

IN THE COUNTY OF WASHINGTON:

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY
VIRGINIA GAS AND OIL BOARD

APRIL 21, 2009

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
BILL HARRIS - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
BRUCE PRATHER - OIL REPRESENTATIVE

CHAIRMAN:

BUTCH LAMBERT - CHAIRMAN OF THE VIRGINIA GAS & OIL BOARD

DAVID ASBURY - DIRECTOR OF THE DIVISION OF GAS & OIL AND
PRINCIPLE EXECUTIVE TO THE STAFF OF THE BOARD

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*Approve Minutes

BUTCH LAMBERT: Good morning, ladies and gentlemen. It's 9:00 o'clock and time for us to get started. First of all, let me remind you that if you have cell phone or pagers or other communication devices, please turn those off or put them on vibrate. If you do have to take a call, please take it outside. These proceedings are being recorded. We need you to be as quiet as possible so our recorder will be able to pick up the testimony that's taking place. I'd like to begin this morning by asking the Board to please introduce themselves by starting with Ms. Quillen.

MARY QUILLEN: Mary Quillen. I'm a public member, Director of Graduate Programs for the University of Virginia.

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

KATIE DYE: Good morning, I'm Katie Dye and I'm a public member from Buchanan County.

SHARON PIGEON: I'm Sharon Pigeon with the office of the Attorney General.

BUTCH LAMBERT: And I'm Butch Lambert with the Department of Mines, Minerals and Energy.

DONNIE RATLIFF: Donnie Ratliff. I work for Alpha Natural Resources and I represent the coal.

BRUCE PRATHER: I'm Bruce Prather. I represent the oil and gas industry.

DAVID ASBURY: Good morning. David Asbury, Director of the Division of Gas and Oil and Principle Executive to the Staff of the Board.

BUTCH LAMBERT: Thank you. The first item on the agenda this morning is the Board will hear public comments. If you've signed in for public comment, I'll be calling you one at a time. I'll ask that you keep your comments to two minutes. I'll also ask that if you have any questions for the Board, the Board will not be responding to questions. I'll ask you to please write those questions down, submit them to Mr. Asbury and we'll try to respond to those questions in writing. First, I'd like to call Ronnie Osborne.

RONNIE OSBORNE: Well, what I have is a question---

BUTCH LAMBERT: Please have a seat, Mr. Osborne, and state your name for the record.

RONNIE OSBORNE: I'm Ronnie Osborne.

BUTCH LAMBERT: Good morning.

RONNIE OSBORNE: Good morning. What I really had was questions. I do affirm. I can't...I don't swear or nothing.

BUTCH LAMBERT: Well, we're not doing that at this time, sir.

RONNIE OSBORNE: Well, what I was---

BUTCH LAMBERT: Go ahead and ask your question, Mr. Osborne. We won't respond, but if you'll write your question down and then get it to Mr. Asbury, we'll try to get you a response.

RONNIE OSBORNE: I asked Mr. Asbury in a meeting not long ago the oil that's coming off the gas lines and he made the comment that it was going into escrow. I'd like to know what it's going into escrow if there's oil coming out of the gas lines? Another question, the wells that drilled into the coal seams coming out and hooking together, how come there's no meters on them wells? I mean, to me, it's the same principle because I worked in there and I know. I worked on them. You drill right in the coal seams. You come out of there with pipe. You hook the pipes together. You run them all of the way down a big 7,000 foot block of coal. You keep connecting these together with no meters. How can they tell whose gas is whose? How can they tell how much they've got? I mean, I helped hook the pipes up. I know what I'm talking about. You know, that's my comments. I'd like to know where it...how they tell that without meters or anything? If it's the Board's responsibility to

make them put meters on them or anything like that? I don't know. I just know I helped hook them up and there's no meters on it.

BUTCH LAMBERT: Okay. Thank you, Mr. Osborne. Again, if you're write those questions down and give them to Mr. Asbury, the Board will respond to you.

RONNIE OSBORNE: Okay.

BUTCH LAMBERT: Thank you.

RONNIE OSBORNE: You know, it's 7,000 feet, two this way and one this way and it's ever so often for 7,000 feet. You're got...the same thing as a well. It's coming straight out of the coal seam.

BUTCH LAMBERT: Okay. Thank you, Mr. Osborne.

RONNIE OSBORNE: Thank you.

BUTCH LAMBERT: Joseph Horn. Good morning, Mr. Horn. Please state your name for the record.

JOSEPH HORN: Joseph Perry Horn. My question was, I'd signed papers for CNX to pay my part of the Linkous Horn and the O. H. Keen. There's a bunch of wells here that they're not paying for. They sent the papers to pay me for about five wells. I wondered where the rest of them is at. I mean, I signed to take off and Hurt & McGuire gets half. Whenever I signed the papers, I understood that I was paying for all I had...to get paid for all that I was an heir to.

They sent me papers, they're going to pay me for five units. My question is, is where the rest of them is at? You've got about twenty-nine wells here and they was wanting to pay for about five.

BUTCH LAMBERT: Again, if you will submit those in writing to Mr. Asbury, we will respond. Thank you, Mr. Horn.

