

IN THE COUNTY OF WASHINGTON

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VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

April 15, 2008

APPEARANCES:

BOARD MEMBERS:

BENNY WAMPLER - CHAIRMAN
MARY QUILLEN - PUBLIC MEMBER
SHARON PIGEON - PUBLIC MEMBER
PEGGY BARBAR - PUBLIC MEMBER
BILL HARRIS - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
BRUCE PRATHER - OIL REPRESENTATIVE

CHAIRMAN:

BENNY WAMPLER - DEPUTY DIRECTOR OF THE DMME AND CHAIRMAN

BOB WILSON AND DAVID ASBURY - DIRECTOR OF THE DIVISION OF
GAS & OIL AND PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

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BENNY WAMPLER:¹ Folks, we are going to go ahead and call the meeting to order. I'll ask you to check your cell phones and blackberries and whatever may make noises if you will to shut those off during the hearing. These microphones are not to project. They are here to record the proceedings. So, it's important not to have people talking while we're talking. We'll call these...each agenda item and if you have an item of interest you'll have an opportunity to come forward at the time. I will, before we start, just make an announcement that our director, Bo Willis, the Director of the Department of Mines, Minerals, and Energy passed away last night. I'd like to just ask for a moment of silence in his...on behalf of his family. (Silence.) Thank you. I'll ask the Board members at this time to introduce themselves starting with Ms. Quillen.

MARY QUILLEN: Mary Quillen, director of graduate programs for the University of Virginia here at the Higher Ed Center and I'm a public member.

PEGGY BARBAR: I'm Peggy Barbar, Dean of Engineering at Southwest Virginia Community College and I'm a public member.

KATIE DYE: I'm Katie Dye and I'm a public member.

SHARON PIGEON: I'm Sharon Pigeon from the Office of the Attorney General.

DONNIE RATLIFF: 1 Donnie Ratliff. I...I work for Alpha Natural Resources, representing coal.

BRUCE PRATHER: I am Bruce Prather. I represent the Oil and Gas industry.

BILL HARRIS: I'm Bill Harris, a long-time faculty member of Mountain Empire Community College. I'm a public member in Wise County.

BOB WILSON: I'm Bob Wilson. I'm the Director of the Division of Gas and Oil and principal executive to the staff of the Board.

BENNY WAMPLER: Thank you. The first item on our agenda today, the Board will receive a quarterly report on the Board escrow account that's administered by Wachovia Bank. Mr. Wilson will discuss that report.

BOB WILSON: Board members, I have given you time synopsis of the last quarter's activity. We had a beginning balance in the account of \$18,514,685.13. We received deposits during the quarter of \$763,348.37 and realized interest income of \$122,998.60. During the quarter \$14,254.49 were withdraw from the account in disbursements and expenses. The ending value for the quarter is \$19,386,777.61, that's as of March 31st. Through the quarter, we received an interest of .97%, which is an annualized percentage rate of 3.88%. You can see that has

gone down a bit as we'd been expecting considering everything else that is going on in the economic stage right now. The totals that I have given, of course, are also year-to-date totals since they keep those on a calendar year basis. That's all I have.

BENNY WAMPLER: Questions from members of the Board or comments?

(No audible response.)

BENNY WAMPLER: All right. The next item on the agenda, the Board on its own motion and in response to public comment, we'll discuss post production costs that are allowed by pooling orders and are deducted from royalty payments to pooled parties. I'd asked Mr. Wilson to put this on the agenda today just to kind of open the door, if you will, for ongoing review and study by the Board based on the comments that we've heard recently.

BOB WILSON: Mr. Chairman, I have some handouts for the Board, which I'll pass out right now.

(Bob Wilson passes out a handout.)

BOB WILSON: As Board members who were present last month will remember, at public comment period we received comments relative to the payment or the deduction of post production costs from gases produced and attributed to force pooled interests under the Board's jurisdiction.

I've given you two things here in my hand...the handouts, one is a transcript of that hearing last month, or that portion of the hearing and the other is an accounting that we have received from another party. The point in question here is the deduction of post production costs. The Board order as it currently is structured states that, "For the purposes of this order, net proceeds shall be actual proceeds received less post production costs incurred downstream of the well head including but not limited to gathering, compression, treating, transportation and marketing costs whether performed by unit operator or a third party." These net proceeds are used to calculate the amount of money that is paid to force pooled interests under the Board order.

I would like to point out a couple of things in the testimony that we received last week in public comment, the person who was making those comments stated that royalties of one-eighth were paid within 22% to 45% of the amount of those royalties were deducted for post production costs. The second handout that I've given you there is a spreadsheet that was provided to us by another party, based on information that was provided to them upon payout by disbursement from the escrow account and there is a column in there that's labeled "TRANS PERCENT," this is a

transportation and/or basically post production costs that were deducted throughout the life of that money going into that escrow account and it varied from a high of 94.9% taken out of one check down to a low of about 10.8%...I think was 10.5% was about the low that was ever deducted. Throughout the life of this payment from October of '94 through December of '05, 44.5% of royalties were deducted from payments for post production costs. Those are two examples.

We have received a number of inquiries both here at the Board and the staff at DGO have received inquiries over the years as to the authority for granting post production costs and the control over those costs. And I think that's where the Board is now as to decide how to go forward to look at this. As best I can tell, this particular clause that I read a few months ago from the Board order began being used in January of 1992. Prior to that the Board orders were pretty much free form and each individual operator submitted his own draft. At that time, it appears, and I'm hedging my bets on this somewhat because I was not involved at that particular time and I'm not sure...we've lost some of our corporate memory over the years as to exactly how that happened, but at that time we adopted...the Board adopted a standard format for Board orders and it included this particular stipulation. That's

all I have.

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BENNY WAMPLER: Questions from members of the Board? Questions or comments?

(No audible response.)

BENNY WAMPLER: Just for clarification, I just wanted to get this on the table today. We'd, you know...not that...don't think that we would take the time today to get to a solution but to open the door. We'll make it available to receive written comments over the next...between now and the next Board hearing. We probably won't put it on the Board hearing next time but probably the hearing after that we'll bring it back up after we've had time to receive the comments and distribute them at the next Board hearing. I'd like to have them...when is the next Board hearing? May the 20...? It's the third Tuesday, anyway.

BOB WILSON: May 20th.

BENNY WAMPLER: All right. So, I'd like to have the comment...written comments by May 15th so we'd have time to copy them and distribute to the Board at that hearing and then we'll schedule it for the June hearing for discussion and comment. Is that suitable to the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything else, Mr. Wilson?

BOB WILSON: No, sir.

BENNY WAMPLER: All right. Thank you. The next item on the agenda is a petition from Equitable Production Company for pooling coalbed methane unit VC-537113, docket number VGOB-07-0515-1934. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser and Don Hall on behalf of Equitable Production Company. We would respectfully request that this item be continued again for sixty days until the June docket and Mr. Hall will kindly elaborate on that.

DON HALL: We have some on going negotiations with one of the parties that we'd like to complete before we pursue the force pooling.

BOB WILSON: Mr. Chairman, has---?

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: ---this not been carried forward twice before?

DON HALL: Yes, it has. Once for sixty days, I believe.

BOB WILSON: I would suggest to the Board that the item was probably submitted prematurely and possibly the application should be rejected and the operator file a new

application at such time as they get all these things straightened out and rather than you continue to carry it forward.

BENNY WAMPLER: Do you have any response to that?

JIM KAISER: I know that I think...you know, I understand Mr. Wilson's frustration and the extra cost to the department. I wish there was some mechanism by which when these things are continued the operator could compensate the DGO for their time and expense of having to republish these things. I mean, this is not something we're...I feel like my client has done intentionally or...I mean, we don't like continuing them any more than you like them being continued and a lot of times particularly when you're...I think this involves a lot of Heirs, doesn't it?

DON HALL: Yes.

JIM KAISER: When you've got a huge Heirship and you do actually exercise due diligence and try to locate them and it just kind of becomes a never ending cycle. So--

DON HALL: This involves probably over 150 heirs that would be necessary...if we reapplied it would be necessary to renotify all of those people. It's not them that we're dealing with. That situation has gone as far as its going to go. It's a situation with the railroad that

we've been having some ongoing negotiations with not just for this, but some other things and its all wrapped in together. But if we were to continue if for sixty more days, the next time we'll either withdraw it or force pool it. I mean, we won't ask anything further continuances on it. But if we have to reapply we're talking about renotifying probably 150 people.

BENNY WAMPLER: Any comments from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion? I'll ask for one on this because this is something I think the Board needs to decide. It's either a motion to continue or a motion to refile.

DONNIE RATLIFF: I'll make a motion that we continue it, Mr. Chairman.

MARY QUILLEN: Second.

BENNY WAMPLER: Is there a...I have a second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying, yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed say, no. It's continued.

Did you say sixty days? 1

JIM KAISER: Yes, sir, until June. Then we'll either pool it or withdraw it.

BENNY WAMPLER: Next on the agenda is a petition from CNX Gas Company, LLC for pooling coalbed methane unit R-1, Prather District, Docket Number VGOB-08-0318-2160. I'll ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: I would ask you before we get started if you have any housekeeping to do. We have a lot of people here. If there's anything that you're going to ask for a continuance or dismissal or anything let's get that done first.

MARK SWARTZ: As usual, we have a bunch of things. This item we are going to withdraw, R (-1). The reason being there was a permit objection on the 2,500 foot rule. We can't move the well, so we're withdrawing this one. Item number five on the docket, I'll list them all and then you can I guess probably call at that point.

BENNY WAMPLER: I will, yeah.

MARK SWARTZ: Item number five on the docket, we have the same problem but we can move the well or we think we can. So, if I can continue R (-2). On number 15..no,

I'm sorry, number 16---. 1

SHARON PIGEON: Mark, on number 5 that you're suggesting to continue, is that for the next docket or?

MARK SWARTZ: We don't know if---

LESLIE ARRINGTON: I think I can touch base with them and see if I can get that one worked out.

MARK SWARTZ: On number 16, we'd like to withdraw that. That's N (-2). And number 19, we've got everybody leased, I believe on that now. So, we'd like to withdraw the application on TA-80. And that would be the collection.

BENNY WAMPLER: All right. I'm going to go ahead and call these by docket in case you are tracking them by that. The one that I just called is withdrawn. They've asked to continue docket number VGOB-08-0318-2161 until the next hearing date. That will be continued. Item 16, docket number VGOB-08-0415-2196 is withdrawn. Item 19, a petition from CNX on docket number VGOB-08-0415-2198 is withdrawn.

MARK SWARTZ: Correct.

BENNY WAMPLER: We'll go to number six on the Board's agenda, a petition from CNX Gas Company, LLC for repooling of coalbed methane unit VP8SGU3, docket number VGOB-06-0321-1598-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Let me just interrupt just one second. Just for as a reminder and in response to continuances etcetera, the Board will be reviewing the Board regulation over the next several months and one part of that could be consideration for the operator's to pay for the expense of re-advertisement on continuations. That's something that could be considered at that time. In the industry I know there's an opportunity to comment on that. Let the record show there are no others. You may proceed, Mr. Swartz.

PETER GLUBIAK: Mr. Wampler...thank you, sir. Mr. Chairman, Peter Glubiak representing John Sheffield in the various Sheffield trusts. And before I get started, I want to point out a procedural matter that I think bear...we need to address. It is our position, quite clearly, that the...I'm looking at an amended Notice of Hearing, which was received on March the 28th, which looking at the list of respondents, clearly expands the scope of the repooling order from last month's discussions. I think that...my position would be that the entire amended Notice is not timely filed and therefore shouldn't be heard today. There are a number of matters. There are an additional twelve or fifteen people in this thing and, you know, the regulations

clearly say 30 days prior to the hearing and this isn't filed 30 days prior to the hearing.

MARK SWARTZ: If they want to come back next month, we're delighted to come back next month. We're here anyway. So I'm not going to object to a continuance. We're ready, but if they want to continue it for 30 days, that's fine with us.

PETER GLUBIAK: We think it should be continued properly because we don't know whether any of these people were notified.

MARK SWARTZ: I'm not going to the basis or the merits of a motion for a continuance. I'm just saying, rather than arguing about what we did and whether or not we gave notice I'll just...if they want a continuance they can have a continuance.

BENNY WAMPLER: I understand. It's continued.

PETER GLUBIAK: Thank you.

BENNY WAMPLER: Sure.

MARY QUILLEN: Mr. Chairman, was that for 30 days?

BENNY WAMPLER: Yes.

MARK SWARTZ: Well, I don't know. Do you want longer?

PETER GLUBIAK: No, 30 days.

BENNY WAMPLER: Next is a petition from GeoMet

Operating Company, Inc. for pooling coalbed methane unit Rogers 423VA unit E-34, docket number VGOB-08-0318-2166. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TOM MULLINS: Good morning, Tom Mullins from the Street Law Firm. On agenda items 7, 8, 9, 10, and 11, we'll be withdrawing those, Mr. Chairman.

BENNY WAMPLER: They're withdrawn. Thank you.

TOM MULLINS: Thank you.

BENNY WAMPLER: For those of you tracking docket numbers, the first...item number 7, docket number VGOB-08-0318-2166 is withdrawn. Docket number VGOB-08-0318-2168 is withdrawn. Docket number VGOB-08-0318-2169 is withdrawn. Docket number VGOB-08-0318-2173 is withdrawn. Docket number VGOB-08-0318-2174 is withdrawn. Next is a petition from Equitable Production Company for pooling coalbed methane unit VC-536972. This is docket number VGOB-08-0318-2176. We'd ask the parties that wish to address the Board to come forward. You don't have anybody with you, Mr. Kaiser. You're all on your own.

JIM KAISER: I think things have progressed so rapidly this morning that I've lost my witnesses.

BENNY WAMPLER: While you're waiting, if you have any housekeeping that might help any of the others here, we

would entertain that. 1

JIM KAISER: Do you really want to hear it? All right.

BENNY WAMPLER: Yes, sir.

JIM KAISER: I was saving it.

BENNY WAMPLER: I don't want people sitting here waiting if there's something that they're not going to hear today.

JIM KAISER: Item number 21, we'd ask that be continued until June, a notice issue.

BENNY WAMPLER: Okay.

JIM KAISER: Item number 28, we'd ask that item be continued until June, a notice issue. Item number 32, we'd ask that be continued until June, a notice issue. We'd ask the Board to reverse the order of items 33 and 34 in the manner in which they are called. Item number 37, we'd ask that be continued until May, a notice issue. Item number 38, we'd ask that item be withdrawn. I think that's got it.

BENNY WAMPLER: State your name for the record.

WAYLON MARTIN JESSEE: Waylon Martin Jessee.

BENNY WAMPLER: Do you have a comment on the one that's currently called or the one that's asked to be continued?

WAYLON MARTIN JESSEE: On item 32.

BENNY WAMPLER: Okay, let me get to that. Let me just clean up some stuff. On item 21, for everyone's interest here, docket number VGOB-08-0415-2199 is continued until June unless objection. Item 28, a petition from Equitable Production Company for establishing of a 320-acre drilling unit VH-536926, docket number VGOB-08-0415-2206 is continued until June. Item 32, docket number VGOB-08-0415-2210 has been asked to be continued. You can tell us what...do you have an objection with a continuance?

WAYLON MARTIN JESSEE: Yes, I have an objection. I'd like to be heard today.

BENNY WAMPLER: Do you want to discuss whether you are prepared to go forward today and what the issue is? Did you say it was a notice issue?

JIM KAISER: I think it is.

BENNY WAMPLER: If we have a notice issue Mr. Jessee we can't hear it if...but if we don't have a notice issue we'll try to accommodate you.

JIM KAISER: I am about 99% sure that's what it is.

BENNY WAMPLER: Do you understand they have to have proper notice before we can go on with the hearing and they're saying that they need more time to re-notice?

WAYLON MARTIN JESSEE: Proper notice? What

is...what constitutes proper notice? What are we talking about exactly?

JIM KAISER: We probably have someone that has an interest in the unit that we didn't notice properly in a timely fashion. I don't have any problem if he wants to make his statement and put it on the record and you can read it in or whatever next time and---.

BENNY WAMPLER: We can let you do that if you don't want to come back.

WAYLON MARTIN JESSEE: I'd like to be heard, yes.

BENNY WAMPLER: Let's see what the real issue is first. He's gone to try to find someone to find...I want to know what the issue is. Okay. We'll let you...without them putting on any...the way we typically do this is that they're required to put on the information and you'll have an opportunity to ask questions then you have an opportunity to make comments also and they'll have an opportunity to ask questions.

JIM KAISER: Which means I'll help your situation. I mean if you wanted to...if you wanted us to present our testimony and then ask us questions, if you don't come back next time if the continuance goes forward then you wouldn't be able to do that so you might want to consider coming back next time.

SHARON PIGEON: Well he couldn't do it unless we had them put on their case---.

BENNY WAMPLER: Right.

SHARON PIGEON: ---and continue it at that point.

BENNY WAMPLER: Right.

SHARON PIGEON: But we could do that. You do understand about the notice? They have to send out certain paperwork to all the involved parties thirty days in advance and apparently someone, maybe their address wasn't good, we're not sure what it is because they have another individual from the company that hopefully is going to be here in a minute and tell us---.

JIM KAISER: Actually, we have about four witnesses for this one.

SHARON PIGEON: Are they here?

JIM KAISER: She would be the one that knew the reason for a continuance.

SHARON PIGEON: Well, okay.

JIM KAISER: She just stepped out. She should be back here in a minute.

SHARON PIGEON: Is she going to tell us why they need the continuance. If it's notice, the other parties that didn't receive timely notice because apparently you did since you're here but someone else who did not would have

the same right to appear, as well and we have to protect their rights by making sure notice was sent out timely. Now, in order to give you the opportunity to go on the record today, we can either have you go on the record and make your statement more or less fair or Mr. Chairman could consider having the operator go ahead and begin putting on their evidence. That would be a different way to do it, but it's his choice.

WAYLON MARTIN JESSEE: Well, as I said I'd like to be heard today if possible.

BENNY WAMPLER: I'm going to go ahead and let you, if you're okay with it, just tell the Board your concerns and we'll have that of record.

JIM KAISER: I do have some notes from my witness meeting. It is a notice problem.

BENNY WAMPLER: Okay. All right. Do you understand? We'll let you go ahead and make your statements. You're welcome to come back next month when we have the notice cured and...but you won't have to because your statement will be part of the record for next month. Okay?

WAYLON MARTIN JESSEE: Okay. Let me begin by saying that I want to be completely respectful----.

BENNY WAMPLER: Let me get you sworn in first.

WAYLON MARTIN JESSEE: Oh, I'm sorry.

(Waylon Martin Jessee is duly sworn.)

WAYLON MARTIN JESSEE: I'd like to begin by saying I want to address this Board with complete respect. Although some of the remarks that I have, facts as I see them, might seem disrespectful. I intend no disrespect to anyone that is a member of this Board which I personally know you, Mr. Wampler, Donnie Ratliff and Peggy Barbar. I've known all three of you for many years and had a lot of good acquaintances with each of you. In the docket, the applicant says that they, Equitable Resources I guess, owns and/or has leased to 100% of the oil and gas interests in this pool that they're requesting. Back in July of 2005 there was a docket issue concerning part of this property that they're requesting of this petition be granted for now. I contend that this statement that they made regarding this lease is not completely legitimate and that it was not legally obtained under the Virginia Gas and Oil Act. I'd like to direct the Board's attention to a pooling order issued by the Board on August 16, 2005, permit number 200503693.

BENNY WAMPLER: Repeat that number please.

WAYLON MARTIN JESSEE: 200503693. It was recorded

in the Clerk's office at Wise County, Virginia on August 26, 2005 at 1:48 p.m. I contend that my interest and rights were erroneously pooled under the Virginia Gas and Oil Act Chapter 22.1, Article 2, Section 45.1-361.21, Subsection B which reads as follows: "Any gas or oil owner whose identity and location remain unknown" and I stress unknown, "at the conclusion of the hearing concerning the establishment of a pooling order for which public notice was given shall be deemed to have elected to lease his interest to the gas or oil operator at a rate to be established by the Board." Further, I contend that my identity and location was known prior to and at the conclusion of the July 19, 2005 hearing concerning the aforementioned pooling order of August 16, 2005 as follows: Prior to the hearing of July 19, 2005, I was greeted and spoke briefly with Chairman Wampler, whom I have known for many years. I explained to Chairman Wampler why I was present concerning the applicant's petition... applicant's pooling order petition and gave Mr. Wampler my address, explained that I had moved from Wise, Virginia to Abingdon, Virginia in December of 2002. During the early stages of the Board meeting, the attorney for the petitioned applicant, Mr. James Kaiser, greeted me and asked to speak with me in the hallway outside the meeting room. I spoke briefly with him and other

petition applicant representatives, I believe there were two others, giving them my address P. O. Box 126, Abingdon, Virginia 24212 and my telephone number 276-628-9112. Attorney Kaiser wrote down my address and telephone number and stated that he would contact me very soon and work something out with me concerning the leasing of my oil and gas rights. Due to a stomach virus, I received a sudden severe nature problem had to return home and was unable to return to the address the Board. Subsequently, I directed a letter to the Board, Chairman Wampler, and I'll read that letter, July 22, 2005, Mr. Benny Wampler, Chairman of Virginia Gas and Oil Board, and I referenced the docket number, VGOB-05-07-19-148...1478, Equitable Production Company. "Dear Mr. Wampler: For the below listed reasons I am requesting that my rights not be pooled with unleased persons as listed in the above referenced docket and that I be considered unleased retaining some negotiating rights with the petition applicant. 1) Prior to the Board meeting date of July 19, 2005, I had absolutely no contact with or by the petition applicant. A few days before the meeting date my brother, Harrison Clyde Jessee, left the notice...notification packet that he had received by the petition applicant via certified mail at my residence in Abingdon, Virginia with my wife. Upon review of the

package, the ten day time frame for written comments had expired. 4) I was present at the beginning of the Board meeting on July 19, 2005 having greeted and speaking briefly with you just prior to the meeting having begun. During the early stages of the meeting the attorney for the applicant, James Kaiser, greeted me and asked to speak with me in the hallway outside the meeting room. I spoke briefly with him and other representatives of the petition applicant but to no avail or satisfaction. I fully intended to return to the Board meeting to address the Board, however, I had a rather severe nature problem and had to rush home and was unable to return to the meeting. I called your office on July 20th and 22nd of 2005 to inform you personally of my request, but you were out of your office. Please advise." And signed it Waylon Martin Jessee, 7/20/2005, listed my address and telephone number. During the week of July 24th, having received no contact from Attorney Kaiser, I telephoned his office in Kingsport, Tennessee and spoke with him. The conversation was rather brief as he basically stated it was a done deal and my interests were pooled with other listed... others listed in the pooling order petition request. I attempted to discuss the matter further. He hung up the telephone. There was no further contact with him. The same day I drafted a letter to Board Chairman

Wampler regarding the matter and hand delivered it to Mr. B. R. Wilson, Principal Director for the staff of Virginia Gas and Oil Board requested that he forward the letter to Chairman Wampler's office. He basically stated that it was a done deal, said that he would file the letter in his office regarding the matter. Here are some facts as I see it. I was known by including address and telephone number, Chairman Wampler and the petitioner's Attorney Kaiser. Before the actual meeting...before the actual hearing, therefore, at the conclusion of the hearing concerning the status of the pooling order of July 16, 2005. Additionally, I was known by Mr. B. R. Wilson, principal executive to the staff of the Virginia Gas and Oil Board prior to the actual issuance of said pooling order on August 16, 2005. I received no copy of the order once it was issued of August 16, 2005 as required by Item 18, page 9 of the said order, thereby eliminating me from the election process under the Virginia Gas and Oil Act. My address was known by the lessee and also by the Virginia Gas and Oil Board member Mr. Wilson. I'm assuming that that letter is still on file at your office on Charwood Drive. The Virginia Gas and Oil Article 2, Section 45.1-361.15 additional duties and responsibilities of the Board, Subsection A(3) requires that the Board administer procedures for the recognition and

protection of the rights of gas and oil owners with interests in gas or oil resources within a pool. Therefore, I respectfully request that: 1) said pooling order of August 16, 2005 be amended listing me as known as a known heir to oil and gas rights under the Virginia Gas and Oil Act; 2) Virginia Gas and Oil Board, I request that they not break the establishment of a provisional drilled unit as requested by the petitioner by docket number VGOB-08-04-15-2210 until my heired gas and oil interests are either legitimately leased by other petitioners or properly dealt with under or as required by the Virginia Gas and Oil Act. Now I know that we're not talking about any substantial amount of money, in fact, a very few dollars and it certainly is not worth the time that I've spent researching this for what I'm going to get out of it but there is a lot to be said for honesty, integrity and fair treatment and that's the reason that I'm here addressing this Board. I hope that I've been respectful and I do thank you for the privilege of just being heard. Regardless of the outcome, I feel good just to be able to state the facts concerning this matter, of course, as I see them. I respectfully thank the Board for listening.

