

**COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARINGS
Minutes August 16, 2011**

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 scheduled monthly hearing at 9 a.m. on Tuesday, August 16, 2011, at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Board members present were Bill Harris, Acting Chairman, Bruce Prather, Mary Quillen, Katie Dye and Donnie Ratliff. Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General, Rick Cooper, Acting Director of the Division of Gas and Oil and Diane Davis, Division of Gas and Oil staff.

1. The board will receive public comments.

Comments were received from Sarah Day regarding her 50/50 split on the O. H. Keen estate and why they have not been paid.

Noah Fuller and Dannie Fuller had questions about a permit and damage to their water. They were directed to contact Rick Cooper during a break.

Mitchell Counts expressed the concerns about gas being removed from his property without compensation.

Bobby Blankenship placed on record that CNX Gas would put nothing else on his property.

Jerry Blankenship stated that the companies have stole the gas.

2. The Board, on its own motion, will consider a proposal from the Horizontal Drilling Committee established by the Board for an order establishing Field Rules for Horizontal Drilling in Southwest Virginia. Docket Number VGOB-11-0816-2986.

Bruce Prather thanked the committee members for their work and particularly Gus Jansen for his leadership in the industry. Gus Jansen gave a power point presentation to the board and committee members addressed questions from Board members. It was discussed that the Board would review the recommendation and contact Gus Jansen with possible issues. Once the Board is ready to take action, the item will be placed on the docket own the Board's own motion.

3. A petition from EQT Production Company on behalf of Timmy Sutherland and Patricia Sutherland; Corbet Anderson and Phyllis Anderson; Harry Anderson and Sharon Anderson; Robert Kuchan and Patricia Kuchan and Range Resources, Pine Mountain Inc. for disbursement of funds from escrow and authorization of direct payment for Unit VC-537100 for Tract 2, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1918-01. Continued from July 2011.

Applicant asked that the petition be continued to September.

4. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-27, Garden District, Buchanan County, Virginia. The petition is for the disbursement of a portion of Tract 2. Docket Number VGOB-97-0218-0563-03. Continued from June 2011.

The petition will be continued to October 2011.

5. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-28, Garden District, Buchanan County, Virginia. The petition is for disbursement of a portion of Tract 1. Docket Number VGOB-97-0218-0564-02. Continued from June 2011.

The petition will be continued to October 2011.

6. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit T-28, Garden District, Buchanan County, Virginia. The petition is for the disbursement of a portion of Tract 5. Docket Number VGOB-97-0218-0565-02. Continued from June 2011.

The petition will be continued to October 2011.

7. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for a portion of Tracts 1 & 1A, Unit W-20, Garden and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-92-0721-0240-03.

The petition is for disbursement of funds based on a 50/50 royalty split agreement for Tracts 1 & 1A. The applicant will submit a revised Exhibit A-1 with the correct names reflected for payout. The petition was approved.

8. A petition from CNX Gas Company, LLC for (1) reimbursement of overpayment of funds to the operator prior to any additional disbursements from the account (2) disbursement of funds and authorization of direct payment of royalties from escrow for Tracts 2L, 2M, 2N and 2P, Unit P-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0216-0330-05.

Over payment recoupment by CNX will end with August payment. CNX will notify Ms. Estridge of the delay in the disbursement until November 2011. CNX will notify DGO of the exact amount to be reimbursed to the operator prior to disbursement preparation. The disbursement is for a 50/50 royalty split agreement for Tracts 2L, 2M, 2N, 2P. The petition was approved for disbursement.

9. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties for Tracts 2A, 2N and 2O, Unit EE-38, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-02-0521-1029-03.

The petition is for disbursement based on a court order and a split agreement. Tracts to be disbursed are for 2A and 2O for a court order and

2N for a split 50/50 split agreement. The applicant will provide a revised Exhibit A-1 deleting Charles Walter Boyd for failure to provide a W-9. Checks for all parties being disbursed by court order need to be mailed to Shea Cook per Board instructions. The petition was approved by the Board.

10. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties for a portion of Tract 2, Unit AY-119, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0513-1149-02.

The petition is for disbursement based on a royalty split agreement for Tract 2. The petition was approved by the Board and the account should remain open.

11. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tract 1C, Unit FF-38, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-03-1021-1207-04.

The petition is for disbursement based on a court order for Tract 1C. The check should be mailed to Shea Cook per Board instruction The petition was approved by the Board and the account is to remain open.

12. 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 2A & 2G, Unit AY-120, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0615-1296-03.

The petition is for disbursement based on 50/50 royalty split agreements for Tracts 2A and 2G. Revised Exhibits E, EE and A1 were distributed at the hearing. The petition was approved by the Board and the account is to remain open.

13. A petition from Appalachian Energy, Inc. for pooling of a coalbed methane unit AE-235 (Unit H-101), North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2899. Continued from May 2011.

The applicant requested the petition be withdrawn.

14. A petition from CNX Gas Company, LLC for modification of the Nora Coalbed Gas Field Rules to allow for the drilling of additional well(s) in Units H73 through H76, I73 through I76, J73 through J76, M70 through M72, N70 through N72 and O71, Buchanan County, Virginia. Docket Number VGOB-89-0126-0009-76.

The petition was approved by the Board for one additional well per unit.

15. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit R-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0781-03.

The petition was approved by the Board.

16. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit R-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-00-0321-0782-02.

The petition was approved by the Board.

17. **A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit AV-110, Hurricane and New Garden Districts, Buchanan and Russell County, Virginia. Docket Number VGOB-01-0320-0870-03.**

The applicant requested the petition be continued to September 2011.

18. A petition from CNX Gas Company, LLC for the creation of a provisional drilling unit and pooling for conventional horizontal Unit TTT24SH, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0816-2980.

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

19. A petition from CNX Gas Company, LLC for the creation of a provisional drilling unit and pooling for conventional horizontal Unit UUU27SH, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0816-2981.

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

20. A petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane well Watkins 21 (Unit Z-74) Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0816-2982.

The petition was approved by the Board. Escrowing will be required for unlocatable owners in Tract 4. A signed AFE was submitted at the hearing. The applicant will submit a corrected page one of the application.

21. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900032, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-11-0816-2983.

The petition was approved by the Board.

22. A petition from Range Resources-Pine Mountain, Inc. for pooling of coalbed methane well Lovers Gap-147, (Unit 78-Y), Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0816-2984.

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

23. A petition from Range Resources-Pine Mountain, Inc. for pooling of horizontal conventional gas well VH-530312, Lipps District, Wise County, Virginia. Docket Number VGOB-11-0816-2985.

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

24. The Board will receive an update of Board and Division activities from Staff.

No new activity was reported.

25. The Board will review the July 2011 minutes for approval.

The minutes were approved by the Board.

The meeting adjourned at 2:18 p.m.