JOSEPH HORN: Could I get one more question?

BUTCH LAMBERT: Yes, sir.

JOSEPH HORN: T-36...the T-35 well about the first one was put on heirship. They've paid the Stilwells and then I got nothing to do with it. It's on the Horn Heirs. The T-36 well. They've paid a lot of people for it. The Horn's it's not on the paper where they sent me.

BUTCH LAMBERT: Thank you, Mr. Horn.

JOSEPH HORN: All right. Thank you.

BUTCH LAMBERT: John Sheffield. Good morning.

JOHN SHEFFIELD: It might be a question. I believe last month Mr. Prather and I talked about the definition of the wellhead. We do consider that to be now a question because he had some other comments on that.

BUTCH LAMBERT: Again, you can still ask it. We won't respond, but you'll have to submit it in writing for us.

JOHN SHEFFIELD: Okay, okay. Well, now, that we have somewhat of a definition of a wellhead at least to that, we can ask that question again. Also, I guess, I would like to know...at the state level we take in wellhead volume versus production numbers, I believe? I guess, that's a question that we could do, and the differential.

DAVID ASBURY: Ask that again. I'm sorry.

JOHN SHEFFIELD: The wellhead volume versus volume numbers...wellhead volume numbers versus production numbers?

BRUCE PRATHER: Isn't that the same thing? Are you talking about the revenue?

JOHN SHEFFIELD: Wellhead volume versus production numbers?

BRUCE PRATHER: Okay. I mean, it should be the same thing.

JOHN SHEFFIELD: It should be. You're correct.

BRUCE PRATHER: Okay.

JOHN SHEFFIELD: Thank you.

BUTCH LAMBERT: Thank you, Mr. Sheffield. Thank you. Juanita Sneeuwjagt.

JUANITA SNEEUWJAGT: Mr. Chairman, I will relinquish my two minutes for any of these folks who want to speak.

BUTCH LAMBERT: Okay. Anyone would like to speak

in Ms. Sneeuwjagt's position?

(No audible response.)

BUTCH LAMBERT: Okay, thank you. Jerry Grantham.

JERRY GRANTHAM: I have no comment at this time.

Thank you.

BUTCH LAMBERT: The next item on the agenda is number two. The Board on its own motion will discuss the procedural rule of January the 5th, 1991. I would ask the Board members, do you have a copy of that rule?

DONNIE RATLIFF: No.

SHARON PIGEON: Not in front of me.

BUTCH LAMBERT: I'll read from the agenda. "The rule requires the applicant for a "forced pooling order" for a coalbed methane gas unit, pursuant to Section 45.1-361.22 of the Code of Virginia to provide consent of the coal operator to the stimulation of the coal seams applicant intends to develop as a condition of making application." Just a little background. Our Senior Assistant Attorney General was doing some research in preparation for another case came across this Board order. Apparently, this order has not been used since it was signed on January the 5th, 1991 by Benny R. Wampler and Barrum T. Fuller. As of this date, I would ask that this order be revised and become effective July 1. But since the Board members have not had

a time to review this order, and I apologize that we didn't get it in your package, we will continue this item until May.

TOM MULLINS: Mr. Chairman, will there be an opportunity for public comments? That order has been appealed to the Circuit Court of Buchanan County.

BUTCH LAMBERT: Mr. Mullins, there will be an opportunity to comment through public comment period and not during the agenda item. Also, Mr. Mullins and anyone else, if you have anything to submit in writing pursuant to this order, feel free to do so before the May meeting. We'll be happy to accept it and review it. So, now, we will proceed to agenda item number three. The Board, on its own motion, will consider the revised scope of work and Request for Proposals related to the audit of the Board's Escrow Account. Mr. Asbury, would you like to comment?

DAVID ASBURY: Mr. Chairman, we previously submitted the proposals for the Board escrow. The Board decided to revise that escrow account or the RFP. I've received one comment as a revision or in support of the original RFP from Mrs. Dye. I have received no further comments regarding the RFP through today after the Board meeting. But it still is outstanding. We have not published it, again, a second time. It is still there for

your decision.

BUTCH LAMBERT: I would ask the Board members if each has had a chance to review the new RFP?

BRUCE PRATHER: I've got a comment. If I recall right, what was supposed to happen was when the RFP was prepared all of the members were supposed to get a copy of the RFP and critique it to see if it had what we wanted in it, I'll put it that way. Is that correct?

MARY QUILLEN: Uh-huh. That was my understanding also.

BUTCH LAMBERT: Yes. That's why I asked if everyone received it.

MARY QUILLEN: I know. I have not. Unh-huh.

BRUCE PRATHER: No.

BUTCH LAMBERT: Okay.

DAVID ASBURY: Mr. Chairman, the RFP, as originally submitted and the one that was voted against to go ahead and revise, there has been no revisions recommended by the Board members to date.

BILL HARRIS: Excuse me, is this what we're talking about?

DAVID ASBURY: No. We---.

MARY QUILLEN: No.

DAVID ASBURY: ---have two RFPs outstanding.

BILL HARRIS: So---.