BENNY WAMPLER: Thank you, Mr. Jessee. Any questions or comments from members of the Board?

BILL HARRIS: Mr. Chairman, let me just ask---.

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: ---a question. When folks are listed as unknown or address unknown what happens later when we get those addresses? Were they ever put in the files? I mean, whatever becomes of that?

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: In general, if those addresses become known between the time of the pooling and the time following of the order or more regularly the supplemental orders then those addresses are corrected in our records there. That depends entirely on the operator's map and correcting their records.

WAYLON MARTIN JESSEE: If I may, I might add that there was a supplemental order issued on March 13th, I believe, of 2006. And I received absolutely no notification. I was still listed as unknown in that document also. And my address definitely was known by Mr. Kaiser..attorney Kaiser. I gave it to him, my telephone number as well. It was on file in the Charwood office.

BENNY WAMPLER: Thank you, Mr. Jessee. I would ask that this particular transcript of Mr. Jessee's comments be separated and distributed at the next hearing before the Board to have for...when it hears this discussion. Thank

you. Continuing the discussion of the continued items and withdrawn items the...we will reverse the order of 34 and 33 and item 37, is that correct? Is that yours?

JIM KAISER: Yes, sir.

BENNY WAMPLER: 37 is continued until May. That's docket number VGOB-08-0415-2213. Is 38 withdrawn?

JIM KAISER: 38 is withdrawn.

BENNY WAMPLER: All right, then finally docket number VGOB-08-0415-2214 is withdrawn. Thank you. Now we're back to the subject matter. We're going to 13, is that correct?

JIM KAISER: That item should be 12.

BENNY WAMPLER: 12, I'm sorry. I'll recall that. Its' VGOB-08-0318-2176. I had it right in front of me. I'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser and Don Hall on behalf of Equitable Production Company. We do have a revised set of exhibits.

BENNY WAMPLER: The record show there are no others. You may proceed.

(Don Hall is duly sworn.)

DON HALL

having been duly sworn, I was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, if you'd state your name for the Board, who you're employed by and in what capacity?

Q. My name is Don Hall. I'm employed by Equitable Production Company as District Landman.

Q. Does your responsibilities include the land involved in this unit and in the surrounding area?

A. Yes.

Q. Could you explain for the Board why we have distributed the revised exhibits?

A. We have, as you can see from B-2, we discovered before the last hearing when we continued it,, there's several more names and addresses of the McCoy heirs and they're listed in Exhibit 2 and they've...they were required to be notified. So, that's why we continued last time so we could get those parties notified.

BENNY WAMPLER: Exhibit B-2?

A. Yes.

BENNY WAMPLER: Is that what you're referring to?

A. Yes.

Q. So, B-2 represents the addition and the lease of certain heirs?

A. Right.

Q. Those are...were corrected than what we had when we originally filed this?

A. That's correct.

Q. Is Equitable seeking to force pool the drilling rights underlying the unit as depicted in Exhibit A?

A. Yes.

Q. Does Equitable own the drilling rights in the unit involved here?

A. We do.

Q. And prior to filing the application were efforts made to contact each of respondents owning an interest and an attempt made to work out a voluntary lease agreement?

A. Yes, sir.

Q. And what's the current amount within the gas estate under lease to Equitable?

A. We currently have 97.950333% leased.

Q. And are 100% of the coal estates under lease?

A. That's correct.

Q. Are all the unleased parties set out in the revised Exhibit B-3?

A. Yes.

Q. So, what is interest in the gas estate that remains unleased at this time?

A. Unleased is 2.049667%.

Q. Okay. We do have some unknown's in this unit. Were reasonable and diligent efforts made and sources checked to identify in locating any unknown respondents including primary sources such as deed records, probate records, assessor's records, treasurer's records and secondary sources such as telephone directory, city directories, families and friends?

A. Yes.

Q. In your opinion, was due diligence exercised to locate each of the respondents named in Exhibit...revised Exhibit B?

A. Yes.

Q. Are you requesting this Board to force pool all unleased interests as listed in revised Exhibit B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in the unit here and surrounding area?

A. Yes.

Q. Would you advise the Board as to what those are?

A. We pay five dollar per acre on a five year term with a one-eighth royalty.

Q. In your opinion, are the terms you just testified to represent fair market value and fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

Q. And as to those respondents listed at B-3 remain unleased, do you agree that they be allowed the following statutory options with respect to their ownership interest within the unit: 1) participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eighths royalty; 3) in lieu of a cash bonus and one-eighth of eight-eighths royalty share in the operation of the well on a carried basis as a carried operator under the following conditions: such carried operator should be entitled to the share of production from the tracts pooled accruing to his interest exclusive of any royalty or overriding royalty reserved in any leases or assignments thereof or agreement relating thereto of such tracts, but only after the proceeds applicable to that share equal A) 300% of the share of such costs applicable to the interest

of leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of the carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by respondents be in writing and sent to the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania, Attention: Nicole Atkinson, Regulatory?

A. Yes.

Q. Should this be the address for all the communications with the applicant concerning any force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if no written election is properly made by a respondent, then such a respondent should be deemed to have elected the cash royalty option in lieu of any participation?

A. Yes.

Q. Should unleased respondents be given 30 days from the date that they receive the recorded Board order to file their written elections?

A. They should.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay for their proportionate share of actual well costs?

A. Yes.

Q. Does the party electing to participate...does the applicant expect them those costs in advance?

A. We do.

Q. Should the applicant be allowed 120 days following the recordation date of the Board order and thereafter, annually on that date until production is achieved to pay or tender any delay or cash bonus becoming due under the force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay their proportionate share of well costs, then that respondents election to participate should be treated as having been withdrawn and void?

A. Yes.

Q. Do you recommend that the order provide that where a respondent elects to participate, but defaults in regard to payment of the actual well costs, any cash sum becoming payable to that respondent be paid by the applicant

within sixty days after the last date on which that respondent could have paid their costs?

A. Yes.

Q. In this particular case, we have both conflicting claims and some unknown ownership. So, the Board does need to establish an escrow and it would be to exclude proceeds from Tracts 2, 4...2 and 4?

A. Yes.

Q. And who should be named the operator under any force pooling order?

A. Equitable Production Company.

Q. And what's the total depth of proposed well?

A. It's 2,291 feet.

Q. What are the estimated reserves for the unit?

A. 230 mcf.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. Yes.

Q. And in your opinion does it represent a reasonable estimate of the well costs?

A. It does.

Q. Would you state the dry hole costs and the

completed well costs? 1

A. The dry hole cost is \$131,627 and the completed well cost is \$334, 200.

Q. Do these costs anticipate a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes, sir.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, prevention of waste, and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Mr. Hall, talk....looking at your exhibits, would you explain the...what the bold type...what's the distinguishing factor of that? I'm having a little trouble following the exhibit because for example some are bold and then some are listed as unknown and then others are just listed and it doesn't say if they are unknown or what.

A. If you look at tract number 2 on the first

page you'll see names of Tiffany McCoy heirs and they have a number of children who are in bold underneath them and then the people underneath the other bolded names are the, I guess, grandchildren of James and Tiffany McCoy. That's an effort to try to distinguish between the children, grandchildren, great grandchildren and so forth.

BENNY WAMPLER: So, when I see on page....just stay on page 1 under tract 2, Exhibit E is what I'm looking at. I'll let you get to that. I'm just trying to make sure we understand what we're doing here. Where it says Balaena McCoy heirs, is that all the people underneath that then are those heirs?

DON HALL: Which one...on page one, yes sir. Okay, yeah. She was...James and Tiffany McCoy heirs, their daughter would have been Mabel McCoy. Her heirs would have been the next one..two...three...four...five people listed and then there's number six would have been one of them as well, Balaena McCoy. She is deceased, and that would be her heirs. So that would be great grandchildren, I guess. Let's see...children...yeah, that would be great grandchild of James and Tiffany McCoy heirs.

JIM KAISER: So she predeceased Mabel?

DON HALL: Yeah, that would be her heirs.

JIM KAISER: All right.

BENNY WAMPLER: Questions from members of the Board?

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: On your B-2, which lists folks being dismissed, you had dismissed some parties who are listed as unknown and unlocated. Is this because you found heirs or different owners?

A. For the ones that are dismissed, we found the people and leased them. They're...they're being dismissed because they've been leased.

BOB WILSON: Presumably you've found other parties, though, as opposed to these people being dismissed, like their heirs or---?

A. All those people have been, as an example, if you look at page two under the Rosie Kilgore heirs you see Lilly Kilgore whose children are unleased in B-2 which is what we initially showed on the exhibit but we dismissed her as unleased. And if you look on page 2 under her name she is showing as leased and that's pretty much the...we found the the Grover Holbrook heirs. They were initially was kno...listed as unknown and unlocated. We found some of them and we---.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Yes, Mr. Chairman, I also need to ask that the proceeds from Tract 6 be added to the Board escrow. There is a conflicting claim there. So it should be 2, 4 and 6.

SHARON PIGEON: All three have conflicting claims?

BENNY WAMPLER: Do we already have an exhibit for the other----?

JIM KAISER: No, I'm going to need to file it and amend an Exhibit E to include 6.

BENNY WAMPLER: It just has 2 and 4 right now?

JIM KAISER: We just have 2 and 4, yeah.

BENNY WAMPLER: So, you will re...you will file that with Mr. Wilson?

JIM KAISER: Yes, sir.

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the..other than that, that the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying
yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a
petition from Dart Oil and Gas Corporation for creation and
pooling of conventional drilling unit, Edwards 043101. This
is docket number VGOB-08-0318-2184. We'd ask the parties
that wish to address the Board in this matter to come
forward at this time.

JIM KAISER: Mr. Chairman, in this matter it will
be Jim Kaiser, Wilene Quillen and Ed Dominic for Dart oil
and Gas Corp.

BENNY WAMPLER: We will need to get them sworn.

(Wilene Lusher-Quillen and Ed Deminick are duly
sworn.)

JIM KAISER: Mr. Chairman, we're passing out a set
of revised exhibits. This item was continued from the March
docket for notice purposes. I corrected that. I'll let you
get your exhibits.

BENNY WAMPLER: Let the record show there are no
others. You may proceed.

WILENE LUSHER-QUILLEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. I'm going to start with Ms. Quillen. Ms. Quillen, can you state your name for the Board, who you are employed by and in what capacity?

A. Wilene Lusher-Quillen, employed by Dart Oil and Gas Corporation as the land administrator.

Q. And you have...I don't think you have previously testified before the Board so if you would just kind of briefly go over your work history and your experience in land matters.

A. I have personally eight years experience in-house and in the field. I've done a little bit of everything from acquiring oil and gas leases, rights-of-way, title work, working in-house as land administrator with leases, working on divisions of interest. A little bit of everything for...worked...as a company employee I started with Evan Energy, now with Dart and as an independent servicing GeoMet and just began at Equitable.

BENNY WAMPLER: Is that experience in Virginia or all of---?

A. I have worked Virginia, West Virginia, and Kentucky. Most of it in Virginia.

Q. And does your responsibilities include the land involved in this unit and in the surrounding area?

A. Yes.

Q. Now, before we get into the rest of your testimony, can you explain the revised exhibits to the Board?

A. Yes. When we initially filed the application after that we found that some of our title work was inaccurate and we had to go back and do some more title work and get another survey to determine ownership for Tract 21. And that's the differences in the percentages.

Q. So, and I'll point the Board to Exhibit B-2 which shows that there's an additional lease picked up on tract 15, James Casey and then it also shows what happened with 21 when we originally filed the application. We had numerous parties owning an interest in Tract 1 and then when the title was completed it turns out it was Norfolk and Southern Railway was the owner. So, that was the reason for the continuance. Are you familiar with the application that we filed seeking to pool any unleased interests in the unit for this well?

A. Yes.

Q. And this is a 200 acre unit for a conventional well in what is called the Abbs Valley field in

Tazewell County, Virginia, is that correct?

A. Yes.

Q. Okay. And is Dart seeking to force pool the drilling rights underlying the unit as depicted at Exhibit A?

A. Yes.

Q. And does Dart own drilling rights in the unit involved here?

A. Yes.

Q. Now, prior to the filing of the application were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. As of today, in our revised set of exhibits what is the percentage of the gas estate in the unit that's under lease to Dart?

A. 52.79.

Q. And are all the unleased parties set out in revised Exhibit B-3?

A. Yes.

Q. So the percentage that remains unleased would be 47.21?

A. Correct.

Q. We don't have any unknowns?

A. Correct.

Q. And are the addresses set out in revised Exhibit B to the application, to the best of your knowledge, the last known addresses of the respondents?

A. Yes.

Q. And are you requesting the Board to force pool all unleased interest as listed at revised Exhibit B-3?

A. Yes.

Q. And are you familiar with the fair market value of drilling rights in this unit and in the surrounding area, that being the Abbs Valley of Tazewell County, Virginia?

A. Yes.

Q. Could you state for the Board what those are?

A. We have initial offers of \$35 dollars an acre for a five year paid up lease with up to \$500 for small acreage. That may be a little higher than has been in the past but the company made two decisions, one was to no longer include the pre-gas costs which appeared to be very important to the land owner's in that area so they felt they needed to raise those bonus payments up and then we started experiencing some competition in the area.

Q. You are paying...the terms you just testified to represent fair market value of and fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, at this time I would ask that the statutory election options afforded the unleased parties that was previously taken in Item number 2176 this morning be incorporated for purposes of this hearing.

BENNY WAMPLER: Do you accept those terms?

WILENE LUSHER-QUILLEN: Yes.

BENNY WAMPLER: They will be incorporated.

Q. And who shall be named operator under any force pooling order?

A. Dart Oil & Gas.

Q. And let's see, we do not need to establish an escrow account because we do not have any unknown unlocatables in the unit, correct?

A. Correct.

JIM KAISER: That's all I have of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the

Board of this witness? 1

(No audible response.)

BENNY WAMPLER: Call your next witness.

ED DEMINICK

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Deminick, could you state your name for the Board, who you're employed by and in what capacity?

A. Ed Deminick, Dart Oil and Gas Corporation, Manager of Engineering and Operations.

Q. And do your responsibilities include the land involved in this unit and in the Abbs Valley in general?

A. Yes.

Q. And what's the total depth of this proposed well?

A. 4500 feet.

Q. And the estimated reserves for the unit?

A. 750 million.

Q. And has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. Yes, it has.

Q. And in your opinion does it represent a reasonable estimate of the well costs?

A. Yes.

Q. Could you state what the dry hole cost and the completed well cost for this well?

A. Dry hole is \$603,137 and the completed cost is \$809,687.

Q. Does this cost anticipate a multiple completion?

A. It does.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. And in your professional opinion would the granting of this application be in the best interest for conservation, prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Mr. Wilson, do you have a signed AFE on file?

BOB WILSON: No, sir, I do not.

BENNY WAMPLER: We'll need a signed AFE. It's just typed in and that's...that's not----.

ED DEMINICK: I have one right here.

BENNY WAMPLER: That is signed?

ED DEMINICK: Yes.

BENNY WAMPLER: As long as you give it to Mr. Wilson. Questions of this witness from members of the Board?

MARY QUILLEN: Mr. Chairman---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: Just one question, could you repeat the depth?

ED DEMINICK: 4500 feet.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted with the signed AFE.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion.

MARY QUILLEN: Second.

BENNY WAMPLER: Further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes. (All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KAISER: Thank you.

BENNY WAMPLER: Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit D-14. This is docket number VGOB-08-0415-2194. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Do you all need a break?

MARK SWARTZ: No, we're good.

BENNY WAMPLER: Thank you for your input. Let the record show there are no others, you may proceed Mr. Swartz.

(Leslie K. Arrington is duly sworn.)

LESLIE K. ARRINGTON

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ: 1

Q. Les, could you state your name.

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And what do you do for them?

A. Manager of environmental permitting.

Q. And with regard to D-14 that we're here on today, did you either prepare the application, notice and related exhibits or cause them to be prepared under your supervision?

A. Yes.

Q. Did you sign both the notice and the application?

A. Yes, I did.

Q. And this is a pooling application?

A. Yes.

Q. For what kind of unit?

A. It's an Oakwood 80.

Q. And how many wells are proposed?

A. One.

Q. And where is it located in relation to the window?

A. Within.

Q. Who is the applicant?

A. CNX Gas Company.

Q. And if the application is approved who would it be that the applicant is requesting the Board appoint as operator?

A. CNX Gas.

Q. And in that regard is CNX Gas Company, LLC a Virginia Company?

A. Yes, it is.

Q. Is it authorized to do business in the Commonwealth?

A. Yes, it is.

Q. With regard to its relations or registration with the DMME, has CNX Gas registered with the Department of Mines, Minerals and Energy?

A. Yes, it is.

Q. And has it posted the required bond?

A. Yes, it has.

Q. Have you...what did you do to advise people that we were going to have a hearing today? Okay, will you pass that out.

(Leslie K. Arrington passes out an exhibit.)

Q. Okay, my question was what did you do to tell people that, particularly the respondents but also

other people, that we were going to have a hearing today?

A. We mailed by certified mail return receipt on March 14, 2008 and published in Bluefield Daily Telegraph on March 29, 2008.

Q. When you published, what appeared in the paper?

A. The notice of hearing and location exhibit.

Q. Have you filed your certificates with regard to mailing and your proofs for publication that you got from the newspaper with Mr. Wilson's office?

A. Yes, we have.

Q. Have you provided a cost estimate?

A. Yes, we have. It's \$265,373.05 to a depth of 2,502 feet. The permit number is 9224.

Q. Could you tell the Board what interests you are...you have been able to acquire by lease or purchase in this unit and what interests you are seeking to pool?

A. We've acquired 89.7438% of the coal, oil and gas owner's claim to coalbed methane. We are seeking to pool 10.2562% of the coal, oil and gas owner's claim to coalbed methane.

Q. With regard to the nearly 90% of the unit that you have been able to acquire under a lease, what are the lease terms that you typically offer to those folks?

A. Our standard coalbed methane lease is a dollar per acre per year, five year pay up term with a one-eighth production royalty.

Q. In that regard, would you recommend those terms to the Board as the terms to be included in any order with regard to folks who might ultimately be deemed to have been leased?

A. Yes, we would.

Q. I take it from looking through here that there is no escrow requirement?

A. No.

Q. And is it also true that there are no split agreements that we need to deal with?

A. Correct.

Q. Is it your opinion that drilling one frac well in this 80 acre Oakwood unit is a reasonable way to develop the coalbed methane within and from that unit?

A. Yes, it is.

Q. Is it your further opinion that if you combined the leasing and acquisition efforts that CNX has been successful in with a pooling order pooling roughly 10% of the owners and claimants in the unit that the correlative rights of everyone both the people that you've leased and the people that are being pooled will be protected?

A. Yes, they will be.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval with one abstention, Ms. Dye. Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit R-54. This is docket number VGOB-08-0415-2195. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington. I think we've got some revised exhibits and we're locating those.

LESLIE K. ARRINGTON

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, you need to state your name for us again.

A. Leslie K. Arrington.

Q. And who do you work for?

A. CNX Gas Company.

MARK SWARTZ: Mr. Chairman, I would request, if we could, I would like to incorporate Mr. Arrington's testimony from the prior hearing with regard to the applicant and operator, his employment and standard lease terms if I could.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

Q. We have...this is a pooling application, is that correct, Les?

A. Yes, it is.

Q. And what kind of unit does it pertain to?

A. An Oakwood 80.

Q. And how many wells are proposed?

A. Two.

Q. And are they both located in the window?

A. Yes.

Q. What did you do to notify the respondents and others that we would be having a hearing today?

A. We mailed by certified return receipt on March 14, 2008 and published in the Bluefield Daily Telegraph on March 29, 2008.

Q. And when you published what appeared in the newspaper?

A. The notice of hearing and location exhibit.

Q. And have you filed your proofs of publication and your...your proof of publication and your certificates of mailing with Mr. Wilson's office?

A. Yes, we have.

Q. Since the time that you have filed this and today have you been able to lease any people?

A. Yes, we have.

Q. And is that the exhibits that have been passed out to the Board today?

A. Yes, it is.

Q. So, would you like to dismiss some of the respondents that were originally named?

A. Yes.

Q. Which ones?

A. Elizabeth Day and Fred McGlothlin.

Q. Okay. And are they both identified on Exhibit B-2?

A. Yes, they are.

Q. And then has that changed the interest that you need to pool?

A. Yes, it does.

Q. So as it stands, as of today, would these leases, these additional leased interests, what interests have you been able to obtain in the unit and what do you need to pool?

A. We have 100% of the coal owner's claim to coalbed methane. We are seeking to pool...I mean we leased 88.9125% of the oil and gas owner's claim to coalbed methane. We are seeking to pool 11.0875% of the oil and gas owner's claim to coalbed methane.

Q. And it looks like you probably need to file a revised Exhibit B-3 if don't you have one here while we're waiting.

LESLIE ARRINGTON: Bob, do you have a copy of it?

BOB WILSON: Not unless you previously filed it.

LESLIE ARRINGTON: We've got a revised Exhibit B-3, yes, removing those two interests.

Q. Besides dismissing the two folks existed... identified on Exhibit B-2, do you want to dismiss anyone else today?

A. No.

Q. Do you want to add any parties as additional respondents today?

A. No.

Q. Have you provided information with regard to the two wells in this unit?

A. Yes, we have.

Q. Why don't you give us...if you could, on an individual basis give us the individual cost estimates and depths and so forth?

A. Yes, well number R-54, its cost is \$305,594.73 to a depth of 2,645. It's permit number is 9096. R-54-A is \$276,338.79. The permit number is 2505...I mean, the depth is 2505 and its permit number is 9147.

Q. And the combined costs of those two wells together which is in the application is \$581,933.52, is that correct?

A. That's correct.

Q. Are there some escrow requirements here?

A. Yes, for tract 1A, 1B, 1C, 1J, 1K, 1L, 1M, 1N and 1O.

Q. 10? 1

A. 10.

Q. And I take it there are no split agreements?

A. No.

Q. Is it your opinion that drilling two wells in the drilling window of this Oakwood 80 is a reasonable way to develop coalbed methane from the unit?

A. Yes, it is.

Q. Is it your further opinion then if you combined the leases and purchases that you've made in the unit with a pooling order pooling the remaining respondents that the correlative rights of all owners and all claimants will be protected?

A. Yes, they will be.

MARK SWARTZ: That's all I have, Mr. Chairman.

SHARON PIGEON: Is your escrow all four conflicting claims? No unlocatables, right?

MARK SWARTZ: I'm pretty sure, it is.

LESLIE K. ARRINGTON: I think the answer is yes.

MARK SWARTZ: Yes.

BENNY WAMPLER: Is that a yes?

(No audible response.)

BENNY WAMPLER: Questions from members of the

Board?

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(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, we do not.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BENNY WAMPLER: Second. Further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying
yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: One abstention, Ms. Dye. Number
17 is a petition from CNX Gas Company, LLC for pooling
coalbed methane unit BC-137, docket number VGOB-08-0415-
2197. We'd ask the parties that wish to address the Board
in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Let the record show there are no
others, you may proceed.

MARK SWARTZ: Mr. Chairman, we'd ask that you
incorporate Mr. Arrington's testimony from the first hearing

today, D-14, regarding the applicant and operator, his employment and standard lease terms.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, could you state your name for us again?

A. Leslie K. Arrington.

Q. Remind you you're still under oath.

A. Yes, sir.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. This application is also a pooling application?

A. Yes, it is.

Q. It pertains to Middle Ridge Unit BC-137?

A. Yes, it does.

Q. How many acres in that unit?

A. 58.74.

Q. How many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes, it is.

Q. Is it inside or outside the window?

A. Outside the window.

Q. Have you provided the Board with any information regarding this well?

A. We've done a well cost estimate and its \$235,611.13 to a depth of 2,098 feet. The permit number is 9226.

Q. What did you do in order to notify Norfolk Southern and others that might have an interest that there would be a hearing today?

A. We mailed by certified mail on March 14, 2008 and published in the Bluefield Daily Telegraph on March 28, 2008.

Q. And when you published what appeared in the newspaper?

A. The notice of hearing and location exhibit.

Q. And have you filed your certificate of publication and your...proof of publication and your certificates of mailing with Mr. Wilson's office?

A. Yes, we have.

Q. What interests have you been able to acquire and what are you seeking to pool?

A. We've acquired 94.4671% of the coal, oil

and gas owner's claim to coalbed methane. We are seeking to pool 5.5329% of the coal, oil and gas owners claim to coalbed methane.

