0720-2776).
The petition was approved by the Board. Escrowing is required for Tract 2 for conflicting owners.
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THE REMAINING DOCKET ITEMS ARE CONTINUED TO SEPTEMBER 21, 2010.

36. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 287 VA A-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2769.
Continued to September 21, 2010 from July and August.
37. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 285 VA A-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2770.
Continued to September 21, 2010 from July and August.
38. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 288 VA B-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2771.
Continued to September 21, 2010 from July and August.
39. A petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 214 VA YYY-37, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-10-0720-2772.
Continued to September 21, 2010 from July and August.
40. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit E-12, Garden/North Garden/South Garden Districts, Buchanan County, Virginia. Docket Number VGOB-10-0817-2777. **Continued to September 21, 2010 from August.**
41. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-17, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0817-2778.
Continued to September 21, 2010 from August.
42. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit N-79, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-10-0817-2779. **Continued to September 21, 2010 from August.**

43. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BI-118, New Garden District, Russell County, Virginia. Docket Number VGOB-10-0817-2780. **Continued to September 21, 2010 from August.**
44. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit I-17, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0817-2781. **Continued to September 21, 2010 from August.**
45. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit YYY-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-10-0817-2782. **Continued to September 21, 2010 from August.**
46. A petition from CNX Gas Company, LLC for modification of the Middle Ridge I Field Rules to allow for the drilling of an additional well in units BA118, BC116, BC117, BC118, BD116, BD118, Russell County, Virginia. Docket Number VGOB-00-1017-0835-09. **Continued to September 21, 2010 from August.**
47. A petition from CNX Gas Company, LLC for modification of the Nora Coalbed Gas Field Rules to allow for the drilling of an additional well in unit AJ80, Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-69. **Continued to September 21, 2010 from August.**
48. A petition from CNX Gas Company, LLC for modification of the Oakwood I Field Rules to allow for the drilling of an additional well in units D39, E41, E42, Buchan County, Virginia. Docket Number VGOB-93-0216-0325-22. **Continued to September 21, 2010 from August.**
49. A petition from CNX Gas Company, LLC for modification of Horizontal Drilling Unit SSS28SH to correct acreage within the tracts in the provisional unit, North Grundy/Knox District, Buchanan County, Virginia. **Continued to September 21, 2010 from August.**
50. A petition from EQT Production Company for modification of the Nora Coalbed Gas Field Rules to allow for the drilling of an additional well in units BJ80-BJ82, BK79, BL79, BM79, BM83, BN79, BN83, BP78, BP79, BQ77, BQ78 Dickenson and Russell County, Virginia. Docket Number VGOB-89-0126-0009-68. **Continued to September 21, 2010 from August.**
51. A petition from EQT Production Company for pooling of coalbed methane unit VC-504900, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0817-2783. **Continued to September 21, 2010 from August.**
52. A petition from EQT Production Company for pooling of coalbed methane unit VC-536217, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0817-2784. **Continued to September 21, 2010 from August.**

53. A petition from EQT Production Company for pooling of coalbed methane unit VCI-539008, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0817-2785.
Continued to September 21, 2010 from August.
54. A petition from EQT Production Company for the establishment of a provisional drilling unit (EQT 2786) consisting of 429.74 acres for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0817-2786. *Continued to September 21, 2010 from August.*
55. A petition from EQT Production Company for the establishment of a provisional drilling unit (EQT 2787) consisting of 320 acres for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0817-2787. *Continued to September 21, 2010 from August.*
56. A petition from EQT Production Company for the establishment of a provisional drilling unit (EQT 2788) consisting of 320 acres for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0817-2788. *Continued to September 21, 2010 from August.*
57. A petition from EQT Production Company for the establishment of a provisional drilling unit (EQT 2789) consisting of 320 acres for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-10-0817-2789. *Continued to September 21, 2010 from August.*
58. A petition from Southeast Land & Mineral, LLC for establishing of a provisional drilling unit and pooling for conventional well C-7 Wolf Run, Tyler District, Washington County, Virginia. Docket Number VGOB-10-0817-2790.
Continued to September 21, 2010 from August.
59. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling for proposed well V-530213, Kenady District, Dickenson County, Virginia. VGOB-10-0817-2791.
Continued to September 21, 2010 from August.
60. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530213, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-10-0817-2792.
Continued to September 21, 2010 from August.
61. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling for proposed well V-530027, Sandlick District, Dickenson County, Virginia. VGOB-10-0817-2793.
Continued to September 21, 2010 from August.
62. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530283, Roberson District, and Wise County, Virginia. Docket Number VGOB-10-0817-2795. *Continued to September 21, 2010 from August.*

63. A petition from GeoMet Operating Company, Inc. for re-pooling of coalbed methane unit Rogers 275-CBM Unit B-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1797-01.
Continued to September 21, 2010 from August.
64. A petition from GeoMet Operating Company, Inc. for re-pooling of coalbed methane unit Rogers421 VA Unit F-38, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0120-2454-01.
Continued to September 21, 2010 from August.
65. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530277, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-10-0817-2796.
Continued to September 21, 2010 from August.
66. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530233, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-10-0817-2797.
Continued to September 21, 2010 from August.
67. The Board will review the July 2010 minutes for approval.
The minutes were approved by the Board.

The meeting adjourned at 3:13 p.m.