MARY QUILLEN: This one is for the new...that's a different one.

DAVID ASBURY: The one that you've referenced Mr. Harris is for the new account service manager.

BILL HARRIS: I see that now.

DAVID ASBURY: The one we're speaking of here in this particular docket item is the one that was publicized. We received it. The Board in close session and in public session decided to reject the proposals that were received and to rebid. We were supposed to receive new comments based on the first RFP. To date, I have not received any new comments or revisions to the original RFP.

MARY QUILLEN: My understanding is that the revisions would come from the discussion that we had after the...I can't remember what meeting it was, three months ago...two months...two months ago, I guess, and that once those comments that we had made in those discussions that we had would be incorporated into a draft RFP that would be sent to us to look at and then we would critique it and make comments of any additional changes or questions about that. Now, I may have misunderstood.

BUTCH LAMBERT: I think that was my recollection.

BRUCE PRATHER: Yeah, that's mine too.

DAVID ASBURY: Okay. Mr. Chairman, I'll review the transcripts of that meeting and make revisions then as...or discussions of the Board and I can refile with the Board members.

MARY QUILLEN: That would be helpful.

BRUCE PRATHER: Good.

KATIE DYE: Mr. Chairman.

BUTCH LAMBERT: Mrs. Dye.

KATIE DYE: I just hope that you would pass on to Mr. Asbury the information that I sent you that we received from Ms. Jewell in November to---.

BUTCH LAMBERT: Yes, that has been

KATIE DYE: ---consider that we may need a forensic audit.

BUTCH LAMBERT: That information was shared with Mr. Asbury--.

KATIE DYE: Okay.

BUTCH LAMBERT: ---with Mr. Asbury. Thank you, Mrs. Dye. Okay, we will continue that item until the May meeting.

DAVID ASBURY: Board members, as soon as those revisions are made, which we anticipate in short order, then we will email that to you. Is email okay or do you need it certified mail?

MARY QUILLEN: Email will be fine.

DONNIE RATLIFF: Email.

DAVID ASBURY: Email is fine? Okay, thank you.

BUTCH LAMBERT: Okay, we'll move on to agenda item number four. The Board on its own motion will consider the request for proposal related to the expiring management contract for the Board's escrow fund agent, currently Wachovia Bank and Trust. Mr. Asbury, would you like to comment?

DAVID ASBURY: Mr. Chairman, the draft of that RFP was submitted to the Board members at our last meeting. Again, I have not received comments or updates from Board members at this time. I am willing to receive those and update the RFP. It is in a state of ready to be published for that bid. As you're aware, Mr. Chairman, we did succeed in extending the Wachovia contract through December the 31st of this year, which was allowed in the contract giving the Board members and the Board time to review the RFP thoroughly and to receive those proposals.

BUTCH LAMBERT: I would ask every Board member if you've had a chance to review the RFP and if you had any comments.

MARY QUILLEN: Looking back on our previous proposal that was sent or that was accepted, I guess, by

Wachovia, this pretty much mirrors what we have done in the past. I'm not aware, I don't think, that we have received any information that would require that we change the status of how this account is managed and how it is reported to us. From what I understand, that you all are satisfied with the reports that you received from them. I have not heard that there has been any reason that we should change that. Is there anyone else...I mean, I---.

KATIE DYE: I just have a question. Is there any force that checks the stability of Wachovia?

DAVID ASBURY: Mrs. Dye, there has been some information presented to the Board and in public realm about the accounting and how that is handled. If I can, Mr. Chairman, I'd like to address that.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: The...on a monthly basis, the escrow account agent receives a unit royalty payment check just as if you were a royalty owner. Those checks are detailed just as if you are a royalty interest owner to Wachovia. After certain comments were made before the Board, we asked Wachovia to provide a sample of the checks and the accounting that they receive month over month, which I believe I emailed to each of the Board member as an example of that accounting. In addition to that monthly payment by

unit and the royalty statement to Wachovia by unit, they also provide the Division office with a unit accounting for each account and we have that on file. We do review that. In addition to those single sheets by unit, we also have a monthly summary accounting by unit, which we are able to provide to the members of the public and members who are in those units of that total unit accounting. So, the Wachovia escrow agent is acting as if they were receiving royalty and/or working interest payments. They have received that detail either electronically or in hard copy from each of the gas operators on a monthly basis.

KATIE DYE: I understand what you're saying. I think that my question is, what is the rating? Do you research the rating of Wachovia? Is it five star or four star?

DAVID ASBURY: I don't have an answer for today based on the volatility of financial. I do know that Wells Fargo and Wachovia have recently merged and that is why I wouldn't know their star rating today, but I will research that and report it to the Board. I'll be glad to report it to the Board. I'll be glad to do that.

KATIE DYE: Thank you.

DAVID ASBURY: Uh-huh.

BUTCH LAMBERT: Any other questions or comments?

(No audible response.)

BUTCH LAMBERT: Do I have a motion on this agenda item?

MARY QUILLEN: Motion to distribute the draft copy of the RFP for the financial management of the escrow account.