Q. And is it true that there are no escrow requirements for this unit?

A. That is correct.

Q. And there are no split agreements?

A. That is correct.

Q. Is it your opinion that drilling one well in this Middle Ridge unit is a reasonable way to develop the coalbed methane?

A. Yes, it is.

Q. Is it your further opinion that if you combined a pooling order pooling Norfolk Southern with your leasing and acquisition efforts the correlative rights of all owners and claimants will be protected?

A. Yes, sir.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: I don't have those same percentages on Exhibit A in my packet. Okay, we're good.

MARK SWARTZ: There's always that possibility, however.

BENNY WAMPLER: Mr. Swartz, you know, I switched one a minute ago when I skipped to one...I switched folders,

so that time it was me. 1

MARK SWARTZ: I understand that. We have lots of paper issues. We're familiar with that.

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I don't.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes. (All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval with one abstention, Ms. Dye. Next is a petition from CNX Gas Company, LLC for modification of prior pooling orders to allow elections of pooled parties for a second well in unit BD-24, docket number VGOB-01-0320-0878-02. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz, Les Arrington and possibly Anita Duty.

BOB WILSON: Mr. Chairman?

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: We received a letter of objection to this pooling by Mr. James Rasnake. I'll pass it out to the Board at this time.

BENNY WAMPLER: Could you give Mr. Swartz a copy too, please? Go ahead and swear Anita in just in case he calls her.

(Anita Duty is duly sworn.)

MARK SWARTZ: There's another exhibit I'd like to share with the Board. Les, do you have the list of heirs attached to the letter that went to Mr. Wilson?

LES ARRINGTON: You've got that.

MARK SWARTZ: Okay. Good. Mr. Chairman, if I could incorporate Mr. Arrington's testimony with regard to the applicant and operator and his employment.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: I'm not sure I need the standard lease testimony, but that would be held over. To sort of set up the stage where we are here, we have been requested I think by Mr. Wilson because we've gotten some correspondence from Mr. Rasnake to file an application to repool a piece of this unit. And we did that and now there's an amended notice that you should have in your packets. And the point of the amended notice and of the hearing today was to modify

the pooling order to specifically allow a second well in the unit and then give people their participation by a...or choice to take a participation in that second well. In the meantime, on March 27th Bob got a letter from Mr. Rasnake which for the first time laid out the source of his alleged interest so we could actually apply some mathematics to it. So, after we filed this fifteen days ago we got that information. The letter that I have given you from Mr. Altizer, he's a title attorney that works for CNX, and Anita will talk about this probably, but what he did was then take the information that was through heirs that we got via Mr. Wilson's office and apply the math to figure out what Mr. Rasnake's purported interests would be. So, that's why I've given you that. And at least at this point, based on information that we have now, that's where we think he is. Let me start with Les.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS FROM MARK SWARTZ:

- Q. Les, could you state your name for us?
- A. Leslie K. Arrington.
- Q. Who do you work for?
- A. CNX Gas Company, LLC.

Q. With regard to this unit, was it previously pooled by an order?

A. Yes, it was.

Q. And how many wells were drilled as a result of that order?

A. One.

Q. Is there any...is CNX Gas interested in drilling a second well?

A. Yes, we are.

Q. Okay. And is this in one of those end field areas?

A. Yes, it is.

Q. Okay. And the original order only allowed you to drill the well that was platted on the original plat, correct?

A. Yes.

Q. So, the purpose of this visit is to allow a second well in the unit and to give permission to do that?

A. For the pooling of the second well, yes.

Q. Right. And then also, as is the Board's custom order, we don't necessarily agree with this. Our position would be if you don't participate in the first well you don't get a participation in the second but you've never, never ever go along with that theory. So, I guess

we're also here to have an Board order entered with regard to the second well that would give people an opportunity to participate?

A. Yes.

Q. And in that regard have you provided a cost estimate and information regarding that well?

A. Yes, we have.

Q. And let's cover that with the Board.

A. The cost of the second well, BD-24A is \$256,634.97 to a depth of 2,256. The permit number is 9165.

Q. Okay, and with regard to basic issues here, are there some escrow requirements in light of the title information that's been updated and so forth?

A. Yes, for tract 2A, 2B, 3A, 3B and 3D. There's unknown in 2A, 3B and 3D. There are royalty splits in 2A, 2B, 3C, and 3D.

Q. Okay. Are the royalty splits 50/50 splits?

MARK SWARTZ: Anita, do you know?

ANITA DUTY: Yes.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, let me ask you your name.

A. Anita Duty.

Q. Okay. Who do you work for?

A. CNX Gas Company.

Q. Is part of your job responsibilities to prepare...and we'll get to these eventually, to prepare exhibits like B-2, B-3, E and so forth?

A. Yes.

Q. And in the course of that, are you required to make judgments as to whether or not escrow is required because of conflicts or unknowns?

A. Yes.

Q. Are you also the person who puts together exhibits EE, if they are appropriate?

A. Yes.

Q. And in order to do that, do you go the base documents to try and determine what the actual terms of the split agreement were?

A. Yes.

Q. And in this regard, with regard to the tracts, the Double EE tracts that Les has just spoken about, are those split agreements 50/50 agreements?

A. Yes, they are.

Q. While I've got you here, one of the

exhibits that was passed out to the Board today was an exhibit B-2, is that correct?

A. Yes.

Q. And the purpose of B-2 is to identify people that we want to dismiss, you know, from the original order up until today, correct?

A. Yes.

Q. Who prepared exhibit B-3?

A. I did.

Q. Could you go through with us the explanations that appear with regard to why we're asking that some of these people be dismissed?

A. First of all, in the Charles Whited, we had originally showed him as address unknown and then found out that he was actually deceased and has four heirs. So, we would actually dismiss him and added his four heirs as a due diligence.

Q. Okay. And behind Exhibit B-2, which is really I'm thinking just three pages, is it...yes, three pages. There is a revised Exhibit B-3, correct?

A. Yes.

Q. So, would it be true based on what you've just said that if we...that you've deleted the decedent but you've added to B-3 the heirs?

A. Yes. 1

Q. Okay. Go ahead and move on to the next group of folks here on dismissals.

A. On Tracts 2B, according to the information on file in the courthouse we found out that James Rasnake has purchased Marcus Boyd and Cathy Boyd's interests of two-eleventh so we're...one-eleventh each. So, we had dismissed Marcus Boyd and Cathy Boyd and added that interest to James Rasnake's interest.

Q. In the B-3 exhibit?

A. In the B-3.

Q. Okay. Go ahead.

A. Tract 3B is the same as the Tract 2A. We have got some due diligence issues of the deceased owners.

Q. Okay.

A. And that would be it.

Q. And that would be it, okay. Now let's turn to Exhibit B-3. Is that also something you've prepared, B-3?

A. Yes.

Q. And is it true that you have tried to reflect the dismissals and the additions in B-3?

A. Yes.

Q. Is it also true that in spite of continuing due diligence there remain people identified in exhibit B-3

that you just do not have addresses for?

A. Yes.

Q. And that would be an additional requirement in addition to conflicts for escrow?

A. Yes.

Q. And then going on to Exhibit D, is that a revised exhibit that you prepared to reflect the tracts requiring escrow?

A. Yes.

Q. Okay. Exhibit EE, does that list the folks that have the split agreements that we previously spoke about?

A. Yes.

Q. Okay. And in that regard, with regard to the split agreements, is it your request to the Board that if they enter an order based on this application today that they provide in that order the folks identified in Exhibit EE could be paid directly?

A. Yes.

MARK SWARTZ: Now, I'm going to switch back to Les.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, with regard to the last revised exhibit that we have today, what interests are now subject to pooling as opposed to what interests you've acquired?

A. We've acquired 100% of the coalbed methane claimants from the coal owners, 92.348% of the oil and gas owners and we're seeking to pool 7.652% of the coal and gas owner's claim.

Q. Is it your opinion that drilling a second well in this Oakwood unit is a reasonable additional well to develop coalbed methane given all the testimony that we've heard with regard to the modification hearings?

A. Yes, it is.

Q. Is it your further opinion that if you combine the pooling efforts that...the leasing efforts that you have engaged in the prior pooling order and a modification of that pooling order that the correlative rights of all the owners and the claimants would be protected?

A. Yes, they will be.

Q. That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Mr, Chairman---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: I have just one clarification. This request by James Rasnake is reflected on those two tracts that he purchased from the Marcus, is that right? Does that take care of his...what he's saying does reflect his ownership?

ANITA DUTY: We had really only showing him having 211 and now that he...I don't think it was actually him, but the grandson has put on record that heirs of Lora Boyd we can now figure out that the deed that he gave her where that interest came from. So, we added him an additional two-eleventh for the two additional people that he has purchased.

MARY QUILLEN: Thank you.

BENNY WAMPLER: Other questions?

MARK SWARTZ: There were eleven kids, I think, right?

ANITA DUTY: Yes.

MARK SWARTZ: So, he's bought four pieces. He had two to begin with and now he's got----?

ANITA DUTY: And then he bought two additional.

MARK SWARTZ: Two additional. I mean, that kind of puts it in a context.

ANITA DUTY: Yes.

MARK SWARTZ: Okay. Sorry.

BOB WILSON: This application originally was kind

of a new approach to how we handle these things and we may need to visit that a bit here. Basically, what happened was they...the unit that we're concerned with here, DD-24, was previously approved for drilling of multiple wells, in other words, they have the right to drill the second well in that unit. They applied for the permit and at that time we got objections again from Mr. Rasnake citing his correlative rights issues, which we denied because the correlative rights issues had already been addressed by the pooling. However, that was the reason at that time for contacting CNX and saying that you're drilling a second well here, you need to come before the Board and get an order allowing these participants or potential participants in the unit to participate in this second well as the Board has previously decided when that second well comes in then folks will get a second shot at it. We tailored...we, I know what I'm saying because I had advised some on this rightly or wrongly here, we tailored the application to be a modification of the order just to present that well and its cost estimate and give them an opportunity to participate. Now, we're actually repooling the unit, if I'm understanding this, and I presume you are not?

MARK SWARTZ: I mean, this is....to me it's a supplemental order. I mean---

BOB WILSON: That is exactly right.

MARK SWARTZ: But what we've got, you know, you've got information from Mr. Rasnake. I felt like we had to show we are addressing those and the title is going to be right. So, I agree with what you've said, that you know we needed to come back on the opportunity of people to make decisions as to how they want to be treated in the second well, but as long as we're here and have further title information we wanted to cover that because, you know, we can kill the supplemental order bird here, I mean you know, we can...this order can address both those issues, I think.

BOB WILSON: I agree and that is exactly where I was going with that is that I think this needs to be addressed with the supplemental and the reason for bringing it up is because I think it would possibly be confusing if somebody looks through the transcript and says this is repooled, there is no repooling order of this little thing. But...and I guess I would address to the Board if or not they...or question the Board if or not they think that this is the proper approach when that second well is drilled because I'm assuming we'll have more to actually modify the order, the existing order, rather than calling it a repooling or anything of the sort and merely doing a short form order that allows the opportunity to participate...to elect to

participate in that second well. That's basically all we're doing.

MARK SWARTZ: I think that is a policy decision that you all need to make. I mean, we understand that we have been told repeatedly that although we may be able to get a permit to drill a second well because, you know, you're responsibilities are different and once you've got the field rules allow that you can...we can go forward with you but in terms of bringing the pooling order incongruent with the second well we have repeatedly been told we need to come back to the Board so that the Board can satisfy itself that people have their options at that juncture. We would be in favor of an abbreviated procedure in that regard, you know, but I'm hearing a suggestion, you know, but that's a call that you would have to make as an Administrative body, not in response to something we would do.

BENNY WAMPLER: Well, maybe it would something we take up for further clarification when we redo our regulation. But, you know, for now I think the modification is clear to people that you're adding a second well in the unit. It allows a little bit, you know, short-cut segway into it but make sure all those parties are noticed and have an opportunity to participate. I think just for further clarification of what Mr. Wilson brought up, and I'm not

cutting off any discussion, from the Board if you prefer to go a different route, but what they've done here, and it made sense, it went ahead and discussed what would ordinarily just be a simple filing updating the records through a supplemental order to Mr. Wilson's office. I'm hearing him say he'd still like to have that supplemental order rather than have it combined in here.

MARK SWARTZ: That's what I heard as well and we can do that, but I figured, you've got an objection---

BENNY WAMPLER: So, he's trying to keep the record. But we had an objection coming in and I think it did help the Board to hear that objection being clarified here of how it is being dealt with. Are you okay? Is everybody okay as far as Board members of this method of treating the second well as a modification?

(Board members indicate by a shaking of the head in the affirmative.)

BENNY WAMPLER: And we'll take it up for further review when we redo our Board regulations.

MARK SWARTZ: Because I think with all of the end field units now in the Middle Ridge and the Oakwood would probably, you know, there is going to be a bunch more common issues. So, it might make sense to think about that when you're doing the rest of the that.

BENNY WAMPLER: Right. Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: One abstention, Ms. Dye. We're going to do one more and we're going to take a break.

MARK SWARTZ: Thank you.

BENNY WAMPLER: Petition from CNX Gas...it's number 20... a petition from CNX Gas Company, LLC for modification of a Middle Ridge I Field Rules to allow for drilling of an additional well in unit AY-134. This is docket number VGOB-00-1017-0835-03. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: We need to do two things. We need you folks to state your name for the record and then we'll

maybe get you sworn if you plan to make statements.

CLEMENT SMITH, JR.: This is my father, Clement Smith, and I'm Clement Smith, and this is my brother.

BENNY WAMPLER: You're Clement Smith, Jr.?

CLEMENT SMITH, JR.: Yes.

BENNY WAMPLER: And your name is Dennis Smith.

DENNIS SMITH: Dennis Smith.

BENNY WAMPLER: Okay. Thank you.

(Clement Smith, Clement Smith, Jr. and Dennis Smith are duly sworn.)

BENNY WAMPLER: Okay. You may proceed Mr. Swartz.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us, Les.

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. Did you sign the notice and the application here on this petition?

A. Yes, I did.

Q. And what is it you're seeking...what relief are you seeking?

A. We're seeking to add an additional well within this unit.

Q. Okay. Is there already a well in the unit?

A. Yes.

Q. Okay. The well that you're seeking to add would that be in compliance with the Middle Ridge concept?

A. Yes, it will be.

Q. Okay. Which will be...summarize for the Board what the distance limitations and locations are in second wells?

A. Yes. In a second well you need to be 600 feet apart within the drilling window.

Q. Is that the proposal here with regard to the second well?

A. Yes, it is.

Q. Is this well going to be located...if you have a plat or any other title can you tell whether or not the well was proposed to be located on any tract in which the Smith's have an interest?

A. No.

BENNY WAMPLER: We don't have a plat by the way in our---.

MARK SWARTZ: Right, because we're---

BENNY WAMPLER: I understand.

MARK SWARTZ: That would be an interesting question, you know, under the circumstances. No problem.

BENNY WAMPLER: While he's looking for that, just so you know, we'll let him put on the testimony then you can ask questions and make comments, okay. But we'll let him get the testimony on record first.

CLEMENT SMITH, JR.: That's fine.

Q. Having had a chance to look at a plat and your tract identification information, who is the surface owner of the tract where the well would be located?

A. Robin Hodge.

Q. Okay. And have you been able to locate the Smith tract?

A. Yes, we have.

Q. And is it adjacent to the Hodge tract?

A. Yes, it's across the road, on the east side of the road.

Q. Okay. Is it east of the well site?

A. Yes, it is.

Q. And what road is it on the other side from the well?

A. What road?

Q. The Smith tract....what is this road?

A. That's a county road.

Q. Oh, it's a county road, it's not---?

A. Yes.

Q. So, then in answer to where we started, is it your testimony that the proposed well would not be located on the Smith tract?

A. That's correct. We probably purchased some pipeline right-of-way, I'm not sure.

Q. In terms of the well location?

A. The well location is not on there.

Q. Okay. Is the reason that you're requesting an opportunity to drill a second well in this unit the same collection of engineering and reservoir reasons that have been offered by you and others when we've been in front of the Board to do infill drilling both in the Middle Ridge and Oakwood units?

A. Yes, they are. There's no difference here. We just inadvertently missed this unit.

MARK SWARTZ: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: And what specifically is the relief you're seeking?

MARK SWARTZ: To do the second...to do an infill well. To do a second well in this previously pooled unit.

BENNY WAMPLER: And we don't have any information on that well, projected costs or anything like that?

MARK SWARTZ: Right, because we would do that later. I mean, I can guarantee you it will be several hundred thousand dollars.

BENNY WAMPLER: All right. You can ask us questions, but you really can't ask them. You can't cross examine them.

CLEMENT SMITH, JR.: Right. That second well and everything, it's done drilled, AY-134 and AY-134A.

DENNIS SMITH: They've both been drilled.

CLEMENT SMITH, JR.: I mean, they're just seeking to put the pipeline across so they can hook it up to...I mean, it's going straight down right across the road to AY-135. And also, I need to state that we have a royalty division agreement with Coal Creek Company and Triple R Development and CNX. On the AY-135, it has been in escrow for a long time and we've called Mr. Wilson and he said that it was kind of ridiculous that it hasn't been released. It has been a long time. And he told me to get back to him in a couple of months if we hadn't heard nothing and that's about it except that we want to make sure that on this next, the

AY-134A and AY-134 that we're going to get our royalty division agreement within the three months that we're supposed to. I looked at it not long ago and there was 70 some thousand cubic million feet. That has been about, you know, close to seven or eight months ago. So, it's going to be pretty, you know, it's gained since then. And then the A, I don't know about it. I went down and read it...the well.

BENNY WAMPLER: Right.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Do you have any production information on AY-135?

A. No, I had no...I have no information here today with me on AY-135.

Q. Because it's not on the docket?

A. Right.

BENNY WAMPLER: Mr. Wilson, on the split agreement he's talking about, do you have any information on that?

BOB WILSON: No, sir, not at hand.

BENNY WAMPLER: Okay. Do you have information on it? Okay.

ANITA DUTY: The pooling that was filed, we had

originally filed the pooling and it kind of got ahead of the infill. In the pooling order, we recognize that there's a seven-eighths/one-eight split with Clement Smith and the coal owner. We do know about that. But I don't know the timing of the online date or whatever, but we do know about it.

CLEMENT SMITH, JR.: I have the royalty division agreement and everything.

ANITA DUTY: Yeah, I know about that.

BENNY WAMPLER: They're acknowledging that.

CLEMENT SMITH, JR.: Okay.

ANITA DUTY: Yeah.

BENNY WAMPLER: What is the hold up on it?

LESLIE ARRINGTON: On AY-135, we did...we don't have any information with us on that. We didn't come prepared---

ANITA DUTY: That was the one I have to check. But on the one that we filed for AY-134, I can show you what we've got in our file, we don't have copies for everybody, but we're showing their royalty division order in here for AY-134.

BENNY WAMPLER: So, from one perspective you're planning a royalty division order for both wells or not?

LESLIE ARRINGTON: At this 30 seconds, for one well in AY-134 we'll be back on AY-134A to include it with the

same exhibits, just getting the costs.

BENNY WAMPLER: I understand that. But he just asked a question and I guess I'm going to ask you the question.

LESLIE ARRINGTON: Okay.

BENNY WAMPLER: Are you planning to do a royalty split with them?

LESLIE ARRINGTON: Yes, it's...and it's actually included in the first AY-134.

BENNY WAMPLER: That would cover both?

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Let me ask the question a differently. Is the royalty split agreement broad enough to cover both of these wells?

A. Yes. Yes, I'm sorry.

CLEMENT SMITH, JR.: Yes. Just on the AY-135, Mr. Wilson is the one that gave me the information on it. There wasn't but \$39 in the account and I mean it's been there for four or five years or longer. I mean, it's time they need to do something about it I think.

MARK SWARTZ: Is that an escrow account.

CLEMENT SMITH, JR.: Yes.

MARK SWARTZ: It is, okay.

LESLIE ARRINGTON: We'll have to look at that. I'm not prepared at all to talk about that.

CLEMENT SMITH, JR.: Well, I just wanted to bring it up to the Board.

BENNY WAMPLER: Would you do that and get back to them?

LESLIE ARRINGTON: Absolutely, we will do it. As matter of fact, I talked with Dennis this morning.

BENNY WAMPLER: Okay.

BOB WILSON: Mr. Chairman?

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: My memory is totally suspect on these things, but as I recall the money that is in the escrow account pretty much represents bonus payments that were put in originally and the royalty payments were awaiting a supplemental order, which I think was the hold up on that supplemental order. I believe it hadn't been filed on that.

LESLIE ARRINGTON: On which one?

BOB WILSON: The---

LESLIE ARRINGTON: 135?

BOB WILSON: Yeah.

LESLIE ARRINGTON; We'll just have to look.

BOB WILSON: But, again, I'm not altogether certain of that either.

LESLIE ARRINGTON: 135, we're----.

BENNY WAMPLER: But you'll address it----?

LESLIE ARRINGTON: Absolutely.

BENNY WAMPLER: ---address and take care of their issues?

LESLIE ARRINGTON: Not a problem.

BOB WILSON: Typically, money does not go into the escrow account from CNX until they have completed their elections in their supplemental order. Sometimes they get held up.

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Do you have any other questions?

CLEMENT SMITH, JR.: No, sir. Just as long as it gets resolved pretty soon. It has been long enough.

BENNY WAMPLER: Well, if it doesn't get resolved, call the Gas and Oil office next...next month and let them know or come tell the Board.

CLEMENT SMITH, JR.: I'll call Mr. Wilson.

DENNIS SMITH: I have one question, my dad was a little bit concerned about this 75 foot right-of-way for the

pipeline, which he kind of explained it to me a little bit. But 75 foot of right-of-way is a bit excessive because I do housing developments and they require a 40 foot right-of-way. The power company requires a 40 foot right-of-way. The state requires a 60 foot right-of-way. Why 75 for a gas company? I understand he has big equipment, he explained that, but 75 foot is pretty excessive right-of-way.

BENNY WAMPLER: Is that something that you've already signed an agreement on?

CLEMENT SMITH, JR.: Yes.

BENNY WAMPLER: So, we really can't get into that. That's beyond the Board's jurisdiction when you---

DENNIS SMITH: I didn't know that he had signed it. I'm sorry.

BENNY WAMPLER: Okay. Is there a motion?

DONALD RATLIFF: Motion to approve, Mr. Chairman.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval with one

abstention, Ms. Dye. We're going to take a ten minute break and when we get back we'll be on number 22.

(Break.)

TOM MULLINS: Mr. Chairman---

BENNY WAMPLER: Mr. Mullins, you asked me at break if you could make a statement.

TOM MULLINS: Yes, sir. In connection with docket numbers 39 and 40, on behalf of GeoMet Operating Company, Inc., this is a modification of Oakwood I Field Rules...excuse me 39 only. Just for the record, in an effort to also be consistent, Mr. Chairman, based upon the passed development practices and the application as it was presented concerning the well placement, GeoMet doesn't have any objections. That being with the well in G-39 going at a northeast corner and the other well in the southwest corner...what did I say...G-37, I apologize, and if there's going to be a change in the well placement in G-37, we'd like to have the matter considered once again. But as presented we don't have any objections.

BENNY WAMPLER: Okay, that's noted. Thank you, sir. Before you get too comfortable, I understand several people are here for number 44, is that right? Do we have everyone that needs to be present here for number....we don't, did they leave? Okay. All right.

BOB WILSON: I'm not sure we have anyone.

BENNY WAMPLER: They're not here. Okay. The next item on the agenda is a petition from Equitable Production Company for pooling coalbed methane unit VC-539795, docket number VGOB-08-0415-2200. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr, Chairman, it will be Jim Kaiser and Don Hall on behalf of Equitable Production Company. Mr. Hall was previously sworn, wasn't he?

BENNY WAMPLER: Let the record show there are no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, if you would you state your name for the Board, who you're employed by and in what capacity?

A. My name is Don Hall. I'm employed by Equitable Production Company as district landman.

Q. And you're familiar with the application that we filed seeking to pool any unleased interests in the unit for EPC well number VC-539795 dated March 14, 2008?

A. Yes.

Q. Does Equitable own drilling rights involved in the unit here?

A. We do.

Q. Prior to filing the application, did you contact each of respondents owning an interest in the unit and make an attempt to work out a voluntary lease agreement?

A. Yes.

Q. And at this time, what is the interest under lease to Equitable in the gas estate within the unit?

A. We have 99.86% leased.

Q. And 100% of the coal estate is under lease?

A. That's correct.

Q. And all the unleased parties are set out in exhibit B-3 to the application?

A. Yes.

Q. So, that means the only unleased interest is 0.14% of the gas estate?

A. That's correct.

Q. Okay. We do not have any unknowns in this case, is that correct?

A. That's correct.

Q. Are you requesting the Board to force pool all the unleased interests as listed in B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in the unit here and the surrounding area?