BUTCH LAMBERT: Is your motion to go ahead and distribute...publish and distribute?

MARY QUILLEN: Yes.

BRUCE PRATHER: I'll second that.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

DONNIE RATLIFF: That includes...we're going to publish it as is?

BUTCH LAMBERT: That's the motion.

KATIE DYE: I have a comment. I feel like that we should carry this item until we do research Wachovia and see what their rating is.

MARY QUILLEN: Well, that wouldn't have anything to do with it. They would have an opportunity to---

KATIE DYE: Okay.

MARY QUILLEN: ---submit. It's not being awarded to Wachovia. The RFP is being distributed...published and distributed now so that anyone who wishes to respond can

respond and then their credentials would be researched at that time, approved or disapproved.

BUTCH LAMBERT: Is that substitute motion, Mrs. Dye?

KATIE DYE: Yes. I didn't fully understand the process.

BUTCH LAMBERT: Okay. Do you want to proceed with your substitute or do you want to withdraw after that explanation?

KATIE DYE: I will withdraw. But I'm assuming that we will have the rating before the RFP is awarded?

BUTCH LAMBERT: Yes, I'm sure because we have to go through the process of publication and then reviewing. So, that can take a couple of months.

KATIE DYE: Okay. I'm sorry, I'm a little new to this process.

MARY QUILLEN: Everybody would...their rating...everybody that would submit a proposal their rating would be researched and certainly certified, correct?

DAVID ASBURY: Yes, ma'am. When we publish the RFP, for the members of the public, as a request for proposal in State Government and some contract lending that puts everyone on equal plane to give everybody the opportunity to bid for this contract for the Board. We

don't have any indications today that Wachovia will or will not participate in that. One of the enhancements that we've asked in your draft some additional electronic financial reporting. There was some indication from Wells Fargo and Wachovia that some of the financial accounting reporting on a web basis or on a user basis might be available. So, that's part of the electronic accounting that we put in this RFP to ensure that we do a better job in the financial reporting. But we will publish this wide and far. Of course, everybody is on an equal basis. Within the RFP, there is an evaluation criteria that we strictly follow. Ms. Quillen and Mr. Harris are well familiar with these type of proposals in the academic realm. We follow the same guidelines.

BUTCH LAMBERT: Okay. I have a motion and a second. All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, say no.

(No audible response.)

BUTCH LAMBERT: Okay, Mr. Asbury, would you proceed with the publication of the RFP?

DAVID ASBURY: Yes, sir, Mr. Chairman.

BUTCH LAMBERT: Thank you. The next item on the agenda is a petition from CNX Gas Company, LLC for pooling

of coalbed methane unit AP-81. This is docket number VGOB-09-0217-2463. All parties wishing to testify, please come forward.

MARK SWARTZ: Mr. Chairman, it might make sense to move that just before number fourteen when I've got like six or seven. I've also got a related one that I would want to call at the same time as this one. If there's no objection, that might be efficient.

BRUCE PRATHER: At the same time as fourteen?

MARK SWARTZ: Right in front of fourteen. I think Mr. Kaiser has some things that he can make go away.

BUTCH LAMBERT: Okay. We will move item five to just before item...docket item fourteen. Okay, Mr. Kaiser, what is your housekeeping?

JIM KAISER: Item six and seven, on behalf of Chesapeake Appalachia, LLC, my recollection is we already asked that those be withdrawn, but here they are again. So, we're going to ask that it be withdrawn again.

BUTCH LAMBERT: Okay. That's docket number VGOB-09-0217-2482 and docket number VGOB-09-0217-2483 will be withdrawn. The next item on the agenda is a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-32, Rogers Well 286, docket number VGOB-09-0217-2466, All parties wishing to testify, please come

forward.

TOM MULLINS: Morning, Mr. Chairman and members of the Board---

BUTCH LAMBERT: Good morning.

TOM MULLINS: ---Tom Mullins with the Street Law Firm, as well as Pebbles Deel, here on behalf of GeoMet with Dallas Nestle, company representative.

GEORGE MASON: George Mason on behalf of LBR Holdings, LLC. We are here in support of GeoMet's petition for force pooling on this docket item.

TOM MULLINS: Mr. Chairman, given...this is a matter of housekeeping before we start on this item. Given the Board's action on agenda item number two, is that going to impact the competing applications of GeoMet and Appalachian later in the hearing. If so, if the Board is going to continue those because of that pending agenda item number two, I guess my people can go back to Alabama. If the Board is not going to do that, then...I just want to be able to tell my folks because they're going to ask me as soon as---

BUTCH LAMBERT: At this point, Mr. Mullins, we have continued the docket item until next month. Also, even if we took action today, the proposal would be not to make that effective until July 1. So, as I see it, that would not

have any impact today.

TOM MULLINS: Okay.

BUTCH LAMBERT: However, I don't expect we'll have another five hour hearing today on those items. Mr. Mullins, if you're ready, you may proceed.

TOM MULLINS: All right. Please state your name.

(Dallas Nestle is duly sworn.)

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Dallas Nestle.

Q. And what do you do for a living, sir?

A. I'm the project manager for GeoMet Operating Company for the West Virginia and Virginia Operations.

Q. And how long have you done that?

A. Five months.

Q. Before that, what did you do?

A. I worked for Necor Gas in Illinois in their

gas storage division for four years. Prior to that, I was with Conoco Phillips for eighteen years and CNX Gas for four years.

Q. So, what's your total employment history in the gas industry?

A. Twenty...twenty-five years plus.

Q. All right, sir. Are you familiar with the application for unit A-32?

A. Yes, I am.

Q. How many acres is this unit?

A. 80.

Q. And this is an Oakwood unit, is that correct?

A. Correct.

Q. Does GeoMet have drilling rights in this unit?

A. Yes.

Q. Are there any party respondents on Exhibit B-3 that should be dismissed today?

A. No.

Q. What is the percentage of coal ownership that GeoMet has under lease?

A. 66.95.

Q. And the gas?

A. 50.2125.

Q. And to your knowledge, was notice sent by certified mail?

A. Yes.

TOM MULLINS: Okay. And we'll get those cards filed post hearing, Mr. Chairman.

Q. Is GeoMet authorized to do business in the Commonwealth of Virginia?

A. Yes.

Q. Has a bond been filed with the office?

A. Yes.

Q. Okay. Could you tell the Board what terms GeoMet offers lessees?

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

Q. In your experience in the coalbed methane gas business, is that a fair and reasonable rate?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 49.7875%.

Q. And the coal estate?

A. 33.05.

Q. Are there any unknown owners?

A. No.

Q. And this is being filed due to Roger cousins problem that this Board has heard about in the past?

A. Yes, it is.

Q. Okay. Which tract is involved in the...in that conflicting claim?

A. Tract 1 and Tract 3.

Q. And what is the total percentage to be escrowed due to the dispute in ownership?

A. 16.7375%.

Q. And attached to the application, was there an Exhibit E showing that disputed ownership?

A. Yes.

Q. And is GeoMet asking the Board to pool these unleased interest?

A. Yes.

Q. Any correspondence should be sent to whom?

A. Joseph L. Stevens, Land Manager of GeoMet, 5336 Stadium Trace Parkway, Ste. 206, Birmingham, Alabama.

Q. Was an estimated well cost...also, I guess, folks call it the AFE prepared for this?

A. Yes.

TOM MULLINS: Okay. And, Mr. Chairman, not to break the flow of things, I think we have revised that to

include Island Creek.

MARK SWARTZ: Have you done that on all of them?

TOM MULLINS: We have.

MARK SWARTZ: We're good to go.

TOM MULLINS: So, I'd like to...I'd like to go ahead and distribute revised copies of this AFE. That was an issue a couple of hearings back.

_____(Tom Mullins pass out revised exhibits.)

TOM MULLINS: And also we have a revised AFE that we're going to distribute as well, an amended AFE.

_____(Tom Mullins pass out revised exhibits.)

Q. Have digested the revised AFE?

A. Uh-huh.

Q. All right. And this was prepared under your direction as the project manager in Virginia and West Virginia, is that correct?

A. That's correct.

Q. Okay. What is the proposed depth of the well being proposed?

A. 1,960 feet.

Q. And what are the estimated reserves?

A. 886 million standard cubic feet.

Q. And costs for a completed well?

A. \$479,127.

Q. And the dry hole costs?

A. \$235,451.

Q. And the revised Exhibit details those estimated well costs?

A. Yes, it does.

Q. Does that include a reasonable charge for supervision?

A. Yes.

Q. And based upon your experience and review, would granting of this application promote conservation, protect correlative rights and prevent waste?

A. Yes, it would.

TOM MULLINS: Answer any questions that the Board members may have.

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: I'll just ask if he will repeat the estimated production.

DALLAS NESTLE: 886 million standard cubic feet.

MARY QUILLEN: 886?

DALLAS NESTLE: Yes, ma'am.

BUTCH LAMBERT: Any other questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Mr. Nestle---

DALLAS NESTLE: Yes.

BILL HARRIS: ---do we ask you the AFE questions?
Is that correct?

DALLAS NESTLE: Yes, sir.

BILL HARRIS: I was just comparing this for the previous. I know this is a replacement for that, so maybe we shouldn't go there. But I do notice an item. It's the second item listed, the landman costs and expenses under drilled is \$29,870. That was zero on the one that we had before. Could you maybe explain, you know, one, why there is a change and, number two, from what I know about landman costs and expenses, why is that a charge to drilling?

DALLAS NESTLE: Well...and it's not just landman, but, I mean, it's---

BILL HARRIS: Well, yes, I notice several items---

DALLAS NESTLE: ---with acquisition of the land, you know, and surface use. So, it's not just the person doing the research, but it's also right of ways, roads to get to the site and the work associated with that.

MARY QUILLEN: Could I ask you a question because it seems like all of that was charged to the other legal services and we had questioned that before? It looks like you've broken out what was the legal services and then the landman costs. Was that included since there is a zero in

the line item? Was that part of that other legal services and expenses in that \$29,000 originally?