A. Yes.

Q. Advise the Board as to what those are.

A. We pay five dollars per acre on a five year term with a one-eighth royalty.

Q. In your opinion, do the terms you've just testified to represent fair market value of and fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, at this time I would like to incorporate the statutory election option testimony taken previously in docket number 2176 this morning.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, we do have a conflicting claimant situation in this unit. So, the Board does need to establish an escrow account, is that correct?

A. That is correct.

Q. And what tracts would the proceeds be subjected to escrow?

A. 1, 3, 4, 5, 6 and 7.

Q. And who should be named operator under any force pooling order?

A. Equitable₁ Production Company.

Q. What is the total depth of this proposed well?

A. It's 2278 feet.

Q. And the estimated reserves in the unit?

A. 200 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as exhibit C?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. It does.

Q. Could you state the dry hole cost and the completed well costs for this well, please?

A. The dry hole cost is \$135,241 and completed well cost is \$326,734.

Q. Does these costs anticipate a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of

conservation, prevention of waste, and the protection of
correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr.
Chairman.

BENNY WAMPLER: Questions from members of the
Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be
approved as submitted.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: You have approval with one
abstention, Mr. Ratliff. Next is a petition from Equitable
Production Company for pooling coalbed methane unit VC-
536427, docket number VGOB-08-0415-2201. We'd ask the

parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Don Hall.

BENNY WAMPLER: The record will show there are no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, do your responsibilities include the land involved in this unit and the surrounding area?

A. They do.

Q. And are we seeking to force pool any unleased interests in the unit for VC-536427?

A. Yes.

Q. Does Equitable own the drilling rights in the unit involved here?

A. We do.

Q. Prior to filing the application were efforts made to contact each of the respondents and an attempt made to work a voluntary lease agreement?

A. Yes.

Q. And what is currently the percentage of the

gas estate that is under lease to Equitable?

A. We currently have 82.48% leased.

Q. And the percentage of the coal estate?

A. 100%.

Q. Are all unleased parties set out in exhibit B-3?

A. Yes.

Q. So, the interest that remains unleased is 16.52% of the gas estate?

A. That's correct.

Q. And we do have some unknown interests---

A. Yes.

Q. ---within this unit? Did you make reasonable and diligent efforts to locate and identify these unknown heirs?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of respondents named in exhibit B?

A. Yes.

Q. Are you requesting the Board to force pool all unleased interests as listed at B-3?

A. Yes.

Q. Again, are you familiar with the fair market

value of drilling rights in this unit and in the surrounding area?

A. I am.

Q. Could you advise the Board again as to what those are?

A. We pay a five dollar bonus on a five year term with a one-eighth royalty.

Q. In your opinion, do the terms you've just testified to represent fair market value of and fair and reasonable compensation to pay for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, we'd again ask that this election...the statutory election option testimony be incorporated for purposes of this hearing.

BENNY WAMPLER: It will be incorporated.

Q. Okay, Mr. Hall, in this particular case, the Board does need to establish an escrow account?

A. Yes.

Q. And that's reflected in Exhibit E to the application, that will...that would be for any proceeds distributable to Tracts 2 and 3?

A. That's correct.

Q. And then we also have a double EE. There's

a royalty split agreement between...on Tract 2 between Roscoe Edwards and Range Resources Pine Mountain, correct?

A. That's correct.

Q. Who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. And the total depth of this proposed well?

A. It's 1,889 feet.

Q. And the estimated reserves for this unit?

A. 250 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board?

A. It has.

Q. And in your opinion, does it represent a reasonable estimate of well costs?

A. Yes.

Q. Could you state both the dry hole costs and the completed well costs for this well?

A. The dry hole cost is \$140,491 and the completed well cost is \$274,671.

Q. And do these costs anticipate a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge

for supervision?

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A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. You

have approval. Next is a petition from Equitable Production Company for pooling coalbed methane unit VC-537867. This is docket number VGOB-08-0415-2202. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Jim Kaiser and Don Hall for Equitable, Mr. Chairman.

BENNY WAMPLER: Let the record show there are no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, again your responsibilities include the land involved in this unit and in the surrounding area?

A. Yes.

Q. And are you familiar with the application we filed seeking to pool all the unleased interests for EPC well VC-537867?

A. Yes.

Q. Prior to filing the application, were efforts made to contact each of respondents and an attempt made to work out a voluntary lease agreement?

A. Yes. 1

Q. Does Equitable own drilling rights within this unit?

A. We do.

Q. What's the interest in the gas estate that's under lease?

A. We have 89.03% of the gas estate leased.

Q. And what's percentage of the coal estate is under lease to Equitable?

A. 100%.

Q. Are all the unleased parties set out in B-3?

A. Yes.

Q. So, the interest that remains under lease is 10.97% of the gas estate?

A. That's correct.

Q. Okay. And we do have unknowns in this case. In fact, all the unleased parties are unknown, correct?

A. That's correct.

Q. Again, were reasonable and diligent efforts made to identify and locate these people?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of respondents named in exhibit B?

A. Yes. 1

Q. Are you requesting this Board to force pool all unleased interests as listed at B-3?

A. We are.

Q. Again, are you familiar with the fair market value of drilling rights in this unit?

A. Yes.

Q. Again, advise the Board as to what those are?

A. We pay a five dollar per acre per unit on five year term with a one-eighth royalty.

Q. In your opinion, do those terms that you've just testified to represent fair and reasonable compensation?

A. They are.

JIM KAISER: Again, Mr. Chairman, we'd ask that the statutory election testimony taken originally in 2176 be incorporated for purposes of this hearing.

BENNY WAMPLER: That will be incorporated.

Q. Now, Mr. Hall...well we have an E and a double EE. I guess the E represents all the unknowns, right?

A. It is.

Q. Of the conflicting claims?

A. The conflicting claims on Tracts 1 and 3.

Q. And then we have the same royalty split as

we had in the previous well between Roscoe Edwards and Range, right?

A. That's correct.

Q. Okay. So, what tracts does the Board need to escrow?

A. Tracts 1 and 3.

Q. Okay. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. And what's your proposed depth of this well?

A. 2,049 feet.

Q. Estimated reserves over the life of the well?

A. 330 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. Yes.

Q. In your opinion, does it represent a fair and reasonable estimate of the well cost?

A. Yes.

Q. Could you state for the Board what the dry hole cost and completed well cost of this well?

A. The dry hole cost is \$131,203 and completed well cost is \$328,516.

Q. Does these costs include a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. In your opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-539613, docket number VGOB-08-0415-2203. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Jim Kaiser and Don Hall for Equitable. Mr. Hall is passing out a revised set of exhibits.

(Mr. Halls passes out revised exhibits.)

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, do your responsibilities include the land involved in this unit and in the surrounding area?

A. They do.

Q. And are you familiar with the application that we filed seeking to pool the unleased interests in the unit for EPC well VC-539613?

A. Yes.

Q. And can you explain the need for the revised set of exhibits here?

A. We picked up three of the Bessie Thomas heirs, picked up leases from them since the application was filed---

Q. As reflected on B-2?

A. Reflected on B-2.

Q. Does Equitable own drilling rights within the unit involved here?

A. We do.

Q. Prior to filing the application, did you make to contact each of respondents and work out a voluntary lease agreement?

A. Yes.

Q. With the addition of those three new leases, what is the interest now under lease to Equitable within the gas estate?

A. We now have 99.958333% leased.

Q. And a 100% of the coal estate?

A. Yes.

Q. Are all the unleased parties set out in revised exhibit B-3?

A. Yes.

Q. So, the interest in the gas estate that remains unleased is 0.041667?

A. That's correct.

Q. Okay. And we do have one unknown in this unit. Again, were reasonable sources and attempts made to identify and locate this person?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of respondents named in exhibit B?

A. It was.

Q. Are you requesting this Board to force pool all unleased interests as listed at revised exhibit B-3?

A. Yes.

Q. Again, are you familiar with the fair market value of drilling rights in this unit?

A. Yes.

Q. And what would those be?

A. We pay a five dollar per acre per five year term with a one-eighth royalty.

Q. In your opinion, do those terms that you've just testified to represent fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Mr. Chairman, again, I'd ask that the statutory election testimony taken earlier in 2176 be incorporated for this hearing.

BENNY WAMPLER: It will be incorporated.

Q. Mr. Hall, the Board need to establish an escrow account for proceeds attributable to Tract 3, is that correct?

A. Yes, that's correct.

Q. Okay. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. And what's the total depth of this proposed well?

A. 2,043 feet.

Q. Estimated reserves?

A. 200 mcf.

Q. Has an AFE been reviewed, signed and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. It does.

Q. Would you state both the dry hole costs and completed well costs for this well?

A. The dry hole cost is \$161,149 and completed well cost is \$345,162.

Q. Does these costs include a multiple

completion?

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A. They do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: What was your total projected production?

DON HALL: 200 mcf.

BENNY WAMPLER: What was your released %?

DON HALL: It's .041667%.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with the revised set of exhibits, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(No audible response.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: You have approval. Mr. Ratliff abstained. Next is a petition from Equitable Production Company for pooling coalbed methane unit VC-539627, docket number VGOB-08-0415-2204. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Don Hall on behalf of Equitable. There is a lot of the same folks in this unit as the last unit, but we have the addition of Tract number 3.

BENNY WAMPLER: The record will show no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC well VC-539627?

A. Yes.

Q. And does Equitable own the drilling rights in the unit involved here?

A. We do.

Q. And prior to filing of the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. And, in fact, I guess you did work out a voluntary lease agreement again with the same three entities that you did in the previous unit and it's reflected on exhibit B-2?

A. That's correct.

Q. So, at this time, what is the interest under lease to Equitable in the gas estate in the unit?

A. We...currently have 96.826667%.

Q. And 100% of the coal estate is under lease?

A. Yes.

Q. And unleased...all the unleased parties are set out in revised exhibit B-3?

A. Yes.

Q. So, that means at this time 3.173333% of the gas estate remains unleased?

A. That's correct.

Q. Okay. Again, we do have some unknowns here. Again, did you make reasonable and diligent efforts to find those people?

A. Yes.

Q. Are you requesting the Board to force pool all unleased interests as listed at revised exhibit B-3?

A. Yes.

Q. Again, advise the Board what the fair market value for drilling rights is?

A. We pay a five dollar per acre per five year term with a one-eighth royalty.

Q. In your opinion, do those terms that you've just testified to represent fair market value of and fair and reasonable compensation to be paid for drilling rights within this unit?

A. They do.

JIM KAISER: Again, I'd like to incorporate the statutory election testimony.

BENNY WAMPLER: That will be incorporated.

Q. Okay, Mr. Hall, in this particular case, the Board needs to establish an escrow account and it would cover

proceeds attributable to Tracts 3 and 4?

A. That's correct.

Q. Okay. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. Proposed total depth for this well?

A. 1,706 feet.

Q. Estimated reserves?

A. 200 million cubic feet.

Q. Has an AFE been reviewed, signed and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well costs?

A. It does.

Q. Would you state both the dry and completed well cost?

A. The dry hole cost is \$116,057 and completed well cost is \$330,226.

Q. Does these costs include a multiple completion?

A. Yes.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes. 1

Q. In your opinion, would the granting of this application be in the best interest of conservation, prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Just following your application under TD, you have TD at 2,051 feet. Just help us on...should that have been 1,706?

DON HALL: Yes, that's...2,051 was an error. The figure that I gave you is the correct depth, which is reflected...is also reflected in the AFE as 1,706.

BENNY WAMPLER: Other questions from members of the Board?

BILL HARRIS: Mr. Chairman?

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: A quick question. After the well plat there's a DGO7 supplement. I don't know if we addressed that and I was just curious as to what that is and why we needed that?

JIM KAISER: The Board ask that we provide that in the situation where the ownership is so busy that we can't fit it on the plat.

DON HALL: That's...that...those numbers on the DGO7 supplement, those numbers reflect ownership of the numbers on the plat itself.

BILL HARRIS: So, the 1, 2, 3 in parentheses refer to the plats?

DON HALL: Right, you have...those refer to the 1, 2, 3 plat and circled on the plat.

BENNY WAMPLER: So, before we just had the numbers and didn't have that detail and then we asked for the detail.

BILL HARRIS: Okay. Thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted with the revised set of exhibits.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: 1 Abstain.

BENNY WAMPLER: You have approval. Mr. Ratliff abstains. Next is a petition from Equitable Production Company for pooling coalbed methane unit VC-537811, docket number VGOB-08-0415-2205. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Don Hall. We do have a revised set of exhibits, again.

(Don Hall passes out revised exhibits.)

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, are you familiar with the application that we filed seeking to pool any unleased interests in the unit for EPC well VC-537811?

A. Yes.

Q. And it appears that our revised set of exhibits reflects there's an additional lease pickup between the time of the filing of the application and now, that being Tract 7 and Nell Sutherland?

A. That's correct.

Q. Is that the only change that's in these

revised exhibits?

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A. That's correct.

Q. Does Equitable own the drilling rights in the unit involved here?

A. We do.

Q. And prior to filing the application were efforts made to contact each of the respondents owning an interest and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. What is the interest under lease to Equitable within the gas estate within this unit?

A. We have 66.76% leased.

Q. And there's 100% of the coal estate under lease to Equitable?

A. Yes.

Q. All the unleased parties are set out in revised exhibit B-3?

A. Yes.

Q. So, the interest in the gas estate that remains unleased is 33.24?

A. That's correct.

Q. Okay. And we don't have any unknowns do we? There aren't any unknowns in this unit?

A. No. 1

Q. Are you asking the Board to force pool all the unleased interests as listed in revised exhibit B-3?

A. Yes.

Q. Again, are you familiar with the fair market value of drilling rights in this unit?

A. Yes.

Q. Would you advise the Board as to what that is?

A. We pay a five dollar per acre, five year term with a one-eighth royalty.

JIM KAISER: Again, Mr. Chairman, I'd like to incorporate the statutory election options afforded the unleased parties that was previously taken in item 2176.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, in this particular unit, the Board needs to establish an escrow account and it would cover proceeds attributable to Tracts 3, 4, 5, 6, 7, 8 and 9, is that correct?

A. Yes, that's correct.

Q. And who should be named operator under any force pooling order?

A. Equitable Production Company.

Q. The proposed total depth for this well?

A. 1,671 feet.

Q. Estimated reserves for the unit?

A. 330 mcf.

Q. Has an AFE been reviewed, signed and submitted to the Board?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of the well cost?

A. It does.

Q. Would you state both the dry hole costs and completed well costs for this well?

A. The dry hole cost is \$146,329 and the completed well cost is \$371,999.

Q. Does these costs include a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge for supervision?

A. Yes.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, prevention of waste and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that this application be approved as submitted with the revised set of exhibits.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: One abstention Mr. Ratliff.

JIM KAISER: Mr. Chairman, we are getting ready to go into a little different area where we'll have a little more scientific testimony and---

BENNY WAMPLER: I'm going to take a break right now and come back at 12:30.

JIM KAISER: Okay. That's a good idea, I think.

BENNY WAMPLER: Number 44 on the docket, if the other parties get here when we come back from lunch at 12:30, we'll try to go to that first because I don't want you to have to sit here but I'm waiting till they get here. When they do then we'll try to get you to not have to wait.

(Break.)

BENNY WAMPLER: Th next item on the agenda is going to be a petition from Range Resources Pine Mountain, Incorporated for pooling of conventional unit V-536881. This is docket number VGOB-08-0415-2217. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Tim Scott, Ian Landon and Phil Horn for Range Resources Pine Mountain.

BENNY WAMPLER: Okay, I need you folks to state your names.

BERNARD OWENS: Bernard Owens.

RUTH OWENS: Ruth Owens.

RICHARD FLINT: Richard Flint.

BENNY WAMPLER: Are all of you going to make a statements?

BERNARD OWENS: No, he's going to speak for us.

(Bernard Owens, Ruth Owens, Garland Owens and Richard Flint are duly sworn.)

BENNY WAMPLER: You need to get in front of the mic and tell us who you are.

GARLAND OWENS: I'm Garland Owens, son of Lawson and Betsy Owens.

BENNY WAMPLER: Okay, the way we're going to do this they'll put on their case and if you have statements to make or any questions you want to ask the Board you can do that.

TIM SCOTT: Thank you.

BENNY WAMPLER: You may proceed.

TIM SCOTT: My first witness is Mr. Phil Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Horn, would you please state your name and by whom you're employed?

A. My name is Phil Horn, I'm land manager for Range Resources Pine Mountain, Inc.

Q. And are you familiar with this application?

A. Yes, I am.

Q. And this particular well, we're seeking to establish a unit and to pool this interest, is that right?

A. That's correct.

Q. Is it subject to statewide spacing?

A. Yes, it is.

Q. And the unit contains 112.69 acres, is that correct?

A. That's correct.

Q. Does Pine Mountain.....Range Resources-Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. Are there any respondents who should be dismissed from this hearing?

A. No, there are not.

Q. Have you attempted to reach an agreement with the respondents listed on exhibit B-3?

A. Yes, we have.

Q. And could you please tell the Board what percentage of the unit that Range Resources-Pine Mountain have under lease?

A. We currently have under lease 92.91071429%.

Q. And how was notice of this hearing provided to the respondents?

A. By certified mail.

Q. And have we provided that mail certification to Mr. Wilson?

A. Yes, we have.

Q. Are there any unknown owners in this unit?

A. No there are not.

Q. And is Pine Mountain...or Range Resources Pine Mountain authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And is there a blanket bond on file?

A. Yes, there is.

Q. If you were able to reach an agreement with the parties responded, what would those lease terms be, what would you offer them?

A. That would be five dollars per acre per year for a five year paid up lease with one-eighth royalty.

Q. Do you consider that to be reasonable compensation for a lease in this area?

A. Yes, we do.

Q. And what percentage of the oil and gas estate is Range Resources Pine Mountain seeking to pool?

A. 7.08928571%.

Q. And with regard to this unit, do we have an escrow requirement?

A. No.

Q. And you are asking the Board to pool the unleased parties listed on Exhibit B-3, is that correct?

A. Yes, we are.

Q. Are you also requesting that Range Resources-Pine Mountain be named operator for this unit?

A. Yes, we are.

Q. And what would be the address that any elections be made pursuant to the Virginia Code?

A. That would be Range Resources-Pine Mountain, Inc., P.O. Box 2136, Abingdon, VA 24210, Attention: Phil Horn.

Q. And should all...this should be the address for all communications with Range Resources-Pine Mountain?

A. Yes.

TIM SCOTT: That's all I have from Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything regarding the ownership...anything that he just said?

RICHARD FLINT: Yes, we have quite a bit of problem with ownership, the property that we control or own. One of the daughter's requested that we deed her a piece of land as her share in this property back years ago. It's in the deed. I have a copy of the deed. I can furnish it. But it states

on the deed that this shall be her only share in the estate whatsoever. Now, they've got her and all her children... well, she's dead now but they've got all her children listed in this part of the shareholder's of this well and that's got us into a mess there and it's going to be a legal mess. If that wasn't the case, we wouldn't mind...we don't object to them pumping the gas. We never have objected to it. But since they've brought this us and they've listed them in there, then that's got us into a mess that we're going to have to take to court and get straightened out.

TIM SCOTT: I'd like Mr. Horn to respond to that, please.

BENNY WAMPLER: Go ahead.

PHIL HORN: Of course, what he's referring to and he is right, there is a deed where an heir is deeded a five acre tract, which is not inside this unit, to one of the children and the deed says that that was her share of the estate. I remember what he showed me. But the grantee who received it she did not sign that deed nor did her....did she deed her interest in the remaining property back into the other heirs and it's our lawyer's opinion that those heirs all still own an interest in the big tract and we've listed them and that's what he's questioning.

BENNY WAMPLER: Are they in this tract?

PHIL HORN: Yes, sir.

BENNY WAMPLER: They are.

PHIL HORN: Yes, sir.

SHARON PIGEON: What's the name of the individual?

PHIL HORN: It's Gilbert---

BERNADETTE OWENS: Dixie Gilbert.

TIM SCOTT: Dixie Gilbert, that correct.

PHIL HORN: Chris Gilbert, Randy Gilbert and I guess Selina Holland. There's four of them I believe. The last four on the Tract 6, is that correct?

RICHARD FLINT: Yeah.

BENNY WAMPLER: You have leases from all them except for Holland, is that right?

PHIL HORN: Well, yes. No, we have two leases. We have leases from...the last were to Rebecca Lewis. Is that correct, she is one of them too, right? We have leases from two of the four.

RICHARD FLINT: Your Honor, here's the deed if you'd like to look at it. In Virginia, there's no place for the receiver to sign a deed. There's no places on it in any deed in Virginia for the person receiving it to sign.

BRUCE PRATHER: The did is on record?

RICHARD FLINT: Yes, sir.

TIM SCOTT: We found the deed. We have it.

BRUCE PRATHER: okay.

TIM SCOTT: There was some question about the interpretation of that deed and that's why we listed this lady as an heir.

BENNY WAMPLER: You know, the real issue is the Board can't solve property disputes---.

RICHARD FLINT: I know, that's the reason we come up here.

BENNY WAMPLER: If they feel like they have to do this in order to protect their interest and that's what I heard them say---.

RICHARD FLINT: But that's for us in a kind of legal bind too if the Board rules in their favor then that's saying that you all recognize that stipulation in that deed because---.

SHARON PIGEON: No, sir, that...that doesn't---.

BENNY WAMPLER: No, we don't do that. No, we're not doing that. All we're doing...if this Board approves them pooling this, all we're doing is based on the information that they've presented, it's not validating that information at all.

RICHARD FLINT: Also, one other thing, Your Honor, is I bring your paying attention to this Range Resources-Pine Mountain, Inc. established the docket page...the face

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BENNY WAMPLER: Okay.

RICHARD FLINT: All right. If you will look at the top of it at location and see exhibit A, well number V-536881---

BENNY WAMPLER: Yes.

RICHARD FLINT: ---and then drop down to the section...exhibition B-3 and they're asking the Board to recognize for some other well V-536735.

TIM SCOTT: That would be a typographical error. I can replace that.

BENNY WAMPLER: We hadn't got to that part of the testimony, but obviously that's something that they just now testified to that it was an error. It shouldn't be the same well.

RICHARD FLINT: That could have got us to a (inaudible) of signing anything.

BILL HARRIS: Mr. Chairman, may I ask a question?

BENNY WAMPLER: Mr. Harris, yes.

BILL HARRIS: The five acres that was deeded to her, that's the same five acres that...after she's deceased that goes to her I guess dependent's or children or what not?

RICHARD FLINT: Well, her husband, he was sorry. He wasn't worth a dime and my father-in-law and them never

did want him to have any part of it. And we deeded it strictly to her. And then they came along and changed the laws after they made this deed that states if a person dies---

BILL HARRIS: That it goes to their heirs.

RICHARD FLINT: ---it went to the husband. I have the deed here now where that the husband turned around and...here it is, and he turned around and kept a lifetime interest in it and deeded it to only one child, the girl. So, we've got a legal mess.

BILL HARRIS: Well, but you know, but it's still the same five acres now?

RICHARD FLINT: Yes, sir. Yes, sir.

BILL HARRIS: Well, okay. I'm not sure. If it's still the same five acres that in terms of percentages or whatever that doesn't change things except the five acres didn't come back to you all after the deceased.

RICHARD FLINT: Well we're not even worried about that. We don't want them sharing in the...we own 70 some acres all together. And we don't want them...if their mother accepted that...because now this is next to the highway. We're talking about \$150,000 piece of property. It's next to the main highway. She kept wanting it and wanting it so we gave it to her and she accepted that as her share. And now

everything is flip flopping on us now and they're trying to come back and step in on the rest of the oil and gas rights and the rest of the property. And we heirshiped it too.

BILL HARRIS: Well that's....I'm not sure...I know the Board can't do anything about that but---

RICHARD FLINT: That was the reason that was brought up like that.

TIM SCOTT: The issue is that any party can convey anything to anybody. Unless this lady had determined in writing this was going to be her only interest, it would be difficult for...I mean, I could convey the Brooklyn bridge to the Board and I don't have it or then if you don't accept it and you agree to maintain it, by some affirmative action on behalf of the grantee, then we don't know that that's what she intended or not. We don't know that she accepted that as her only interest in this estate and that's why we've listed her and had to force pool this interest. And that is correct, a grantee typically does not sign an instrument. But when you are limiting rights that a particular grantee would receive in and Estate it certainly is imperative that that person recognize that that's the only interest that they are to receive. And I'm not arguing that was not what was intended. I'm just stating that's what's recorded and that's what the record title shows and it does not reflect that even

though this may be the understanding among the heirs. And I certainly don't disagree with that, but I'm just reporting what we found.