DALLAS NESTLE: You're correct because the previous AFE had the \$29,000 under the other legal services and expenses. So---

MARY QUILLEN: Right. We questioned that. Yeah.

DALLAS NESTLE: ---we've moved it into the other category and then added the legal services.

MARY QUILLEN: So, it better reflects where your expenditures were?

DALLAS NESTLE: Well---

MARY QUILLEN: It better reflects where your expenditures occurred.

DALLAS NESTLE: Will be.

MARY QUILLEN: Yeah.

DALLAS NESTLE: Yes.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Mullins, I have a question. In your AFE, you did...I had notice you did break out, as you had some discussion with Ms. Quillen, but how did you arrive at \$2,060 for your legal expenses?

TOM MULLINS: They did that. I don't...I did not break that out for them.

BUTCH LAMBERT: When you say they, I---?

TOM MULLINS: The person who prepared the AFE---.

SHARON PIGEON: We need somebody to testify.

BUTCH LAMBERT: Yeah. Who do you have here that can testify to that cost?

DALLAS NESTLE: As far as the actual...I mean, most of these are based on historical information and each well will be different based on the issues that we have and how much time that we have to spend. As you know, these two don't come cheap. Every time that we're here, that ratches up. So---.

TOM MULLINS: Which I'm in favor of, by the way, Mr. Chairman.

(Laughs.)

DALLAS NESTLE: So, you know, as we take the average historically and look at what it's going to cost us, it's hard to know what each well is going to cost for each of these line items.

TOM MULLINS: Is that an estimate of what you think it costs on an average for the wells?

DALLAS NESTLE: It is.

BUTCH LAMBERT: So, we can expect to see \$2,060 as an average on everyone that you submit?

DALLAS NESTLE: I don't know that right now because

there are differences for different areas. We have more land issues---

BUTCH LAMBERT: The reason we're questioning this is because it's just now coming up. We're seeing it for the first time. Why is it here now and how did you arrive at that cost?

DALLAS NESTLE: Well, and perhaps I can't answer that. I would need to talk with the two that prepared the AFE.

BUTCH LAMBERT: I thought you just testified that you were very familiar with the AFE and it was prepared under your direction.

DALLAS NESTLE: Perhaps I did.

TOM MULLINS: I think these are the same, Mr. Chairman, on the others that we have to submit.

(Tom Mullins and Dallas Nestle confer.)

BRUCE PRATHER: Mr. Chairman.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I've compiled a lot of these AFEs and he's quite right. There are a lot of variables on every well. In other words, if you're drilling one big lease and you can abstract it. If you're abstracting and having problems with the lease end of it, if you've got problems with the terrain and this that and the other, it does vary.

I will vary big time from well to well. So, if you want a little from an experienced view point the can't be the same for every well.

DALLAS NESTLE: I mean, the reality is they won't be. You are correct, Mr. Prather.

BRUCE PRATHER: That's exactly right.

TOM MULLINS: And I think what you'll find, Mr. Chairman, in the next few hearings, I think the legal fee has been averaged 20...2060. The landman fee changes from unit to unit.

BUTCH LAMBERT: Well, that's the question that I was asking him and he responded he would have to ask someone else. He didn't know. Since he testified that he prepared the AFE. So---

DALLAS NESTLE: Well, I don't have all of them memorized. I mean, I'd have to look at each one of them.

BUTCH LAMBERT: Okay. Let me move on to another question then. Let's move down to the landman costs and expenses. Where did you come up with those costs that allowed you to put those in your AFE since it's not mentioned as a direct cost in the Regs?

DALLAS NESTLE: I'm not sure I understand the question, sir.

BUTCH LAMBERT: Well, looking at the Regs that I

have here in front of me, landman costs and expenses aren't listed as an line item to be placed in the AFE. So, I'm asking, how did you arrive at your expenses for your landman costs and why is it in here at this time when it's not a direct cost that can be attributed to an AFE?

DALLAS NESTLE: Well, once again, the costs for that are based on historically what it cost us to do this. Now---

TOM MULLINS: Is there somebody here better to testify to this information? If not, we need to bring the person who does the answers to...and if we could have the Board's input on all of these issues, we'll have the right person. We can't anticipate all of the questions.

BUTCH LAMBERT: I understand Mr. Mullins, but understand too from our prospective, we're just now seeing some new costs in here and we're trying to get some sense of why it was and how you arrived at those figures.

TOM MULLINS: And we want to answer that. If we could know what the Board would like us to be prepared to present on that, he may not be the man, and we have the person can do that.

BUTCH LAMBERT: Do you have that person here?

TOM MULLINS: I don't know.

BUTCH LAMBERT: If you could ask and find out and

bring him, we'll be happy to ask those questions of him.

TOM MULLINS: But if that's something the Board is going to make it's approval contingent upon, if I don't have them here today, then what's the Board's pressure, to continue this until we bring the person back next month or---?

BUTCH LAMBERT: Well, I'll ask the Board their position on that issue, but I can tell you from what I'm looking at, this is the first time that I think that I recall landman costs and expense, and if you go back to the regulations, that's not an allowed direct expense.