RICHARD FLINT: She was the one that took the deed herself so she had to recognize it and she was the one that put it on record as you can see the seal with her signature on it. And that was automatically her recognizing that that was her gift. And there's no spot on a Virginia deed for a recipient to sign, no spot on the deed for the person you're giving it to to sign.

BENNY WAMPLER: He recognizes that. He's just saying that there's nothing where she has actually stipulated that that was her only interest.

RICHARD FLINT: One other thing that I would like to ask the Board about and this is one of the main things that we're worried about, we do not want any gas company on our property. This well is not on our property. We don't want them to have no right-of-ways on our property. We don't want to catch their equipment on our property. And that was the reason that with the deed...with the contract that they had they might as well as signed the dang deed and handed it to them, here it is, take it and do what you want to with it because we was giving them our property. And that's the reason we're here today. We really didn't even come over

here to fight the pooling part of it and we do ask the Board to stipulate that they are not to get on our property.

BENNY WAMPLER: We can't stipulate that. I don't...they can stipulate it if they agreed to not get on it.

PHIL HORN: We don't have any intention of getting on the property for this well.

RICHARD FLINT: Fine.

BENNY WAMPLER: Okay, go ahead.

TIM SCOTT: Thank you.

IAN LONDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon, would you state your name and by whom you're employed?

A. Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. And are you familiar with this application?

A. Yes, I am.

Q. What's the total proposed depth of this well?

A. 6,210 feet.

Q. And what are the estimated reserves for this

unit?

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A. 250 mcf.

Q. And are you also familiar with the well costs for this proposed well?

A. Yes, I am.

Q. And what's the estimated dry hole cost?

A. \$266,869.

Q. And the completed well cost?

A. \$518,683.

Q. Did we provide an AFE to the Board in connection with this application?

A. Yes, we did.

Q. Did you assist in the preparation of that AFE?

A. Yes, I did.

Q. Does the AFE include a reasonable charge for supervision?

A. Yes.

Q. And in your opinion, would the granting of this application prevent waste, promote conservation and protect correlative rights?

A. Yes.

TIM SCOTT: That's all the questions I have for Mr. Landon.

BENNY WAMPLER: Questions from members of the Board? ___

RICHARD FLINT: I have one question. On this certified diagram that they have furnished us here----.

BENNY WAMPLER: The plat.

RICHARD FLINT: It shows this tract here...that's the wrong one, that's from Equitable. The other one has number 6 in that section there. That...is this only covering that portion of our 30 some acres within that circle?

PHIL HORN: Yes, sir.

BENNY WAMPLER: That's what they're showing us here is number 6, a portion...the oil portion of this particular tract and that's all we're dealing with today is this tract. Okay. And I hope you understand, we can't require them to clean up something that they think may be in doubt. They're listing it to protect themselves really. Trespassing and taking someone's gas without---

RICHARD FLINT: Well, I'll tell you one thing sir, me and family we served 42 years with the military for this country. One is at the bottom of the Pacific Ocean and one is buried in Scotland. And I never thought I'd ever live to see the day that I'd have to come in and fight over a piece of property that I owned, the gas and the land and all, and it can still be taken away from me and I'd have nothing to

say about it. If I had known that, I know where I'd have stuck that rifle.

BENNY WAMPLER: Of course, this Board doesn't make the laws and we're trying to carry them out and we do have a...you know a boundary around what we do. We can't make land, you know, decisions on deeds and leases and I understand your concern and we all do but---

RICHARD FLINT: It wasn't the country I picked up the rifle for, I'll tell you that now.

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

BENNY WAMPLER: Any other questions from members of the Board? Is there a motion?

MARY QUILLEN: Motion to approve.

BENNY WAMPLER: Is there a second?

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. Thank you. The next item on the agenda is a petition from Equitable Production Company for establishment of a 320-acre

drilling unit VH-833748, docket number VGOB-08-0415-2207.

We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, that will be Jim Kaiser, Luke Shankin, Adam Abfall and Joe Morris on behalf of Equitable Production Company and Rita Barrett. There's so many I can't keep up with them. I need a lineup card. They all need to be sworn when Ms. Barrett get's done passing out everything.

(Ms. Barrett passes out exhibits.)

(Rita Barrett, Luke Shankin, Adam Abfall and Joe Morris are duly sworn.)

BENNY WAMPLER: You may proceed.

JIM KAISER: This is going to be a little different than some of the previous horizontal units we formed in that we are going to reenter a...or we're going to request that we be allowed to reenter a underperforming existing conventional well and that's why we have some additional witnesses here today. But we'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, would it be...what is your

name, who are you employed by and in what capacity?

A. Rita Barrett. I'm employed by Equitable Production Company as a landman III in the Big Stone Gap office.

Q. Would it be correct to say that Equitable has under lease all of the acreage within this 320-acres with the exception of one piece you see up in the northeast corner of the unit that's Hubert Don Hill and we have or we will file by this week a application to pool that interest at the May hearing?

A. That's correct, but we're still pursuing on acquisitions on that tract.

Q. So, we may file it and withdraw it if we get it leased?

A. Correct.

JIM KAISER: Okay. That's all I have for that witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

JIM KAISER: My next witness will be Mr. Luke Shankin. Luke is going to kind of go through the proposal that he's prepared for a conventional and horizontal units in

Virginia and he's going to do what I'm going to call, for lack of a better term, sort of a standard testimony and then Adam and Joe are going to come in and talk about the technical and practical applications of the reentry into the existing conventional well.

LUKE SHANKIN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Luke, if you'd state your name for the record, who you're employed by, in what capacity and what's your job responsibilities are?

A. Luke Shankin. I'm employed by Equitable Production Company. I a geologist based out of Pittsburgh. Just general day to day geological functions is what I do for the company. I figured just go through the packet that I passed out to you all. This just kind of shows, if you guys slide to that first page, just some of the benefits between horizontal and vertical wells. I know some of this repeat for you. But it is naturally fractured reservoir. You can intercept more fractures with the horizontal well. This would be Exhibit C, I guess. I don't have them labeled up at the top. It shows you can intercept more fractures with a horizontal well than with a vertical well. Turn to the next

page, it would be Exhibit D. This is just a typical horizontal well plan, casing depths and all that stuff. The next page is Exhibit C. It just shows the actual units that we...or exhibit what?

RITA BARRETT: E.

LUKE SHANKIN: E, I'm sorry. I can't keep track of myself. I think I've got it written on this side. Okay, A 320-acre square unit. These can overlay the existing 80 acre CBM grids in the Roaring Fork. There will be a 300 foot interior window and a 600 standoff from adjacent grid, horizontal well bores. We should be able to drill the surface locations outside the unit so long as production comes within the unit. A minimum of 600 foot distance between the horizontal wellbore and any vertical well producing from that horizon. We'll allow for multiple wells and/or laterals for maximum drainage within that 320-acre unit. And in some cases, two or more wells may be able to use the same pad due to terrain constrictions where we can only get the surface location in one spot. The next page would be F, it's just showing the 320-acre unit, the dimensions, 3,730 feet square and 5,280 across. The next page would be exhibit G, it's just showing that with the 320-acre unit we have the ability to shift in a lateral direction based on the geology to intersect the most fractures or to

stay within the Channel Sand Reservoir or something like that. Exhibit H is the next page, it shows variations in terrain and geology...terrain, geology and reservoir type may dictate both the number of wells in laterals. If we have a really steep area, we might not even be able to get one top hole. So, we do a couple laterals off the same surface location. Exhibit I, on the first, it's just showing we're just putting four 80 acre Roaring Fork grids together to make this a 320-acre unit. Exhibit J, it's is just showing what that 3000 foot window and 600 foot standoff from adjacent grids. Production is going to come from inside that 320 foot window...300 foot window, excuse me. K shows that we can...we should be able to put our surface location outside of this unit as long as we don't penetrate the zone of production until we are inside that 320 acre...320...300 foot window...interior window, I'm sorry. L, the next page, is just showing that again. It's just a side view of that and how it would work if we had the surface location outside the unit. Exhibit M, it's just showing if there's an existing well within there. It would be, you know, at least 600 feet away from that unit or that well with or horizontal wellbore. The next one would be N, it's just showing multiple wells and multiple laterals that we can put in that same 320 unit for maximum drainage. I was just kind of showing that from a

side view. We can get a multiple formations and have multiple wells within that same...within that same horizontal unit. P is showing if we have to do several wells off the same pad within that same unit. We can see this would be two separate 320-acre units next to each other. We go in opposite directions from the same pad and we still produce from inside the 300 foot window on each one of those locations. And the next two pages is what I'm calling Q and R, this is specific to this well. You can see that Q is just showing the location of the well spotted on a map with our plan lateral direction. You can see the smaller grids to the south there, the existing 80 acre CBM grids. And if you look at R, it just shows that blown up and it also shows the plain lateral on our plat. Just a screen shot of that. And then S is just showing some of the benefits of horizontal drilling. We've got fewer (inaudible) coal companies because there are fewer holes in the ground. That surface disturbance, we can more effectively extract the resource. The laterals can reach into areas that otherwise are inaccessible by vertical boreholes. We get higher depreciation rates and (inaudible) the wells. This one creates future development of the gas resource.

BENNY WAMPLER: What kind of communication are you anticipating getting?

LUKE SHANKIN: From this horizontal well to the one surrounding it?

BENNY WAMPLER: Yes.

LUKE SHANKIN: I'm anticipating no communication hopefully.

BENNY WAMPLER: When you are showing the...allow for multiple wells with laterals for maximum drainage and you've got your side view showing that you're penetrating the Ravencliff and Berea and the lateral shales, in that one you are showing another well, a second well, coming up and penetrating in the same unit, a lateral for the Ravencliff rather than the well that was already there. Is there any reason for that?

LUKE SHANKIN: I think it's just to show----.

BENNY WAMPLER: Just to show...would you anticipate that actually to occur? I mean, in other words, would you put multiple wells...what would be....strike that. What would be the reason to put multiple wells in the same unit when you have the ability to do a horizontal drilling from the one well anyway?

LUKE SHANKIN: Maybe...in this case you don't really see it, but multiple wells in the same unit and I'm saying an instance just like on the page before, you can have two wells that are separated far enough apart that you

actually could be drilling a lateral in the same zone in the formation to drill...to drain that over the entire 320-acre unit. One well might not be effectively draining all of that.

BENNY WAMPLER: So, that's based purely on the geology that you've seen?

LUKE SHANKIN: Yeah, what we've see down there.

BENNY WAMPLER: Other questions from members of the Board of this witness?

(No audible response.)

BENNY WAMPLER: Call your next witness.

JIM KAISER: I will call Mr. Adam Abfall who will testify and talk about the technical differences between starting a new top hole versus a reentry into this existing conventional well and just how that process and method of doing this will work.

ADAM ABFALL: We've got a handout. There's a reflection of what we got off on the board there and I kind of want to go over the basic steps for doing a reentry on an existing well for a horizontal development. I'd like to explain and hope everybody understand why I would want to do that, what are the advantages for going in existing wells and turning them into horizontal projects. So, if you would look at your first sheet, what we're showing you is a well that

we're targeting for the reentry work. This well right here was drilled back in 1990. It was drilled with producing zones through the Berea and the Lower Huron. This particular well, though, was not...was never turned in line. It was...production on it was only about 158 mcf a day, which was somewhat of an under performer. So, there was never a pipeline put in to put this into the system. This well here was brought up on under a...under a PNA status that they were going to take care of and I think it was recognized as a potential candidate for using that existing well for horizontal work. What we're looking at reusing here is basically the surface systems, the surface casing and surface structure that is already in place for turning this into a horizontal development. I'm going to go through real quick here on how we would approach this project to turn it into an economical platform for work. The existing well you're seeing right here is our conductor pipe and surface casing. This well right here does not have an intermediate stream run into it. It goes directly into the four and a half inch casing down to the perforated intervals and what we're showing here in the grey is the cement that was put in place.

MARY QUILLEN: Mr. Chairman, can I ask one question?

BENNY WAMPLER: Yes, go ahead.

MARY QUILLEN: This was originally a conventional well that you are going to restructure into a horizontal?

ADAM ABFALL: Yes, ma'am. What we would do is (inaudible) process we would have to come in and do some minimal construction work because this was our location that was already in place. So, we will come in and rework the location for the rig to be able to come in and start doing the work over part of the operations. First of all is the abandonment procedure of the existing wellbores. We would be coming in and setting a cast iron bridge plug in the four and a half inch casing. Then, we would run a three point tool to find out where the top of that cement is, part the four and a half inch casing and then go ahead and we'd pull that casing out. That would be all laid down and not reused. There has been discussing...in this picture right here I'm not showing the seven inch in there, but the discussions have been that since we don't have an existing intermediate stream here that we would install that prior to starting the horizontal section. That gives us several advantage from a drilling standpoint. But also gives us better isolation for the completion of the well and different completion options. So, after the four and a half it would be parted and laid down, we would go back in and clean the well up, then we'd run seven inch casing in here is what you would be...what you

would be looking at. We would run seven inch down to the typical isolation area, which we're talking about Big Lime area and what kind of zones we would want to isolate.

BILL HARRIS: Let me just ask a quick question.

ADAM ABFALL: Yes, sir.

BILL HARRIS: When you're talking---

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---about that, when you say, "clean up the bore", are you...is this...does this have to be drilled out?

ADAM ABFALL: No. We'd just---

BILL HARRIS: No?

ADAM ABFALL: We would just go back in...because this right here is ten and three quarter inch casing and nothing has ever been put in the back side between---

BILL HARRIS: So, that...but that's the ten and a half...or ten and a quarter actually goes all the way down?

ADAM ABFALL: That hole that was drilled out from underneath that right there was most likely seven and seven-eighths, I believe, that was drilled. So, we're working with the seven and seven-eighths wellbore that we'd have to go back in to clean that out and make it so we can effectively run that seven inch in there.

BILL HARRIS: The casing that's in there now is

just inside of that hole basically the four inch?

ADAM ABFALL: The four and a half, yes. Yeah, it's an open hole. The cement only goes through there. So, that's just---

BILL HARRIS: Yeah, okay.

ADAM ABFALL: The four and a half from here to the surface casing and well in this particular case 3,050 feet. It's just an open---

BILL HARRIS: But the bore is large enough for the seven that you're talking about?

ADAM ABFALL: Yeah. Yeah. We'd probably go in there with a bit just in case there's spill or swelling or anything like that and clean it...clean up and make sure that the casing would run and then we would cement that intermediate casing like you would in a new drill. After that seven inch is in place, we're then pretty much back to the starting point of an existing new drilled well where we've done our conductor pipe, our surface pipe and now we have an intermediate string in place and the old (inaudible) well has been abandoned with a cast iron bridge plug set in four and a half. The next process would be to go back in and set a cement plug on top of the cast iron bridge and plug the old wellbore. That's going to give us kick to go in and sidetrack off. So, what we'll do is below the seven inch

casing...below the seven inch casing, we'll have that cleaned up. We'll go in and open that and set a cement plug to given them depth depending on geometries once again to a given depth where we would go back in again with our directional assembly and use this right here to divert away from the existing wellbore to start our deviation. Now, this right here would be higher up in the well actually than what our program kickoff point would need to be for our built sections like you're somewhat familiar with. And so what we would actually do is we would kickoff of this plug right here just to get away from the old wellbore. We would come in, come off of that kick plug and then once we were off that plug we would just go in with a hammer assembly, an air hammer assembly, that would allow us to drill straight back down to our programmed kick off point and then we would start our build section off of that. So, we would come in, get ourselves spaced over, and it's not much 20 or 30 feet, away from the old wellbore and come down to the programmed kickoff point and continue the horizontal side tract of the existing well. There's not a whole lot involved in this. This whole operation that I just showed you is usually done within a couple of days as far as moving the rig in, isolating the old well and running the seven inch conditioning. It's only about a two day procedure to get to that point. There's a

lot of advantages with this reentry project versus new drills. First of all, we're utilizing the existing surface infrastructure that's already in place whether it's roads or a location that has already been done. We're not having to go back in and of approach land owners. The surface damages that are in place. This is stuff that was done, I guess, eighteen years ago that we're looking at now. So, we've got a good base there. That's for the location. A good base for the roads. We're not going to be tearing as much stuff up trying to get a new rig in there. So, we have less environmental impact and disturbance to the surface. We've got with the surface pipe and the conductor already set and this whole interval already opened up to us we've got a lot less man hours involved in getting into this particular kickoff point that we're interested in to start the section of the hole that we're actually pursuing. We've also got in some locations, not particularly this one right here, in cases we've got the existing infrastructure of the pipeline lines that we can utilize without having to lay new lines or production transportation. There's other advantages as well with already having the surface casing in place. We're not going to take the chance of invading a new fresh water zone potentially disturbing that or even the coal zones. The coal seams they are already isolated through an existing and known

area. There's no further disturbance to any of that. And, obviously, the savings of the time, the cost and the money of getting from point A to point B has already been incurred. The production benefits of this have been realized. We're already done two of these to date up in Kentucky and we're actually working our third as we speak. The production numbers somewhat speak for themselves. We've got a huge increase in production rates, gas reservoirs and it extends the life of the well tremendously versus just coming in to an under performer or a well that never did perform. It's simply plugging and abandoning it. It increases royalties to the surface owners as well for that existing tract. So, Joe here has some numbers that he would like to talk about and kind of show what we've seen as the outcome of this type of operation.

BILL HARRIS: Mr. Chairman, may I ask one other question and this is just for my information. Is this well already producing?

ADAM ABFALL: No, sir.

BILL HARRIS: So, it's---

ADAM ABFALL: This one is all...all done. This particular well that we're targeting was all done and it was never---

BILL HARRIS: I know you said it had been drilled

some time ago.

1

ADAM ABFALL: Yes, sir. Back in 1990, all that time, effort and money was put into it and nothing has ever been...nothing has ever come of it. Like I say, it was...it was on the list for a plugging and abandonment actually. So, everything that would have been done would have pretty much have been a waste.

BILL HARRIS: Thank you.

JIM KAISER: So, Adam, let me ask you then, it would be potentially to a great advantage to the royalty owners in that what they have out there now is an existing conventional well that has never been produced and won't be produced because it wasn't a very...it was underperforming well and you can now take that and minimize the surface impact and hopefully get those royalty owners some royalty?

ADAM ABFALL: Exactly. Exactly. It's somewhat of a win/win for everybody. It's a winner for the surface owners as far as a disturbance. We've got roads that are established. Locations that are have settled. They're harder to work on, which is good. The equipment is not sinking in mud. The royalty owners are in a win/win because they're going to make money off of it. More money or---

JIM KAISER: Or at least have the opportunity?

ADAM ABFALL: ---the opportunity of money that

never was there from operations that were in place. So, there's so many advantages to somewhat revitalizing these old wells in these areas and gaining access to these reserves that either we couldn't get to or never were produced.

BENNY WAMPLER: I think most of us would support any way you can to maximize the production of the resource. The concern quite frankly that I have is and I have less of a concern where it's your well that's surround it. If it's somebody else's wells anytime that you're going to start getting close to those, then I think our concern level goes up because we have a responsibility to protect that. We've got a lot of unknowns with this kind of stuff at this point.

ADAM ABFALL: Uh-huh. Yes, sir.

MARY QUILLEN: Mr. Chairman, I have just---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---one question. This conventional well, in looking at this plat here, the number doesn't match up with the actual number of the well that we have. Is this well located in the northeast corner of this?

LUKE SHANKIN: The number is different.

RITA BARRETT: That was the revised plat that I handed out. Did you not get a copy of that? The well matches on the revision that I passed out.

BENNY WAMPLER: Here you go, Mary.

MARY QUILLEN: Yeah, that's the one that I'm looking at because on our...what we have is BH-833748 and on this plat it's 133748. So, is that----?

JIM KAISER: It should an a 1 instead of 8. That's what the revised plat says.

RITA BARRETT: 133748.

MARY QUILLEN: Okay. I'm just...that's why I'm asking is because we have a different on what we received originally and just the number it should be 1 instead of 8?

RITA BARRETT: Correct.

MARY QUILLEN: So, that's the reason you can use this one is because the location of this well is...it's in a good location to do horizontal drilling without disturb... surface disturbance?

ADAM ABFALL: Yes, ma'am. Yes, and it's sitting in that particular area that makes it favorable for the operations. Some of the numbers Joe...can go ahead and talk about what these wells...what we've on seen on them. Here we are looking at the placement of that with the other wells in relation.

JOE MORRIS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Joe, if you go ahead and state your name for

the Board, who you're employed by and in what capacity?

A. Yes. I'm Joe Morris. I'm employed by Equitable Production Company out of Pittsburgh. I am director of Developing geology for Equitable. And just...we just wanted to show you guys real quick. Again, the question why would you want to go into this old wellbore? It wasn't productive in the past, it wasn't productive enough for us to lay a pipeline through it. So, why in the heck do you want to go in and drill a horizontal well? I think Adam has already hit on a number of those points. But just as he mentioned, we've done this twice before in Kentucky. We're on our third well now. This is an example of our first well in Kentucky that we did. It's surrounded by producing wells, all of them pretty good producers. I have reserve numbers on here and a majority of these wells have reserves in range of 350 to 450 mmcf. We have an underperforming well right here. This well should have done much better. It was producing out of the Berea and Devonian shale and it was producing about 4 to 5 mcf a day. And it wasn't quite on our plugging list like we're talking about now, but it was an under performing well. So, we thought what if we go back in this, go through the mechanical operations that Adam has just talked about and drill this horizontally. Now, this is the cross section of the well that we drilled showing a few of the formations, the

top of the Berea, top of the Devonian shale, our target zone there in the Lower Huron and then the base of the Lower Huron is this gray line. The red line I show right here is the actual well path that we drilled. And then this kind of, for lack of a better term, kind of pinkish line is the mud log shows. And that is recording the gas that comes out of the well bore as we drill. Surface location right here, we clicked along to about 440 feet out and we got a nice natural show on this well up here to about 700 units and as we drilled along we continued to pick up gas. And to us the important thing on this is that at only 440 feet away this gas that was in the reservoir was not being captured by the initial wellbore. So, we feel very comfortable here that we can go in and we have an opportunity to make an economic well where we do not...where we have an under performing well by drilling horizontally. Part of the reason for that is what Luke was talking about earlier, intercepting more fractures, exposing more of the reservoir. As Adam discussed, we're utilizing an existing wellbore so again I think this is a win-win for us. And that's really all I have unless you have any questions.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Mr. Wilson, do you have any comments?

BOB WILSON: No, sir. No. I would probably have some problems with your submitting plan for the whole section that you're abandoning and we can address that when you modify the permit.

ADAM ABFALL: One thing that I didn't...I'd like to look at the well when you talked about the production with the royalty owners, there is some production information in the upper right hand corner there and you can see that that particular well in Kentucky, as Joe mentioned, was 4 to 5 mcf a day. After the reentry, it turned inline there at 1,607 mcf a day with a 30 day production of 12 and a half million. So, the numbers somewhat speak for themselves as to what the potentials can be on that.

MARY QUILLEN: Mr. Chairman, this is---?

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---similar conditions if we are going to do this one right here?

JOE MORRIS: This is the exact same thing. The same formation.

BENNY WAMPLER: Other questions?

BILL HARRIS: Mr. Chairman, where in Kentucky is this now? You're saying the same formation but---.

JOE MORRIS: It's the same formation. It's in eastern Kentucky and this particular well was in Pike County.

BILL HARRIS: Well, okay. I'm just wondering... Kentucky, I know, is more of a plateau than the High Knob areas. There are no problems with...well, I'm not a geologist. I don't know the language to use, but doesn't this vary according to elevation or...not elevation but with the terrain, I guess, I'm trying to say. I'm not sure what I'm trying to ask.

JOE MORRIS: Well, it's pretty---?

BILL HARRIS: You're in a mountainous area in the High Knob, but you're in a relatively flat area in Kentucky even though I know people would disagree, but that's, you know, in terms of geology I understand that's more of a plateau than the High Knob area. So, is that going to change some things in terms of---?

JOE MORRIS: That really shouldn't change anything here. I think we do have a little bit more structure on this and we may have to drill at a slightly steeper angle.

BILL HARRIS: Are you talking about up or down---?

JOE MORRIS: Yes, drilling at an up angle. That's something that Adam and his crew can do very easily. As far as the depth of the well, the actual depths aren't that much different. As you of course have the Pine Mountain...along

Pine Mountain you have the thrust fault where the formations kind of...they come to the surface, but then you get over in Kentucky they're down deep again. They're at about this same depths.

BENNY WAMPLER: But when you're saying the same thing you're talking about the Berea and the Lower Huron and that's---

BILL HARRIS: Yeah, in terms of that structure it is layered----

JOE MORRIS: Yeah, it's the same formations, the same layers, essentially the Berea, the Cleveland and the Lower Huron. We're looking at going into the same type of formation...same formation name.