TOM MULLINS: And we'll get somebody here to explain what that is. Is there any other issue that the Board may have that we need to get a supplemental person---?

BUTCH LAMBERT: I don't know until we go further into the case. I'm not sure. There may be other questions. We're stuck right here at this one right now.

TOM MULLINS: Okay.

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

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: Is this in all of these that are before us today? Is this the same scenario?

TOM MULLINS: I think it is.

MARY QUILLEN: And the same question---.

DALLAS NESTLE: I believe so.

MARY QUILLEN: ---is going to come up regarding those. Is that right?

SHARON PIGEON: Right.

BUTCH LAMBERT: So, the answer to Ms. Quillen's question, we will see this in everyone---?

TOM MULLINS: Yes, it will be---.

BUTCH LAMBERT: Yeah, we'll probably have the same question for everyone then.

TOM MULLINS: If that's true, it doesn't...I'm getting the impression that Dallas was not prepared for that question and we may need to bring a supplemental person in. In light of that, if the Board needs to get more information about that, then we need to ask that these moved until next month.

BUTCH LAMBERT: I have no problem with that, if it's okay with the Board we'll continue them. Ms. Quillen.

MARY QUILLEN: I have just one question. On your AFE, it states that it was prepared by Ryan Carter and Donna Walker. Are those the people who would be---?

DALLAS NESTLE: Well---.

MARY QUILLEN: ---able to testify?

DALLAS NESTLE: Perhaps. But specifically we get

direction from our corporate accounting group in Houston on our different charge codes, general ledgers and where a specific charges have to go to. So, we get...we get direction from our Houston accounting group on where we can and can't based on coal thickness and, you know, industry guidelines.

MARY QUILLEN: So, these two folks just follow the directions from your accounting?

DALLAS NESTLE: That's correct. I mean, I would probably have to get some direction from our Houston accounting group because we don't just arbitrary put things there---.

MARY QUILLEN: Right.

DALLAS NESTLE: ---unless we're authorized.

MARY QUILLEN: Would there be someone that could come in and testify to this?

DALLAS NESTLE: They're located in Houston. I mean, it's necessary, that could possibly happen.

BUTCH LAMBERT: Mr. Nestle.

DALLAS NESTLE: Yes.

BUTCH LAMBERT: Explain to the Board what your role is in preparing the AFE because we have it prepared by Ryan Carter and Donna Walker.

DALLAS NESTLE: Right. They---.

BUTCH LAMBERT: You testified it was prepared under your direction. So, can you give us exactly what you're testifying to?

DALLAS NESTLE: When we pick a drill location, Ryan being the drilling manager looks at the topography, the location, how far we are from roads, infrastructure, etc. Donna is our project analysis who actually prepares the AFE with Ryan's assistance on the different line items and pulling historical information. They prepare it. I review the AFE and initial it and then send it to our Senior Vice President who gives the approval.

BUTCH LAMBERT: Okay. If you do that, if you initial it...you see it, review it and initial it, would you not be familiar with the line items that are in the AFE?

DALLAS NESTLE: Well, we have certain guidelines and procedures, you know, that our corporate accounting has set out that we follow in where to put these charges. Now, granted five months with GeoMet I'm not as familiar with their accounting practices as, you know, I will be in the future. So, I apologize for that not being as versed in that as I could be.

BUTCH LAMBERT: Okay. Thank you. Any other questions?

BILL HARRIS: Can I add one other thing if we're

going to---? Oh, I'm sorry.

MARY QUILLEN: Mr. Prather had his---

BRUCE PRATHER: The one thing I...if you'll recall our committee meetings, Mr. Asbury was supposed to come up with an AFE that at the time the permitting took place. The thing that I've noticed on the AFEs is that the companies are beginning to lump an often lot of separate things into one category. That was the reason that we wanted the new AFE prepared to be given from Mr. Asbury's viewpoint with the permitting. Once we get that, then I think these type of things won't come up anymore because these items will be on an AFE that he's going to present to them. So, I think that, you know, we've got a problem, but I think eventually it will be solved because if he does what the committee recommended.

BUTCH LAMBERT: Ms. Quillen or Mr. Harris.

MARY QUILLEN: No, no, no, I was just drawing his attention to Mr. Prather.

BILL HARRIS: Since we are talking about line items, I did have one other since we are considering maybe going back and reviewing. There is a contingency item maybe about 80% down, 135/155, on the left column there is the notation for it. That's \$24,352. I notice that's not in the original AFE. Again, I know this is a replacement, so

maybe we shouldn't even refer to the original. But contingency, again, it sounds like one of these lumped areas. I think maybe we need to be a little more specific about what that is.

BRUCE PRATHER: I can answer that.

MARY QUILLEN: Down at the bottom, the contingency--.

BILL HARRIS: Yes, it was at the bottom. Okay, sorry. It was at the bottom of the other one, a different amount.

BRUCE PRATHER: I could answer that if you would like me to answer it.

BILL HARRIS: Yeah.