BILL HARRIS: Now what about water at that depth, is there a problem with that?

JOE MORRIS: Not in this area.

BILL HARRIS: You don't run into...because I know you're talking about doing, what is that, up dip or down dip or something? Is there not a problem with the water when you drain---

JOE MORRIS: No, we have not in this area...we've not run into any water problems in the Devonian shale.

BILL HARRIS: Okay. Thank you. Thank you, Mr. Chairman.

BENNY WAMPLER: Any other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain.

BENNY WAMPLER: Approved with one abstention, Mr. Prather. Next is a petition from Equitable Production Company for an establishment of a 320 acre drilling unit VH-539578, docket number VGOB-08-0415-2208. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, in this case it will be Jim Kaiser, Rita Barrett, and Luke Shankin.

BENNY WAMPLER: Just a comment on that last one, that was good presentation fellows. I think that was...with

that the information you could pretty much visualize what you're trying to do. Let the record show there are no others. You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, in this particular well, 539578, is it fair to say that all of the acreage is either under lease to Equitable at this time or we are currently trying to acquire voluntary leases on all of it and if not successful we will be filing a force pooling petition in the near future?

A. That's correct. We're currently pursuing acquisitions, but we do have...we have made application for the May docket.

Q. And all the...would it be fair to say that the existing wells that you see within this 320-acre survey or plat are all wells owned and operated by Equitable Production Company?

A. That's correct.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

LUKE SHANKIN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Shankin---

JIM KAISER: If we could, Mr. Chairman and Board members, I would like to incorporate Mr. Shankin's testimony on the previous well up to the point of I believe it's Exhibit R, maybe?

LUKE SHANKIN: Q.

JIM KAISER: And then he has well specific exhibits to continue on from that point. I mean, if you want him to go through the whole proposal again it's okay with me.

BENNY WAMPLER: That's fine. Up through what letter?

LUKE SHANKIN: It would be letter Q. It should be this page right here, the one for this well has the unit 8 right in the middle of the two separate ones that handed out to you.

BENNY WAMPLER: That will be incorporated.

A. Yeah, everything is the same up to there. The different map view here shows the new plain lateral with

the existing wells around and the next page shows that blow up scale with the lateral drawn on the plat. Other than that everything else should be the same from this unit to the last one that we proposed.

Q. Mr. Shankin, would it be correct to state if we...Ms. Barrett just testified to the existing wells in this particular original unit that we are trying to form or owned and operated by Equitable Production Company. Would it also be...either one of you can answer this question I guess, but would it also be safe to say that any existing wells in the adjacent potential 320-acre units would also be owned and operated by Equitable Production Company?

A. Yes.

RITA BARRETT: Yes.

BENNY WAMPLER: This is a request for a provisional drilling unit, right?

JIM KAISER: Yes, sir. To form a 320-acre unit for the purpose of drilling a horizontal conventional well.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Mr. Wilson?

(No audible response.)

MARY QUILLEN: I have just one question.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: This is just the same conventional well that you are going to restructure as a horizontal or will this be a new one?

LUKE SHANKIN: No, this will be a new well drilling off the same pad as the existing conventional well.

MARY QUILLEN: Okay.

JIM KAISER: But not a reentry.

MARY QUILLEN: Right. I just wanted to clarify that.

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(No audible response.)

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain.

BENNY WAMPLER: One abstention, Mr. Prather. You have approval. Next is a petition from Equitable Production

Company for establishment of a 320-acre drilling unit VH-539573. This is docket number VGOB-08-0415-2209. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser, Rita Barrett, and Luke Shankin.

BENNY WAMPLER: Let the record show there are no others. You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, would it be correct in saying that all the acreage contained in this 320-acre proposed provisional unit is either now under lease to Equitable, we're trying to acquire a voluntary lease and/or will be or have filed a petition for force pooling?

A. This well is a 100% leased.

Q. Okay. And is it also fair to say that it looks like the...whatever existing and/or proposed wells that would lie within this unit would be owned and operated by Equitable Production Company?

A. That's correct.

BENNY WAMPLER: What about...excuse me for

interrupting, what about north of that well?

JIM KAISER: I think he's asking about V-502735.

RITA BARRETT: 2735 is an Equitable Production well.

JIM KAISER: In the unit to the north?

BENNY WAMPLER: In the unit to the north.

RITA BARRETT: 36.

LUKE SHANKIN: 2736, that would be our well as well.

BENNY WAMPLER: I was just wanted to cover that.

JIM KAISER: Sure. I was going to get to that with him.

BRUCE PRATHER: I'm not sure that well is drilled.

JIM KAISER: Huh?

BRUCE PRATHER: I'm not sure that well has ever been drilled.

LUKE SHANKIN: No, that one...that's just a future location spotted on the map. So, no, that well has not been drilled yet.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Shankin...again, Mr. Chairman, we'd ask that his testimony up unto the two wells specific exhibits, I guess that's through P, be incorporated for purposes of this hearing and then he's got two specific exhibits to this well that he passed out that he addressed and then---

BENNY WAMPLER: Through what letter?

LUKE SHANKIN: Through letter Q.

JIM KAISER: Q.

BENNY WAMPLER: That's all right. I was just wanting to get it.

JIM KAISER: I'm getting old. My memory is not what it used to be.

BENNY WAMPLER: That will be incorporated.

A. These will be the two that I handed out that has unit 3 directly in the center of the map. You can see this well is situated outside of our drilling unit grid but by the time that we penetrated the Lower Huron zone we would be within 200 foot into our window of 320-acre unit. The next page shows just a expanded blown up portion of our map and the laterals are drawn on the plat.

Q. And, again, I'm going to ask you would it be fair to say that if we go in any direction, north, south,

east or west of that unit þ as depicted, did all those proposed and/or existing wells would be owned and operated by Equitable Production Company?

A. Yes.

JIM KAISER: Thank you. Nothing further of this witness at this time.

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Just one more question. The same question I asked before, is this an existing---

LUKE SHANKIN: This would be a new well drilled off of the same pad as a conventional well.

MARY QUILLEN: Same pad, okay.

JIM KAISER: No reentry.

MARY QUILLEN: Thank you.

BENNY WAMPLER: Other questions?

JIM KAISER: Unfortunately, there's probably not that many reentry units that's out there. Otherwise, it would be a good way to do it.

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes, but Bruce Prather.)

BRUCE PRATHER: Abstain.

BENNY WAMPLER: One abstention, Mr. Prather. You have approval. 34 folks, remember. Next is a petition from Equitable Production Company for a modification of the Nora Coalbed Gas Field Rules to allow for drilling an additional well in unit BS-41 and 42, docket number VGOB-89-0125-0009-24. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, that's Jim Kaiser, Rita Barrett, and Mike Kovarik on behalf of Equitable Production Company.

BENNY WAMPLER: Let the record show there are no others. You may proceed.

(Mike Kovarik is duly sworn.)

BRUCE PRATHER: Mr. Chairman.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: Have you got an extra one of those?

MIKE KOVARIK: Yeah.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay. Ms. Barrett, in unit BS-42, which is one of the units we're seeking the right to drill an additional well and increase density, now 100% of that unit is under lease to Equitable Production, correct?

A. That's correct.

Q. And then BU-41, which is the second or other unit that we're seeking an increased density well in, I think there's roughly 52% that's under lease to Equitable and then should we be granted this particular application we will be following up with a pooling of the unleased interest in that unit?

A. Actually, all except 53% of this unit is leased and Mr. Hall has the signed docket for force pooling later on today.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: I'm a little bit confused to...you said that BS-42 is 100% leased or did you correct that?

RITA BARRETT: B ϕ -42 is 100% leased. BU-41 is---.

BENNY WAMPLER: BU-41 is---?

RITA BARRETT: ---is on the docket for later for
.53%.

JIM KAISER: .53 and not 53.

RITA BARRETT: Correct.

BENNY WAMPLER: All right.

JIM KAISER: There's a little difference.

BENNY WAMPLER: Yeah, it's quite a bit.

JIM KAISER: Well, considering you can pool with
zero percent, I'm not sure it's relevant...a difference.

SHARON PIGEON: It matters on this side.

JIM KAISER: Yeah.

BENNY WAMPLER: Go ahead.

Q. And well, before I go on to Mr. Kovarik's
testimony, the additional well in BU-41 will...both well's
will be inside the interior window, correct?

A. Both wells are in the interior.

Q. And on BS-42, the original well was drilled
outside....the first well was drilled outside the window, I
think, because of coal considerations?

A. That's correct.

Q. And then this increased density well will be
inside the interior window---?

A. Yes. 1

Q. ---and at least 600 feet from the first well?

A. No. On BS-42, on the increased density well will also be outside the window.

Q. Okay, but all within...both wells will be...there won't be any problem with the coal company, correct?

A. Right.

Q. The coal owner?

A. Right.

JIM KAISER: Okay. That's all I have of this witness, Mr. Chairman.

BENNY WAMPLER: But the second well will be located 600 feet from the nearest coalbed methane well, correct?

RITA BARRETT: Correct.

BENNY WAMPLER: Call your next witness.

MIKE KOVARIK

DIRECT EXAMINATION

QUESTIONS BY JIM KAISER:

Q. Now, Mr. Kovarik, if you could state your name for the Board, who you're employed by and in what capacity.

A. My name is Mike Kovarik. I'm employed by Equitable Resources and I'm director of engineering in Pittsburgh.

Q. Okay. And you have previously testified before the Board on these increased density requests, is that correct?

A. Yes.

Q. And you have prepared a proposal that has been passed out to the Board and if you would at this time go through that and kind of explain why we are continuing to seek to drill these increased density wells and kind of what you have found to date on the one that you have?

A. Sure. Exhibit A here is just a plat of the two units that we've been talking about that we're bringing before you today. Exhibit B, if you would, is a map that shows the wells...excuse me, the units that have been approved to date and plus the two that we are looking at today. The grayed out units, there are 82 of them that we have got approved to date from 2006 through today and the two green ones BS-42B and BU-41 are there in the Middle Fork heirs. The next exhibit, which would be exhibit C, is a summary of our results to date starting 2006. We drilled 16 wells. Last year in 2007, we drilled 35 decreased density wells. And to date, 2008, we drilled 4. In total, added up

the cumulative production from all of those 50...actually 51 wells because the 4 wells, this year we don't have any production on them. But we've produced almost a bcf of gas out of those 51 wells that we drilled. And the current rate from those 51 wells is about three and a half million cubic feet a day, which is an interesting lay of about 5% of the total CBM production for the Nora Field right now. So, we're growing this business quite a bit and we'd like to continue it.

BENNY WAMPLER: How does that...the 3.5 compare to average production from without the increased density?

MIKE KOVARIK: An average well, we're drilling over the field just depending on where you drill and the amount of gas in the coals and the fractures in the coals, etcetera. But, in general, these wells are as good as any of the wells that we drilled in the field in coal on average. This next exhibit which would be exhibit D, is a production plot. The green line shows a 16...excuse me, a 51 original wells that were drilled. The red line is the incremental production from the 51 increased density wells. So, it shows the incremental 3.5 mcf a day that we've drilled just to give you a vision of what it looks like. The red line would not be there if we did not drill an increased density wells. We would not have produced that gas. We would not be at the

rate where we are right now without the increased density wells. EUR calculations for the two wells...the two increased density wells that we're looking at today, the average EUR for wells in the area is about 362 million. I'm going to attribute 45% of that EUR to an increased density well. So, we're expecting our increased density wells to be at about 363 million. For a total unit in EUR of 525 million.

BENNY WAMPLER: That's exhibit E?

MIKE KOVARIK: That's exhibit E, yeah. Just a couple of informational slides here. This should be your last slide in the packet, but I'm going to blame Kinko's on this one. They didn't...I don't have..I don't show this one also but I don't have those for you all but I can...I have two copies of it...do you want to pass it around or?

JIM KAISER: That might be a good idea.

MIKE KOVARIK: Okay. I apologize for that. Exhibit F then, a good way to look at these kinds of projects in groups is to zero time the production such that other wells in a group which produce at the same time. If they were all drilled at the same time let's look at what that average curve would look like because there's a lot of variability between the production curves and in groups of wells. So, this way it gives us a good idea about what an average well

would look like. So, what I did for the Middle...for instance place is the 16 original Middle Fork wells and this is a way we keep track of our projects on an ongoing basis. The red line is the average zero time as if all the wells were drilled at the same month for the original wells. The blue line is the increased density wells, the 16 increased density wells so that you can see in the case of the Middle Fork there's quite a big difference between the increased density wells that we drilled and the original wells that we drilled. On the downside, the increased density wells were not as good as the original wells. But that's okay because we are in a really good area, really permeable area, a really gassy area. So, the increased density wells that we drilled are still economic, very economic. So, we're really still pleased with this even though they didn't perform as well as the others. Now, on the Exhibit, which would be G, that we're passing around, that's the Lick Creek area, which is to the northeast of the Middle Fork area and you can see that the difference between the original well and the increased density wells is a lot smaller such that the increased density wells look a lot more like the original wells. So, it's that kind of variability over the field that we're looking at and it makes it difficult to predict sometimes but it still gives us a lot of reason to go forward and want to

do a lot more of these. So, that's why we're here today.

Q. So, it would be your opinion then overall that to date the increased density program has been a success?

A. Absolutely.

BILL HARRIS: Mr. Chairman---?

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Just a question. You're saying that like an expectation was that increased density well would produce at the same level as the others?

MIKE KOVARIK: No, we didn't expect that. We didn't...I didn't really expect it to be as different in the Middle Fork area as it was.

BILL HARRIS: As you see?

MIKE KOVARIK: But like I said, in this area it's a very good gas producing area, the Middle Fork area. So, these wells that were completed originally and produced were able to produce maybe a lot more gas than wells in an area that was not as good. Okay, so the gas flows easier. The gas can be produced easier by the original well. So, you would expect it to be less than the original well, the pressures are lower. So, yes, I'd expect it to be less, but maybe not quite traumatic as what this well here is.

BILL HARRIS: As traumatic a difference. Okay,

thank you.

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BRUCE PRATHER: Mike, on the second exhibit that you gave there---

MIKE KOVARIK: Yes.

BILL PRATHER: ---I would assume that your pressures would be about the same on both of those wells, on both of those curves.

MIKE KOVARIK: We look at line pressures and yeah, absolutely...yeah, absolutely, because they're going in the same system. Absolutely.

BRUCE PRATHER: Yeah, because on your others where you produced a lot of gas and the pressures correspondently would be lower on your new well.

MIKE KOVARIK: Than the pressures were in in the original wells, yes, absolutely.

BRUCE PRATHER: Yeah. Yeah.

MIKE KOVARIK: Absolutely. Absolutely.

BENNY WAMPLER: Do you plan to abstain---?

BRUCE PRATHER: No.

BENNY WAMPLER: Okay. I was going to strike your question and then answer if you were. I was just checking. Other questions?

MARY QUILLEN: Mr. Chairman, just a---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: 1--point. This Exhibit D shows the total of the first and second well and this is for all of those wells in the Nora Field?

MIKE KOVARIK: This is for the 51 that we drilled in between 2006 and 2007.

MARY QUILLEN: Right.

MIKE KOVARIK: The green line is the original wells---

MARY QUILLEN: Right.

MIKE KOVARIK: ---and the red line would be the increased density wells on top of the original wells.

MARY QUILLEN: And so the production...the combined production you haven't broken it down showing what production is for the second well as opposed to the first well. This is just the combined production of the first and second well, is that correct?

MIKE KOVARIK: Yes, but the difference here, the 3.5 million...the difference between the green and the red---

MARY QUILLEN: Right.

MIKE KOVARIK: ---would represent the production from the increased density wells.

MARY QUILLEN: Right. And these others are just---

MIKE KOVARIK: Location specific and the average of---.

MARY QUILLEN: And it varies from location to location?

MIKE KOVARIK: Yes, ma'am.

MARY QUILLEN: Okay.

BENNY WAMPLER: Other questions?

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: I understand that you're asking as far as your petition to the Board to allow the BU-41 to have two wells outside the window, is that correct?

RITA BARRETT: BU-41, both wells are in the interior.

BOB WILSON: Okay, BU-42 then has both wells outside the window?

RITA BARRETT: Yes, sir.

JIM KAISER: BS-42.

RITA BARRETT: BS-42, yes. Both wells---

BOB WILSON: BS-42. Actually, I should remember that.

BOB WILSON: Are you asking for that as part of the petition to allow those wells outside the window?

RITA BARRETT: Yes, sir.

BOB WILSON: Okay. I think, Mr. Chairman, we would need a plat showing those specific locations if in fact it's going to be a part of the order.

JIM KAISER: Voila.

BENNY WAMPLER: I bet they don't have one.

RITA BARRETT: How many do you need?

BOB WILSON: You set me up, didn't you?

RITA BARRETT: There's the signed plat for that one and here is BU-41.

BOB WILSON: Okay, great. Thank you.

BENNY WAMPLER: Since this is Mr. Wilson's last Gas and Oil Board hearing, he's utilizing a lot of latitude.

BOB WILSON: I'm still trying to figure out where the keg is.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: I'm going to let this come around before we go further. Do you have anything further?

JIM KAISER: Nothing further at this time, Mr. Chairman, other than we'd ask that the application be approved as submitted with the addition of two plats.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(No audible response.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

RITA BARRETT: Thank you.

BENNY WAMPLER: That's 34...33. Next is a petition from Equitable Production Company for pooling coalbed methane unit BU-41, docket number VGOB-08-0415-2211. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, in this matter it's going to be Jim Kaiser and Don Hall on behalf of Equitable Production Company. Mr. Hall has some revised exhibits that he's passing out.

(Don Hall passes out revised exhibits.)

(Off the record discussion.)

BENNY WAMPLER: Let the record show there are no others. You may proceed. Mr. Hall has previously sworn.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER: 1

Q. Okay. Mr. Hall, what we have before us now is a proposal to force pool the unit BU-41 and within that unit, the Board just approved, allowing two wells and increased density well to be drilled, is that correct?

A. That's correct. That's what the exhibit reflects are the well numbers of the two wells that are in BU-42.

Q. Okay. And before we get into your standard testimony, why do we have these revised set of exhibits?

A. Well, we picked up a few more leases in this and is reflected in B-2. B-2 shows Arthur Jerry McCoy as unknown, but we've since found him and leased him, along with a couple others.

Q. So, you actually found him and leased him?

A. Yes.

Q. That's pretty good isn't it? Has that ever happened before?

A. Oh, yeah.

Q. Do your responsibilities include the land involved here and in the surrounding area?

A. They do.

Q. Does Equitable own drilling rights in the unit involved here?

A. Yes. 1

Q. And, again, prior to filing the application did you make an attempt to contact each of the respondents or interest owners within the unit designated BU-41 and try to work out a voluntary lease agreement with them?

A. Yes.

Q. And at this time what is the interest under lease to Equitable in the gas estate?

A. We currently have 99.531833% leased.

Q. And in the coal estate 100% is leased?

A. That's correct.

Q. And all the unleased parties are set out in revised Exhibit B-3?

A. Yes.

Q. So, the only interest remains unleased is within the gas estate and that would be 0.46816%?

A. That's correct.

Q. Okay. We do have at least...we've got several unknown interest owners within this unit?

A. Yes.

Q. And, again, you or your office made reasonable and diligent efforts to attempt to locate these unknown interests?

A. Yes.

Q. And in your opinion, due diligence was exercised to locate everybody named in Exhibit B?

A. Yes.

Q. Okay. Are you familiar...are you requesting the Board to force pool all unleased interests listed as revised Exhibit B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in this unit and in the surrounding area?

A. Yes.

Q. Could you advise the Board as to what those are?

A. We pay a five dollar per acre on a five year term with a 1/8 royalty.

Q. And do you agree, I mean do you think the terms that you've just testified to represent fair market value of and fair and reasonable compensation to be paid for drilling rights in this unit?

A. Yes.

Q. Now, as to the respondents on B-3, the unleased parties, I'm going to ask that the testimony regarding the statutory election of options first taken today in item 2176 be incorporated for purposes of this hearing, but you do agree that any unleased respondents would have

elections as to both of either of those wells or is it just both?

A. Both.

JIM KAISER: All right. Do you agree to incorporate the testimony?

BENNY WAMPLER: Yes.

Q. You're okay with the terms?

A. Yes.

Q. What about escrow in this case, we need the Board...the Board does need to establish an escrow account?

A. For Tract 3, yes.

Q. And would this be attributable to process Tract 3?

A. Yes.

Q. And that's deeded with a conflicting claim?

A. And some unknowns.

Q. It had some unknowns?

A. Yes.

Q. And who should be named operator under any force pooling order?

A. Equitable Production.

Q. And let's start with VC-536421, what's the total proposed depth of that well?

A. It's total depth is between 2746 feet.

Q. And VCI-538674, the total proposed depth for that well?

A. 2,848 feet.

BENNY WAMPLER: On the first one, your AFE says 2764, your application says 46.

Q. It was transposed.

A. 6421 is 2,764 feet. It was probably transposed in the application.

Q. In the application, yeah. Okay. So, it's 2,764 and 2,848, is that correct?

A. 2,746 is the depth of 6421.

Q. No, 2764.

A. Oh, yes.

Q. He's older than me.

A. You've got 6...you've got 46 over here.

Q. Yeah, it's wrong on the application and right on the AFE, transposed on the application. All right. And I think we've previously testified...Mr. Kovarik just got done testifying that the estimated for the reserves...or estimated reserves of the unit would be 525 between the two wells, is that correct?

A. I haven't added them up. That's sounds reasonable.

Q. Well, I think...again, I think the

application is probably wrong. His testimony was 525 for the two wells and we've got 550 in the application. So, I'd like to keep them consistent and we'll go with 525.

SHARON PIGEON: Are you reflecting to incorporate that part from previous testimony?

JIM KAISER: Yes.

SHARON PIGEON: So, would you like to ask Mr. Hall if he agrees with that?

A. Yes.

SHARON PIGEON: 5---?

JIM KAISER: 525.

SHARON PIGEON: ---25?

Q. Mr. Hall, has an AFE been reviewed, signed and submitted to the Board for both wells?

A. Yes.

Q. And is your opinion, that both of the AFEs represent reasonable estimates of the well costs?

A. Yes.

Q. Could you state the dry hole costs and the completed well costs first for 536421?

A. The dry hole cost is \$215,321 and the completed cost is \$418,558.

Q. And now if you would state the dry hole cost and completed well cost for 538674?

A. That would be \$192,788 is the dry hole cost and the completed well cost is \$397,233.

Q. Do these costs anticipate a multiple completion?

A. Yes.

Q. Do the AFEs include a reasonable charge for supervision?

A. Yes.

Q. And in your professional opinion would the granting of this application be in the best interest of protecting correlative rights, preventing waste and maximizing the recovery of the reserves underlying this unit?

A. Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: No. Mr Chairman, we'd ask that the application be approved as submitted with the revised set of exhibits.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no. You have approval.

DON HALL: Thank you.

BENNY WAMPLER: Next is a petition from Equitable Production Company for...this is 35, for modification of the Nora Coalbed Gas Field Rules to allow for drilling of additional wells in units Y-75, Y-76, Z-75 and Z-76, docket number VGOB-89-0125-0009-25. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, if I may, that petition was actually a petition from Range Resources-Pine Mountain Oil and Gas. I think it was somehow got put on the published docket as being Equitable.

BOB WILSON: It did and we corrected that for the docket that was sent out to everybody, but it was published in the paper as Range Resources...I mean, as Equitable Production Company. Actually, we didn't correct it here either.

BENNY WAMPLER: Could you swear them in?

(Jerry Grantham and Gus Jensen are duly sworn.)

JIM KAISER: Mr. Chairman, at this time it will be Jim Kaiser, Gus Jensen, and possibly Mr. Grantham, and Mr. Phil Horn. We'll start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, with this application we're seeking to modify the Nora Coalbed Gas Field Rule to allow as it pertains to four different units to allow for an additional CBM well to be drilled within the unit, at least 600 feet from the nearest or existing coalbed methane well. Would it be your testimony, is it fair to say that all the CBM interests within these four units is controlled by and/or under lease to Range Pine Mountain?

A. Yes, that is correct.

Q. And all applicable coal and gas owners have been notified for this application by certified mail, return receipt requested?

A. That's correct. It is shown on Exhibit B.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: I was just checking the docket number is listed on the application, it's 890126 and we had 125. I was asking which is correct.

BOB WILSON: This is 0089.

BENNY WAMPLER: 89...0..0126?

BOB WILSON: Oh, I'm sorry. I was looking at the wrong 26. Okay. It's 0126...hang on a second. 0126 is actually correct, I'm sorry.

BENNY WAMPLER: I just want to make sure.

BOB WILSON: I was looking at the wrong 26, the one on the end.

BENNY WAMPLER: I'm going to go ahead and just recall this for...to make sure that our recorder has a clear part of it. The correct docket number is...this is an application by Range Resources-Pine Mountain, Inc., docket number 89-0126-0009-25. I just want to get that for clarification. Now, are there questions from members of the Board?

BILL HARRIS: Well, I do have a question about the numbering system. What---

BENNY WAMPLER: We just had an error on here.

BILL HARRIS: I guess, I'm---.

JIM KAISER: That's the date of the original Nora order and there was an error as to the date of the month, I think.

BILL HARRIS: Oh, okay.

BENNY WAMPLER: Yeah. And I was just getting that clarified for the record.

BILL HARRIS: Well, I just...yeah, okay. Never mind.

BENNY WAMPLER: Questions of this witness?

(No audible response.)

BENNY WAMPLER: Call your next witness.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jensen, would you state your full name for the record, who you're employed by and in what capacity?

A. My name is Gus William Jensen and I'm employed by Range Resources-Pine Mountain as a manager of geology.

Q. And I guess this might be your first time testifying before the Board, isn't it?

A. That would be correct.

Q. Could you kind of just briefly go through your work history for me?

A. I will do that. I received my geology degree from the University of Tennessee in 1980 and I'm also a registered professional geologist. I've worked extensively in the energy section, primarily coal and natural gas geology for the past 28 years. My primary focus has been on coal and gas resource assessment, mapping and exploration of drilling, as well as environmental evaluation. The majority of my work experience would be in the southern Appalachia region of Virginia, Kentucky, Tennessee and West Virginia. I've been involved in most of the aspects of geology related to Range for well drilling programming including geologic data evaluation and resource assessment and reserve estimates and economic evaluations. And my significant recent previous employment has been with (inaudible) Engineering, Inc., Pittston Coal Company, which is the parent company of our predecessor Pine Mountain Oil and Gas and also through the Department of Mines, Minerals and Energy Division of Gas and Oil.

Q. Thank you. You have prepared...what? You used to work with him?

BOB WILSON: This man has no credibility.

(Laughs.)

Q. You've prepare a proposal for...to sort of...as a guideline for your testimony as to how and why Range-Pine Mountain wants to drill these increased density wells in these four units. So, if you would just kind of go through that proposal exhibit by exhibit and explain to the Board what we're doing here.

A. Okay. The first Exhibit A you have out there is basically a map depicting the four units in the Haysi area. We call these Haysi area, it's actually on the Nora field. The four units area shaded in gray in the center of the map. Exhibit B is a map depicting all the previous infills that have been approved by the Board to date. All the areas in red have been previously approved. You can see in the upper right hand corner, the Range Resource-Pine Mountain proposal for an increased density area and the four units there. And then in the center of the map you'll see the Equitable Production Company Lick Creek increased density area that is depicted there, we're going to about a graph on the next page from there, which the Board has seen before. Again, this map is a...this graph is a production graph showing the original eleven units drilled in the Lick Creek area and the production shown in green is, again, is the increased density production is depicted by the red line. And this is, again, an Exhibit that has been presented before

the Board. Range is also a partner in this well and that's why we're presenting this data. In this area, we feel like...our evaluation is determined that the area Lick Creek is a similar geological setting as up in our Nora...up in our Haysi area. We'd basically be completing the same coal seam package that's down in the same area. We have similar coal thickness. The major difference probably between the two areas is that we probably have a slightly lower gas content overall up in that area. That is reflected on the final exhibit here...exhibit D. The Exhibit D, blue part of the graph is the production of the original four wells drilled in these units by Range Resources. Early on, we drilled one of the wells early on back in '05 and then as the production increased that sort of reflects where we drilled the additional three units in this area. So, you can see our production is a standard typical type of decline curve for our CBM wells. Then we've also gone in and projected what we feel like we expect the increased production to be from this area from four additional wells and that's reflected as just a projection at this point by the red line. And that projected increase is approximately about 250 mcf a day in this area. So, back to our EURs in this proposal here, the original wells we estimated the EURs in this area to be 275 million cubic feet per day or a million cubic feet. The

additional well we'd expect somewhere in the range of about 100% increase similar to what we've seen in the Equitable wells. They're about 175 million.

Q. So, your total EUR for each of the four units would be roughly 450?

A. 450, correct. That's what, I think, is stated in the application. And our final exhibit is just sort of a summary of the benefits of the infill drilling. The infill would be a benefit to the working interest owners, the royalty owners and state the benefit of maximizing this production. It would also promote the conservation of the gas resource and prevent waste and more effectively extracting the resources. Also, as it has been stated before, we have no correlative rights issues in these units.

JIM KAISER: Nothing further of this witness at this moment, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board? ___

MARY QUILLEN: Mr. Chairman, just a statement.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: Your exhibits are excellent. They are all labeled. You get an A for that. We have no trouble

following them.

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SHARON PIGEON: He gets an A- because I had suggested they use double lettering on exhibits they handout in contrast to the letters on the ones with their application.

MARY QUILLEN: Oh, may.

SHARON PIGEON: And I will say that one more time.

JERRY GRANTHAM: an you say that again, please?

BENNY WAMPLER: She's saying that---

JIM KAISER: She wants to go AA, BB and CC.

JERRY GRANTHAM: So, you're saying anything that is handed out should be double lettered?

SHARON PIGEON: Correct.

JERRY GRANTHAM: Okay.

BENNY WAMPLER: If you have an exhibit A in here because you have the same application----

MARY QUILLEN: Oh, do. That's exactly right.

GUS JENSEN: Actually, this is just a copy of the same exhibit A that's already in the application, just for the record.

JIM KAISER: That will just make it easier.

SHARON PIGEON: It happens to be this. What we need are double letters on things that are handed to us.

BRUCE PRATHER: Mr. Chairman---

JERRY GRANTHAM: So, you would prefer it not to be A, B...I just want to make sure I understand, A, B that goes out in the application and then not to follow the C, D E, but then follow with AA, BB---

SHARON PIGEON: If you're handing us something, it should just be double lettered, that way we know it's a handed out---

JIM KAISER: We can distinguish between that and the application.

SHARON PIGEON: Exactly. That way it doesn't matter if you have As or Bs or Qs.

JIM KAISER: I'll try to send out to all of my clients to that effect.

BENNY WAMPLER: Other questions?

BRUCE PRATHER: Mr. Chairman, I have a question.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: You've got on the exhibit C here Lick Creek CBM. We just looked at the Lick Creek CBM with Equitable.

GUS JENSEN: Right.

BRUCE PRATHER: And they said they have nothing that would be comparable to the increase in production that you have on yours. Is there any...I mean, are you guys treating them different or...what would be the difference?

GUS JENSEN: I don't think I understood your question.

BENNY WAMPLER: Are you looking at the red line?

BRUCE PRATHER: Yeah, the red line's are...that's their proposed four well increase.

BENNY WAMPLER: Right.

BRUCE PRATHER: We have...we essentially have the same information off of Equitable and this is showing a lot more increase than they had in that area. I just wondered is there some reason for that.

BENNY WAMPLER: I'm just helping you to clarify the question for them.

GUS JENSEN: We are talking about two distinctive different areas here, obviously. In the Equitable exhibit is just eleven wells in that original Lick Creek area and not the whole 51 he showed today.

BRUCE PRATHER: Oh, okay. Okay.

GUS JENSEN: This...that's a new exhibit, I think, that Equitable did today. This was the last exhibit that we had available to us.

BRUCE PRATHER: Okay.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR AND BRUCE PRATHER: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Range Resource-Pine Mountain, Inc. for establishment of a 320-acre unit for drilling of a horizontal conventional gas well, docket number VGOB-08-0415-2212. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser, Phil Horn and Jerry Grantham. Everybody has been sworn.

(Jerry Grantham passes out exhibits.)

BENNY WAMPLER: Before you start, Mr. Wilson is going to have to leave here in a few minutes and he thinks he's sneaking out, but I just...I just want to say on behalf of Board, and the Board can say what they want to, we

appreciate your service all of these years. You can kick my butt later if you want to. But anyway, we do appreciate...you've been excellent in providing information to this Board and doing that as extra duty. Of course, most of you don't know that. It's like...it's like two jobs that he has. You've done an excellent job. We appreciate that.

JERRY GRANTHAM: Mr. Chairman, can we as an industry comment on that?

BENNY WAMPLER: You may.

JERRY GRANTHAM: Thank you. I think...I'll certainly speak for Range Resource because I can do that, but I think I'm probably speaking for the whole industry. I know Frank and I have discussed this and from VOGA as a organization that represents the industry, we think that Mr. Wilson has just done an exemplary job in promoting the resource and, you know, seeing that it is done right, which is important. You know, really if you look at the numbers, they sort of tell the story in Virginia of what has been done. So, you know, a big thank you from the industry too. We're going to miss you.

(Everybody claps.)

BOB WILSON: I'll deal with you later.

(Laughs.)

JIM KAISER: He'll be back in December for you.

(Laughs.) 1

DONNIE RATLIFF: He'll probably be sitting over there as an expert witness.

(Laughs.)

SHARON PIGEON: With no credibility.

(Laughs.)

JIM KAISER: I'll guess we'll start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, would it be accurate to say that Pine Mountain either has...either owns, has leased or controls 100% of the oil and gas within this 320-acre unit?

A. Yes, they are a part of Equitable Production, that's correct.

Q. Okay. And would it also be accurate to say that any of the existing wells in here, of course, it's a conventional horizontal that I'm referring to, if there are any existing conventional wells, they would be owned and operated by you all or your partner Equitable Production Company?

A. That's correct.

Q. Okay. Would be your testimony that

everybody having an interest in the oil and gas in this unit has been notified by certified mail, return receipt requested?

A. That's correct also.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board? Call your next witness.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Grantham, if you would just kind of go through your testimony as you have on numerous occasions before in conjunction with the proposal that Mr. Horn handed out.

A. First off, I'd like to say, we've talked a lot about horizontals in the last six months now. Obviously, it has been a new thing. We're seeing a lot of these come through. Certainly we've seen a number from our company Range Resources and Equitable and Chesapeake. I think it's really exciting that...the exhibits today I thought were excellent showing some of the successes and things that they are doing in Kentucky. And, again, we're sort of getting our

feet wet now. To my knowledge, there have been now four horizontals drilled. We are currently drilling one. We have the one and then I believe that two other operators have drilled also. We're moving forward with all of this. We have plans to spud another one here in about a week. So, these units are really getting drilled. I think that's important for you all to know and certainly, you know, as we get more feedback on them and we see hopefully successes though. They won't all be, I'll just tell you that. But we'll, you know, continue to provide the Board with that information so that you have the feedback too, but it is a new thing. It's an exciting thing and I think it has a lot of potential in Virginia. So...but getting back to our exhibits and ours is a presentation you've seen before. It's pretty basic. We're again here just requesting the unit the 320-acre unit that we've requested in the past which is, I think, been standard for all of the industry, everybody is coming in and requesting the same square unit. Its dimensions are in Exhibit C. On Exhibit D, we've sort of outlined some of the criteria for the unit, which is the dimensions of it again which you saw on the map but more importantly we're requesting a window frame of 300 feet again and we can't drill horizontally or I should say we can't produce out of that. We can drill in it. We're proposing

that we can actually spud the well either in the window or outside of the unit so that we can more efficiently drill laterally in the unit. We are requesting that there be 600 feet between the horizontal wellbore and any vertical wellbore producing out of the same formation and the unit that we're requesting be allowed for multiple laterals whether they be in the same horizon. And, again, right now what we're looking at in drilling is primarily the Lower Huron and I think that's what other operators have done but that's not to say that in the future we won't see other potential on other horizons. But we can only drill in conventional where as we can't drill in any coal seams with these units and so that is not part of the application. And then finally, what I've already talked about, we would like the ability to be able to drill the vertical portion and build the curve outside the unit so that again we can maximize the amount of horizontal that's productive in the unit. The design is, I think, pretty similar for all of the operators. From some of the hearings last month, you know, I think most everybody sort of looking at the same design work, the surface and coal streams are all standard. That's governed by existing statutes and they don't change at all. And, of course, those are there to protect the ground water and to protect the coal stream...coal seams. And then what

we have done on our last well and I believe it's what the other operators have done, is set an intermediate string through the Weir. And that again is to seal off any productive zones up in lime or some of the shallow sands or to get rid of any water that may come in from a shallow sand. You see that and generally that's not a good thing because these holes we're drilling on air which is what we do with all the vertical wells in this area too. It's not common in horizontals. A lot of horizontals are drilled on fluid but we do them on air because we think the shale can be reactive to fluid and we don't want to put water on it. And so, that is a little different. Once we set the seven inch string which goes into the Weir then we drill down below that, begin building the curb. It takes about 600 feet to do that, which we've seen before, and then we'll drill out laterally as far as we physically can or as far as the unit allows us to do. And that's going to be approximately 3,000 feet. In some cases, and hopefully we'll get better at it, we can get out further than that. Then the next exhibit is specific to the unit that we're applying for. Here, this is Exhibit F, and what we've shown here again is the unit which is the second solid line in. The dashed line is the interior window and what we've shown pursuant to the Board's request is the acreage that's roughly 1,250 feet outside of the interior

window, again, to show that we own or control all of that acreage, which we do in this case here. And then the final exhibit, and you've heard this summarized, the benefits and the reason that we want to go horizontals in state, (A) we think it benefits working interest owners, royalty owner's in the state because it maximizes production and I think is going to maximize reserves also. We're promoting conservation of the gas resource by drilling these horizontals. We think we're going to more effectively extract the gas from the formations. We can certainly go in and develop in areas that we can't drill vertically. I mean, creeks, towns, railroads, things that we can't get a physical location on, steep topography, we can drill underneath and that's not an issue. We think it has less impact on the coal because of effectively we have one well that drills through the coal but we can drill underneath it for quite a distance and not impact it. And we think we'll have less surface disturbance. We can drill several of these from the same pad, add the infrastructure into all of that one area, have roads in one area and not disturb as much surface. And then finally, we believe that square units ultimately will have no stranded acreage because they fit together.

BENNY WAMPLER: One thing I hadn't said before, but just a reminder, and I think people are doing it but it's

always good to communicate with the surface owner's when you're coming back in these even though you may not be re-disturbing their acreage but just to the communication.

JERRY GRANTHAM: And let them know that you're going to be back in there.

BENNY WAMPLER: It might hold down a few complaints and the is it's something that's not going on is going on, you know.

JERRY GRANTHAM: And that would be standard procedure for our company to certainly notify going back into---

BENNY WAMPLER: I think most people do it but I think I just want to mention it because I think that's really important to do. Questions?

JIM KAISER: The last think I might just clarify too, we keep saying in all of these we keep saying to benefit the state, well it's really benefitting the counties, the local counties because in the case of the Commonwealth that's where the severance tax is going, to the counties and not to the state, so.

BENNY WAMPLER: Questions from members of the Board of this witness?

BILL HARRIS: Mr. Chairman, just a---

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: --technical question, actually. You talked about drilling in air and drilling in fluid. That's the first time I've heard those. Could you just, for my benefit, explain?

JERRY GRANTHAM: Typically, I mean, in the Appalachian base we drill, certainly in Virginia and I think for most of the Southern Appalachian basin being Kentucky, Virginia, West Virginia and parts of Tennessee, virtually all wells are drilled on air.

BILL HARRIS: Okay, so you mean the bit...we just drill with the bit into the---

JERRY GRANTHAM: We use compressed air. We pump it down the drill pipe and it takes air out of the bottom and brings the debris out. In other basins, it's more common to drill with fluid and in that case you might drill with water or what we call mud which is just water with some additives in it. And in those areas there are reasons you might do that because you...there may be a high pressure zone or there may be other reasons that you have to drill with fluid.

BILL HARRIS: But the principal is the same, it brings up the debris?

JERRY GRANTHAM: Brings the cutting out of the hole, cleans the hole, gets what the bits grinding up out, which you have to do, yes that's exactly right. What's a little

different here is that really until the last eighteen months drilling horizontally on straight air was not done. And really again to give Equitable credit where credit is due, they sort of pushed that technology over in Kentucky and there's sort of an in between, you have air and then you have fluid and then you have something in between called drilling on foam, which is air with a little water in it. But the thought is that the water...we don't want to put the water on the formation and so what Equitable really did was sort of push the technology and have the people who were drilling these horizontal wells, you know, do some technology changes in these motors to make it where they could drill on air because they we're being told you can't do it. Well it can be done. It's not routine but its been done in Kentucky, West Virginia and Virginia now. It's sort of an area where we, here in the Appalachian basin, have developed the technology that ultimately maybe that will be done elsewhere.

BILL HARRIS: Thank you, Mr. Chairman.

BENNY WAMPLER: Other questions?

BOB WILSON: Mr. Chairman?

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Is the Berea developed in this area?

JERRY GRANTHAM: The Berea is completed in some wells in this area, yes.

BOB WILSON: Your diagram, and I realize this is schematic, it actually shows that you're building your curve below the Berea horizon and was wondering what possibility of sending your casing down through the Berea considering some of our recent events?

JERRY GRANTHAM: I would need to look at it in this area. In general, in the Nora field we probably do have enough distance between the Berea and the top of the Lower Huron to get the curb built. In this area, we're sort of getting overall in the western flank of the Berea field. It's not the most prolific producer because of where we are. Further to the east, it does make more gas. Because of those reasons we really designing the well to just set casing through the Weir. So, in this one, we haven't really looked at that as an alternative.

BOB WILSON: Do you anticipate, then, using some sort of a double packer fail safe of the sort we heard from Equitable last time to protect---?

JERRY GRANTHAM: I think that's what we would do exactly, we'd have a double packer system. Again, the packers would be placed in between the Berea and the Huron...the horizontal portion of the Huron to, I guess, safeguard against the completion possibly coming up into the Berea.

BENNY WAMPLER: Other questions?

BRUCE PRATHER: I've got a question. If you said through the Weir with your seven inch here it's probably going to hold 200 or 300 feet down through the Berea.

JERRY GRANTHAM: In this area it would probably be maybe a little more than that.

BILL PRATHER: It wouldn't be much.

JERRY GRANTHAM: Yeah.

BILL PRATHER: I mean, as far as I'm concerned we had an interest in the horizontal well with Equitable drilled it and it didn't set pipe through the Berea and the packers on the bottom the first one and the last one in this stage let loose on them and they put nitrogen in the Berea and, you know, I'm just kind of looking at it that it...if you're near a frac well, I mean, if you was on the same location the well was fraced in the Berea, you know, when you drill the Berea you've got that fraced well Berea and so what I was just wondering about is if you could get the same thing boxed off of it, you get your angle from drilling below the Berea it would sure make these things a lot more, how should I say, reasonable to me. I mean, when you're drilling through a zone that's already been fraced you essentially got that well coming into you.

JERRY GRANTHAM: But in this...I mean, here we

aren't necessarily positioning the well near any other existing well that would be fraced. So, it---

BRUCE PRATHER: It probably wouldn't.

JERRY GRANTHAM: It probably wouldn't would be my guess.

BRUCE PRATHER: I mean, what I'm talking about is if you set one up on the same location.

JERRY GRANTHAM: On the same location.

BILL PRATHER: Yeah, that you might have that problem.

JERRY GRANTHAM: It cer...it's certainly a possibility.

BILL PRATHER: Now what they're going to do in the future apparently is going to set two packers and, you know, it will be the last stage and then there will be a packer on top of that. So, you've got two packers between there and where the Berea is.

JERRY GRANTHAM: And we've had discussions with packers plus along these same lines. Going forward is trying to get that double packer system in there.

BRUCE PRATHER: And, you know, if the double packer system was up here at the top of your angle then that (inaudible) packer would probably work a lot better because see when you make a trip and come out you're just like

plowing the bottom of that horizontal hole when you make a trip and go back in. So, if you had your two packers up near where you started your curves and those packers weren't created I think...I'm just speaking offhand.

JERRY GRANTHAM: And I think that's where you'd try and set them certainly would be up the hole just below the Berea. You probably wouldn't want to get them down in the horizontal.

BRUCE PRATHER: Right. I agree.

JERRY GRANTHAM: I think you'd have a lot better likelihood of them setting and being effective up there.

BRUCE PRATHER: I agree.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval.

JIM KAISER: Thank you.

JERRY GRANTHAM: Thank you.

BENNY WAMPLER: Next we go to 40 or will that be 39. Was it continued?

JIM KAISER: 39.

DONNIE RATLIFF: No, that would be 39.

BENNY WAMPLER: Mr. Ratliff is keeping me straight over here. Next is a petition from Appalachian Energy Incorporated for modification of an Oakwood I Field Rules to allow for drilling of additional well in units G-37, H-37, H-38, I-32, I-36 and I-37. This is docket number VGOB-93-0216-0325-14. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

FRANK HENDERSON: This is just an exhibit in color of what's in your docket. It makes it easier.

(Frank Henderson passes out exhibits.)

FRANK HENDERSON: And these are recently numbered exhibits AA through---

BENNY WAMPLER: All right.

SHARON PIGEON: You get the gold star.

BENNY WAMPLER: §omebody paid attention to her.

SHARON PIGEON: You may be the only man that's ever done what I asked.

FRANK HENDERSON: We pay attention.

SHARON PIGEON: Thank you.

PEGGY BARBAR: And every will be.

(Off record discussion.)

(Justin Phillips and Tom Blake are duly sworn.)

JIM KAISER: Mr. Chairman, it will be Jim Kaiser, Justin Phillips, Tom Blake and Frank Henderson on behalf of Appalachian Energy.

BENNY WAMPLER: The record will show no others. You may proceed.

JIM KAISER: Justin, we'll start with you.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. If you could state your name, who you're employed by and in what capacity?

A. I'm Justin Phillips, land manager, Appalachian Energy.

Q. Now, what we're seeking to...the relief we're seeking here in this application today is for the

ability to be able to drill an increased density well, a second well in each of these six named units. These wells would have to be at least 600 feet from the nearest coalbed methane well, is that correct?

A. Correct.

Q. And the land situation or the lease situation in these six units it...the status would be, the majority of the units are controlled by, owned or leased, to Appalachian Energy and those portions of the units that aren't, we are presently in acquisition mode and if not successful we'll file pooling applications for the June docket, is that correct?

A. That's correct.

Q. And everyone owning an interest in the coal, oil or gas within these six units have been notified by certified mail, return receipt requested?

A. That's correct.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: I think everybody met David Asbury. David is the acting Division of Gas and Oil Director that

will be replacing Mr. Wilson when he retires. He's joining us now as Mr. Wilson exited. Call your next witness.

TOM BLAKE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Blaker

, if you would state your name for the Board, who you're employed and in what capacity?

A. I'm Thomas H. Blake with Appalachian Energy as vice president of engineering.

Q. Okay. And I think you have been...in conjunction with this hearing today, you've prepared a handout for the Board to help sort of explain what we're doing here and why we want to do it. So, if you just kind of go into that for them?

A. Equitable's presentation really dealt with historical production and they have some experience with wells that have been drilled for five years plus and then do increase density. In our case, we're...this relatively new development. We're trying to get it optimized from the start. So, what I'm going to present...I've presented this before, but it's really kind of a theoretical view of

increased density. This was done some years ago even. The results that you see today are really a testament to the fact that this is where it all started basically. I did this one when we were at Equitable. The first exhibit the new AA is gas absorption isotherm. That's the gas content of the coal based on pressure. So, you can see how the curve, as you get to lower and lower pressure, it gets steeper and steeper. What that says or what it means in practice is that when you get to the lower and lower pressures, you can deliver more and more gas for every psi drop in the reservoir pressure. That differs from a conventional reservoir because in a conventional reservoir, every pressure...every pound of pressure dropped. It gives you the same amount of gas. So, that's why the lower pressure in the coal is critical to getting the recoveries that we all look for. And just a point, because I was listening to some of the other conversations, the gas on the coal is adhere to the coal and that's why this is a gas absorption isotherm. That's the storage capacity of physically attaching gas to the coal. But you also have free gas in the pore space...now, there's not a lot of it, but there is in the click systems. When folks have previously said, the initial wells get a little bit more production than the older well, it's because they are able to capture the free gas. These wells are

dealing...the increased density wells are doing more with absorption. So, it's probably the free gas, part of it that creates that affect that they point out. This second graph is a combination of reality and stimulation. We did this because in Nora the spacing of 60 acre units and in the Buchanan area it was 80 acre units. Our question back...again, this was like ten or fifteen years ago, our question was, ghee, is 60 acres better or is 80 acres better. It's a legitimate question. So, we basically made a computer simulation of this. If you look at the red dots, those are the actual points and the blue dots are the actual water production. This is for an entire field. Lick Creek was part of this, by the way, the field that you just saw. Then the computer simulation is the red line that goes through it. So, you can there's a good agreement between what the computer simulation is relative to reality. In reality though, you're dealing with multiple coal seams. All the coal seams are different. In a model, we make one seam and try and make it act like all of the seams put together. So, it's kind of just a simplified picture. The results then are that as everybody has pointed that the production in time, like the red is 80 acres, the blue, the middle line is 60 acre spacing and the green line is 40 acre spacing. It shows as everybody has said that there's increased production from

the unit, which in this case is a 168...160 acre unit. So, two wells in the unit is 80. 2.7 wells in the unit is 60. 4 wells in the unit would be 40 acres a piece. So, it shows that...and, again, in this particular case, some of the simplifications are we had a coal height of 25 that's a little bit on the thick side. Fracture length, the 300 feet and a little bit of the KXKY is just a different...a directionality in the way the gas wants to flow. So, this..as it turns out, it ties pretty well to what's realistically gone on since. Then the real question then in exhibit DD is from an economic standpoint what's the right...now, again, I'm looking for 60 or 80 acres. When I see this graph, it says 30 or 40 or 50. So, the answer was nothing like what we expected when we started this out. The gas price was 2.25. So, we had the cost of drilling the well and the revenue stream from the well and it's showing an ultimatisation in the...you know, again, 30, 40, 50 acre range. So, 60 or 80 wasn't the right answer it turns out. So, then what does that mean to us today? In a way of summary, really an extrapolation. This was done on 2.25 mcf and now we have \$6, \$7, \$8 or more. So, as you have more and more revenue, that's going to shift the curve from the 30, 40 or 50 acres. It's going to make it actually smaller because the need to optimize the recovery of the reserves is more and

more important with our gas price. Two wells...a couple points, just from a reality stand point. Two wells in the unit gives you a better opportunity to stimulate the intervals. We're bringing before you...was this one Buchanan or Slate Creek.

FRANK HENDERSON: This is the Dwight Whitewood area.

TOM BLAKE: Dwight Whitewood, okay.

FRANK HENDERSON: This is Buchanan.

TOM BLAKE: Dwight Whitewood the P3 is consistent. I consistently it fraced. The Poca 9 that one sometimes will frac and sometimes it won't. The War Creek I have problems with that one every once in a while in the upper seams. They come and go and I usually get a frac job on them. So, in reality having two opportunities to get stimulation and a zone in each unit is...you know, because we come in here and we automatically think it all goes just great out there, but it doesn't in reality. So, you have geology to deal with and you've got the ability to get a good completion on them. Secondly, the additional well increases the chance of encountering coals with lateral variations and in this case lateral variations are in the P4 through P9. In the upper series like the Horsepins, the (inaudible) and the Jawbone they're variable in this particular area. Finally, the area

influenced, I think is only partially intercommunicating with the initial wells because we can see, you know, an increase in the recovery. Some people have even reported in an increase in the recovery from the initial well from putting another well in because you'll lower the pressure and the gas is able to (inaudible) and it can produce it. So, from just...from a business standpoint, it makes sense to optimize the recovery and optimize the economics. Also, relative to correlative rights and the land owner to be able to produce the royalties that are doable from the acreage is important and also from the county's prospective.

BENNY WAMPLER: One thing in the application, we thought to allow more than one...are you really talking about one additional, is that correct?

TOM BLAKE: Yes.

BENNY WAMPLER: Can we correct it to that?

JIM KAISER: Yes.

BENNY WAMPLER: Questions of this witness from members of the Board?

FRANK HENDERSON: Just a quick explanation on the Exhibit A, which was in the...the colored that I gave to you. The red wells were the wells that we've already obtained increased density on and drilled. Then, the boxes in blue are the wells that we are trying to obtain the approval on

this application.

1

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: I'm just curious. Who owns the pore space when you pump the gas out?

TOM BLAKE: The pore space, well, the oil and gas owner.

BILL HARRIS: The what space?

DONNIE RATLIFF: Pore space.

TOM BLAKE: The coalbed methane. I mean, there really is---

DONNIE RATLIFF: At one point in time, it may be ten years down the road, if we turn any of these into a (inaudible) well, the ownership of that pore space is going to be very, very important. Texas and Illinois has already decided. I just wondered what your opinion was.

TOM BLAKE: I really don't know.

FRANK HENDERSON: We're oil and gas people.

DONNIE RATLIFF: We mine the coal. We think it's ours.

TOM BLAKE: It's a tough question. That's a fair question.

JIM KAISER: If go to the citizens of Virginia they arguably say it's the surface owner. I mean, it's a similar situation.

DONNIE RATLIFF: 1 You could put a caveat in your order today.

JIM KAISER: We don't need to go there.

BENNY WAMPLER: No, we don't have a Virginia decision.

JIM KAISER: One more questions for Mr. Phillips, if I could. Can I go back to Mr. Phillips?

BENNY WAMPLER: Yes.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS MR. KAISER:

Q. Mr. Phillips, both of these wells will be located within the interior window, is that correct?

A. That's correct.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: No, sir, Mr. Chairman. We'd ask that the application be approved as submitted.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion that we approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor, signify by saying
yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a
petition from Appalachian Energy, Inc. for modification of
the Oakwood I Field Rules to allow for drilling of an
additional well in the unit D-100, F-100, G-100 through...
what---

JIM KAISER: My office made an error here. It's
actually a modification of the Nora Field. We've got
corrected applications here and we do have, you know...we've
got everybody that has got everybody in the unit owning an
interest in the oil, gas or coal has received notice. We
have return cards. That was our fault.

SHARON PIGEON: They received the correct notice?

JIM KAISER: Yes.

BENNY WAMPLER: All right.

JIM KAISER: I apologize. It's actually Nora
rather---

BENNY WAMPLER: We'll correct that. It's the Nora Field. It's docket number VGOB-93-0216-0325-15. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Mr. Chairman, it will be Jim Kaiser, Justin Phillips and Tom Blake and Frank Henderson.

MARY QUILLEN: Mr. Chairman.

BENNY WAMPLER: Yes.

MARY QUILLEN: This new docket has a different number.

BENNY WAMPLER: I know. That's what I was going to ask him.

JIM KAISER: Yeah. The docket number on the correct one is right. It would be 26. Because the last modification was 25. It was done earlier today.

BENNY WAMPLER: But this was completely different. It's 89---

MARY QUILLEN: Yeah.

JIM KAISER: Right, because it's Nora rather than the Oakwood.

BENNY WAMPLER: Okay.

JIM KAISER: So, it should be 89-0---

BENNY WAMPLER: 0126-0009-26?

JIM KAISER: Yes, sir.

BENNY WAMPLER: Strike the previous. We'll go with this one. All right. The record will show no others. You may proceed.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, again, in what we're seeking to just as we did...previously in the Oakwood we are seeking to modify in this case the Nora Field Rules to allow for an additional well...one additional well, increased density well, to be drilled in seven different units, is that correct?

A. That's correct.

Q. And Appalachian Energy currently owns or has leased the majority of the CBM interest within the seven units and the interests that aren't leased we are currently working on either a voluntary lease agreement and/or will be filing the appropriate force pooling petition, is that correct?

A. That's correct.

Q. And everybody in spite of my office's mistake, everybody owning an interest in an oil, gas or coal within these seven units has been notified by return receipt

requested of the proper modification of the proper field rule?

A. Yes.

Q. And in this case, both all the...both wells in these units will be drilled within the interior window of the original CBM unit?

FRANK HENDERSON: This well here is voluntary. The original well was drilled outside the window on H-101 due to a request from the surface owner.

Q. From the surface.

A. And that's an existing well?

FRANK HENDERSON: That's an existing well.

JIM KAISER: Right. But the increased density well would be inside in the window, correct?

FRANK HENDERSON: Yes.

JIM KAISER: Nothing further of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board of this witness?

BRUCE PRATHER: Mr. Chairman.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: What's the significance of the yellow on this plat that we've got here?

FRANK HENDERSON: Actually, a letter that was sent

to Mr. Wilson and that I was...we went ahead and colored this...was that going to be presented at the Board---.

JIM KAISER: Oh, that's a letter from the Carol Keen's attorney. Do you all have that?

FRANK HENDERSON: That was sent to Mr. Wilson. Actually, we're kind of puzzled by receiving the letter because Ms. Keen is...actually took a carried interest in those two units that had the...actually the three units that have---.

JUSTIN PHILLIPS: Which is the tract in yellow.

FRANK HENDERSON: In yellow and then she was objecting to the second well which would actually increase her royalty base for those, but---.

JIM KAISER: Do you need this, Mr. Wampler? Yeah, she, through an attorney named---.

JUSTIN PHILLIPS: Pebbles Deel.

JIM KAISER: ---Pebbles Deel with the Street Law Firm, she filed this letter with Mr. Wilson on April 8th, stating...she actually had some interest, as the Exhibit shows, in three of the seven units and she filed some objections to this process and as Mr. Henderson stated in the two units of the three that she has an interest in where original...initial wells have already been drilled on those force pooled units and she actually elected to participate

indirectly as a carried operator. So, we were kind of puzzled by the objection needless to say but---

BILL HARRIS: Excuse me, just a question.

BENNY WAMPLER: Mr. Harris.

JIM KAISER: Do you know which one she was objecting to? Was it the 234 maybe?

JIM KAISER: Well, I think she was...she was as you'll see if you read the objection letter she wasn't really quite sure which unit that she had an interest in. But as you can see on this, it turns out it would be H-101, G-101 and F-100.

BILL HARRIS: It just looks like the 234 is actually proposed on her property and the others she was in the unit, but they weren't really drilled. I mean, I'm not saying...I'm not trying to...because I don't know what her letter of objection was but---

FRANK HENDERSON: Just to give you folks some history on that particular property, originally when we drilled the first well AE-147 in unit H-101 there were three owners, a mother and the...Mrs. Keen, the daughter and a brother. Since the mother has passed away, at the time we had two-thirds of the interest, the mother passed away and now it's a fifty/fifty interest between the----.

JIM KAISER: The two kids.

FRANK HENDERSON:¹ The two children and they don't get along. So, that's kind of one of those issues we're trying to understand and trying to work with her. If she thinks that the brother might benefit in some way then she's objecting is what we're seeing.

BENNY WAMPLER: Go ahead with your testimony and we'll read the...the question was asked and answered. That's reflecting the area of interest that she has.

JIM KAISER: Any questions for, Mr. Phillips? Any other questions?

BENNY WAMPLER: Other questions?

BILL HARRIS: I have one, Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Locations of the additional wells in H-99, H-100, and 101 that's not indicated, is there any idea where those might would be?

JUSTIN PHILLIPS: In the interior window.

FRANK HENDERSON: They're going to be within the interior window. We just haven't staked the wells.

JIM KAISER: And no closer than 600 feet to the---.

BILL HARRIS: Okay, so they'll still meet the requirements at the others, okay.

JIM KAISER: Other questions?

BILL HARRIS: Thank you, that's all.

DAVID ASBURY: Mr. Chairman, our files do have copies of this.

BENNY WAMPLER: We've got it. We're just passing it around. Do you have extra copies?

DAVID ASBURY: I have extra copies.

BENNY WAMPLER: Okay, share it with the Board. Call your next witness.

JIM KAISER: Again, we'd call Mr. Blake unless he has...unless this area of Nora is for some reason...I guess maybe there could be some differences, I guess, in the coal seams and stuff, but unless he has any different testimony, I would ask that his testimony taken in the hearing just previous be incorporated for those purposes.

BENNY WAMPLER: That will be incorporated.

JIM KAISER: I don't know if you have anything additional to add.

TOM BLAKE: Yeah, I mean, you know, just...there's more variability in the Poca series coal here and the Poca three is really difficult to frac in that area. So, increased density actually helps us more here in terms of being able to get the completions on the zones.

BENNY WAMPLER: Call your next witness.

JIM KAISER: That's all I have, Mr. Chairman.

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted.

SHARON PIGEON: Mr. Chairman, I would like to comment on the letter that we received.

BENNY WAMPLER: Ms. Pigeon.

SHARON PIGEON: This is an administrative proceeding and you do have the ability to consider what would be called hearsay evidence in any other forum, but it does go to the weight of the evidence when the potential witness does not appear personally and avail the other attorney or other party cross examination. In this case, I think you truly need to keep that in mind as this other objecting party has an attorney who did not appear.

BENNY WAMPLER: The central issue seems to be around correlative rights and she had an opportunity to participate or however she chooses as the Board rules once it goes out. So, I mean, you know, I don't think that the issue of lack of protection of correlative rights is real in my opinion because the opportunity is afforded to either be here and enter into the same type of agreement she already has.

MARY QUILLEN: Mr, Chairman, I just have one---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---was she notified of this Board meeting and her attorney notified?

JIM KAISER: Yes,

SHARON PIGEON: And Mr. Tom Mullins was here earlier from the same Law Firm---

MARY QUILLEN: Yes.

SHARON PIGEON: So, they've had opportunity.

JIM KAISER: I asked him about it. He wasn't even aware that this had been filed, so.

BENNY WAMPLER: Okay. Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KAISER: Thank you.

BENNY WAMPLER: Let's take a stretch break, ten minutes and back to finish up.

(Break.)

BENNY WAMPLER: The next item is a petition from Equitable Production Company on behalf of William and Kimberly Corn and Range Resources-Pine Mountain Incorporated

for disbursement of funds from escrow, docket number VGOB-04-0817-1316-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, it's Jim Kaiser and Don Hall on behalf of Equitable. You might want to go ahead and call that other one and we'll just kind of do them together because it's the same folks that we are seeking a disbursement for.

BENNY WAMPLER: We'll also call docket number VGOB-04-0420-1280-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Same parties, Mr. Chairman.

BENNY WAMPLER: Let the record show there are no others. You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay. 501827. Mr. Hall, state your name, who you're employed by and in what capacity.

A. Don Hall with Equitable Production Company as district land man.

Q. Okay. And you and I have been working with Nicole Atkinson out of the Pittsburgh office on these

disbursements and we have filed this petition on behalf of William and Kimberly Corn and Range Resources-Pine Mountain, Inc. seeking the disbursement of proceeds, they've come to an agreement, a 75/25 split and we're seeking disbursement of the proceeds in escrow attributable to Tract 5 in that unit, correct?

A. That's correct.

Q. And if we could direct the Board's attention to the exhibit that looks like this, a spreadsheet for the record. If Mr. Wilson has been admonished us many times, the importance on is the owner percentage in escrow. If you'll go out to the next to last column on the right hand side those figures are correct...the percentage figures are correct and the Corns' math is correct, that amount 6774.77 is the correct amount. But if you do the math on, as Mr. Horn has pointed out, if you do the math on Pine Mountain's part it is wrong, 16% of the 1390161. 16% should actually be...that figure that says 79835 should actually be \$2,258.26. So, we...I'll be glad to file an amended one of these---

BENNY WAMPLER: We'll need that. You're dealing with 510827 and you all may have for your other one because it's...they're reversed in the packet. Anyway I'm just clarifying that. Yeah, you will need to----.

JIM KAISER: But we can go ahead and get...you can get an order for disbursement and just send you a corrected one so these people can get their money.

BENNY WAMPLER: Yes, we will do that. What will the correct amount be, say it again.

JIM KAISER: The correct amount through the 31st of January of this year would be \$2,258.26 for the Pine Mountain interest. And Mr. Hall will get that to you, the corrected one.

BENNY WAMPLER: All right.

JIM KAISER: So, we would ask in this case that those monies be disbursed in accordance with the Board order and that any proceeds attributable going toward Tract 5 not be escrowed but be disbursed in accordance with this split agreement in the application.

BENNY WAMPLER: And, again, confirmed that William and Kimberly Corn share in this unit is \$6,774.77?

JIM KAISER: Yes, sir.

BENNY WAMPLER: All right. Okay, is there a motion?

SHARON PIGEON: Have Mr. Hall affirm what Mr. Kaiser---.

JIM KAISER: Yeah, I guess I'm testifying. Do you agree with everything that I just said?

DON HALL: Yes, §ir. You testified well.

(Laughs.)

BENNY WAMPLER: Now, that we have that confirmed,
is there a motion for approval?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Is there any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(No audible response.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. All right. On
535625?

JIM KAISER: Mr. Hall, won't you go ahead and
testify to this one. That one I think we got it right,
didn't we?

DON HALL: Yeah, this one is correct. This is the
same exhibit and the figures on that is correct. The Corn's
will receive \$11,274.27 and Pittston's 25% interest in that
is \$3,758.09 as of January 31, 2008.

BENNY WAMPLER: Do you have anything further?

Q. So, you'd ask that the order disburse in
the...under that formula, that figure and that they forward

any proceeds allocable to tract 1 in that unit be disbursed 75% to the Corn's and 25% to Pine Mountain?

A. That's correct.

JIM KAISER: Nothing further, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion? All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Range Resources Pine Mountain Incorporated for pooling a coalbed methane unit 73AD, docket number VGOB-08-0415-2216. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Mr. Chairman, last evening we were preparing for these hearings we discovered that we have a notice issue with that particular docket number and we'd ask that be continued to May until we can correct that problem.

BENNY WAMPLER: That one is continued.

MARY QUILLEN: 43?

BENNY WAMPLER: 43 is continued. Now, we'll go to

45. Next is a petition from Range Resources Pine Mountain Incorporated for pooling of gas unit 73AC, docket number VGOB-08-0415-2218. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Tim Scott, Ian Landon and Phil Horn for Range Resources Pine Mountain.

BENNY WAMPLER: Let the record show no others. You may proceed.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please again state your name and by whom you're employed and your occupation, please?

A. My name is Phil Horn. I'm employed by...as land manager for Range Resources Pine Mountain, Inc.

Q. And are you familiar with this application?

A. Yes, I am.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. Is this particular unit located in the Nora public gas field?

A. Yes, it is.

Q. And does it contain 58.77 acres?

A. Yes, it does.

Q. Does Pine Mountain have drilling rights in this unit?

A. Yes, we do.

Q. And are there any respondents listed on Exhibit B-3 that you wish to dismiss today?

A. No.

Q. Okay. As to the parties listed on Exhibit B-3, have you tried to reach an agreement with these parties?

A. Yes, we have.

Q. And how was notice of this hearing provided to respondents listed on Exhibit B-3?

A. By certified mail.

Q. And have you provided that proof of mailing to Mr. Asbury?

A. Yes.

Q. Okay. Is Range Resources Pine Mountain authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And is it on file?

A. Yes, we do.

Q. As to lease terms that you have offered to any unleased parties as listed on Exhibit B-3, what would

those terms be?

1

A. Six dollars per acre for five year lease and a one-eighth royalty.

Q. Is this a fair and reasonable compensation for a lease in this area?

A. Yes, it is.

Q. What percentage of the coalbed methane estate does Range Resources Pine Mountain have under lease?

A. 100%.

Q. And does it also include interests that Pine Mountain...Range Resources Pine Mountain owns in fee, is that correct?

A. Yes, it does.

Q. As to the gas estate, what's the percentage...what percentage does Range Resources Pine Mountain have under lease?

A. 96.74%.

Q. And what percentage of the gas estate are you seeking to pool?

A. 3.2%.

Q. Now we have...we need an Exhibit E for this, right, we have an escrow?

A. That's correct.

Q. Okay. And this is because we have

conflicting inter...conflicting interest claims, is that right?

A. That's right.

Q. And what tracts are involved?

A. All except for tract 1...it would be tracts 2 through 21.

Q. And what is the percentage of the unit which is subject to escrow?

A. 90.11%.

Q. And we've submitted an Exhibit E which reflects that, is that correct?

A. That's correct.

Q. And are you requesting the Board pool the unleased parties listed at Exhibit B-3?

A. Yes, we are.

Q. And are you also requesting that Range Resources Pine Mountain be named operator for this unit?

A. Yes, we are.

Q. And what would be the address that would be used for any elections that are made by parties responded?

A. Direct it to Range Resources Pine Mountain, Inc., 406 West Main Street, P. O. Box 2136, Abingdon, Virginia 24210, Attention: Phil Horn.

Q. Is that the address for all communications

with regard to any order that is entered?

A. Yes, it is.

TIM SCOTT: That's all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board of this witness?

(No audible response.)

BENNY WAMPLER: Call your next witness.

IAN LONDON

DIRECT EXAMINATION

QUESTIONS BY TIM SCOTT:

Q. Mr. Landon, again, would you state your name, your occupation and with whom you're employed?

A. My name is Ian Landon. I'm operations manager for Range Resources Pine Mountain.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And what would be the total proposed depth of this well?

A. 2,350 feet.

Q. And what are the estimated reserves of this unit?

A. 275 million cubic feet.

Q. Did you also participate in preparation of an AFE?

A. Yes, I did.

Q. And as to dry hole costs what would that be?

A. \$160,487.

Q. And the completed well costs?

A. \$401,666.

Q. And you again...you testified a moment ago that you did assist in the preparation of this AFE, is that right?

A. That is correct.

Q. And does the AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion would the granting of this application prevent...promote conservation, prevent waste and protect correlative rights?

A. Yes.

TIM SCOTT: That's all the questions I have for Mr. Landon.

BENNY WAMPLER: Questions from members of the Board of this witness?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: That's all I have, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

DON RATLIFF: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Board members we need to do a couple other items, the minutes from last meeting unless there's a motion for correction or addition or any kind of motion for approval?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

BENNY WAMPLER: All in favor signify by saying yes.

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no. You have approval. Any public comment...anyone wishing to make a public comment?

(No audible response.)

BENNY WAMPLER: The other thing is there has been some discussion about the number of items on the agenda. We need to put a cap on the number of items for the agenda if we start getting, you know, more than 40 or 45. 45 is what we had today, is that, you know, I mean----?

BILL HARRIS: What would you do, just first come first serve?

BENNY WAMPLER: And roll it to the next month. That's right. Once it's filled. I mean, it's just for discussion purposes.

BILL HARRIS: Is it likely to increase like this over the next few months?

BENNY WAMPLER: Yes.

BILL HARRIS: It is?

BRUCE PRATHER: Well, if we had those extra ten that were withdrawn---

BILL HARRIS: Oh, yeah.

BENNY WAMPLER: Yeah.

BRUCE PRATHER: ---we'd been here to 6:00.

SHARON PIGEON: 45 would be too many if they're all we would be heard today. 35 is appropriate.

BILL HARRIS: Yeah, because I can't always come the second day.

BENNY WAMPLER: Yeah, that's what I say, you can't always have a quorum the second day. 45 is about max really if we set it at that.

SHARON PIGEON: 35 is about max if you hear them all.

BENNY WAMPLER: We usually don't though. On average we have...I mean, I don't know if...well, let's say 40.

SHARON PIGEON: The last time we were here until 5:00 and it was 40, wasn't it.

BENNY WAMPLER: And it was 40, yeah.

MARY QUILLEN: Yeah. We heard most of them. We didn't have that---

SHARON PIGEON: I think you're stretching it with 40. What do you think?

COURT REPORTER: 35.

SHARON PIGEON: 35 has traditionally been the day that filled...I mean the docket that filled the day when we used to have a regular 35 item docket.

PEGGY BARBAR: You might could get some...have a variable number where the director could look at it and say well if they are all pooling orders you could get through them. If they're modification of field rules, things like this and then you could do it then to, you know, just use

that judgement and then it seems to be light on the pooling or modifications then it could be a higher number than when it's like today, well it wasn't too bad today.

BENNY WAMPLER: So, leave the Director at the discretion between 35 and 45?

PEGGY BARBAR: I think that's...to leave that---.

BENNY WAMPLER: Do you understand what you're saying? If it looks like I...I mean, I know you can't win and we all know you can 100% call it but if it's pooling, pretty straight forward pooling issues and things like that and you're loaded and you don't have a lot of this other stuff or...and you pretty well have a sense of when you're going to have a lot of public comment too.

PEGGY BARBAR: It's just a judgement that we could work from, I think. But I think if we limit it to 30 and we all drive here and are gone by 12 then we are not really utilizing our day as much as we could and you know, keep things moving forward. It's just a suggestion.

BENNY WAMPLER: What do you think? This is the Board's decision.

BILL HARRIS: Well, I think it sounds good because sometimes 40 may not be 40, it may be 30 or something.

PEGGY BARBAR: And then there may be...and, of course, you can judge because I can look at a lot of these as

I was going through them and reviewing them and picked out the ones that I knew, you know, that was going to require extensive discussion or exhibits and that sort of thing.

BENNY WAMPLER: So, we're agreeing to give him discretion 35 to 45?

PEGGY BARBAR: I think so. I think we could make a change if we knew that it wouldn't be---.

MARY QUILLEN: Right, it can always be modified.

BENNY WAMPLER: Okay. Thank you all very much.

STATE OF VIRGINIA, 1

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 16th day of May, 2008.

NOTARY PUBLIC

My commission expires: August 31, 2009.