BRUCE PRATHER: What that is is when you prepare these AFEs you prepare them for ideal situations. What happens when you have a fishing job or anything that happens that puts the thing out of balance, you normally put a contingency down at the bottom of it. Anywhere from 2 and sometimes it's 10% depending on where you're at and what you're doing. But that's normal. But you kind of protect yourself in the event something happens---

BILL HARRIS: It's a cushion is what you're saying, yeah.

BRUCE PRATHER: Yeah. Yeah. It's exactly what it

is.

BILL HARRIS: Yeah.

BRUCE PRATHER: Because some of these fishing jobs can cost \$200,000 and \$300,000. They will cost as much as the well. So, you normally put that in.

MARY QUILLEN: Mr. Chairman, it would be helpful is...I mean, you have it listed as 5% in that original one, but you don't have a figure with that cont...you know, just to identify it. Was that still at 5% or do you know?

DALLAS NESTLE: It looks like...just doing it in my head, it looks like it's about 5% of 480. I don't have a calculator. It looks like 5%.

MARY QUILLEN: If that were included...what you did on the original one and we see that all of the time, you know, just being consistent.

DALLAS NESTLE: To show the percentage?

MARY QUILLEN: Yeah. Uh-huh. It just helps to identify it.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Mullins, that you continue these items.

TOM MULLINS: I'll accept your recommendation, Mr. Chairman.

BUTCH LAMBERT: So, how many...do you know how many---?

TOM MULLINS: I do know. They're agenda items numbers, it looks like, eight, nine, ten, eleven, twelve and thirteen. We will also have the same issue in the competing application with AEI, which are numbers forty-one, forty-two, forty-three, forty-four and forty-five. But our motion to continue those would have to be contingent upon the Board continuing the AEI applications as well.

BUTCH LAMBERT: I understand.

TOM MULLINS: So---.

BUTCH LAMBERT: Since they're competing interest, we probably can accept that.

SHARON PIGEON: Could you give me those last seven numbers again?

TOM MULLINS: Sure. Forty-one, forty-two, forty-three, forty-four and forty-five.

BUTCH LAMBERT: Continued until May, Mr. Mullins.

TOM MULLINS: Yes, sir.

MARY QUILLEN: Forty-one, forty-two, forty-three, forty-four and forty-five, correct?

TOM MULLINS: Those are the ones that are competing.

SHARON PIGEON: Forty-four, did you include that

one? I didn't---.

TOM MULLINS: Forty-one through forty-five inclusive are the GeoMet applications. Those are the ones that have a competing application with Appalachian. As the Board will remember, we will here last time. I'm going to make a motion to continue all of those anyway. My motion will be because the full Board entertained them last time. The full Board needs to entertain them this time. We have a Board member absent. So, I don't know if that's something the Board wants to take up now or wait until we get to it in the normal course.

BUTCH LAMBERT: Are we talking about the forty-one through forty-five?

TOM MULLINS: Yes, sir. That all of those should be continued until such time.

BUTCH LAMBERT: If you have the same issue with those that we're having with these others, I would entertain that we continue until May.

TOM MULLINS: We would have to continue the Appalachian wells as well. I have not spoken with Mr. Kaiser about that at all. But---.

JIM KAISER: I'm sorry, I was outside.

BUTCH LAMBERT: Would you step down?

SHARON PIGEON: Fifty-five---.

BUTCH LAMBERT: That's fifty-five through fifty-nine inclusive.

JIM KAISER: Yeah, they were forty-one through something and we were fifty something through---

TOM MULLINS: Yeah. There's five competing.

JIM KAISER: What's going on?

BUTCH LAMBERT: We have some issues with his AFE. We're recommending that he continue his items that contains all of the same issue with all of the AFEs. We recommend that he continue those. He's indicated that the competing wells have the same issue with their AFE.

JIM KAISER: Well, I mean, is it something serious? What is it?

TOM MULLINS: They wanted more evidence. The Board considered it serious.

(Laughs.)

SHARON PIGEON: I don't think he gets to make that call now.

(Laughs.)

JIM KAISER: We would rather...we'd like to get this settled, I mean, obviously. We are ready, you know...we weren't able to submit new items from May. From what I can tell so far, the first third of the docket has already been continued until May. I mean, at some point,

this has got to stop.

BILL HARRIS: Mr. Chairman, I might mentioned, I'm not going to be here for the May meeting if you were talking about waiting for a full Board to review this again. I for one will not be here.

MARY QUILLEN: And I probably won't be at the May meeting either.

BUTCH LAMBERT: I understand. Mr. Mullins, I do respect your request. But as long as we have a quorum, then we can proceed.

TOM MULLINS: Well, Mr. Chairman, we have competing applications. It's my motion to continue all of the matters including...and I know...I understand what Mr. Kaiser is saying and I appreciate that. But if the Board wants the full answer, I think we need to continue all of those items. I don't know how many are going to be left over from this docket to go to May, but this...if you dispose of many of the other items today those may be it.

GEORGE MASON: Mr. Chairman, LBR Holdings also joins in that motion of GeoMet that they continued all to May.

BUTCH LAMBERT: Thank you, Mr. Mason.

BUTCH LAMBERT: Mr. Kaiser, here is where we are, if we continue...if we don't continue and we hear those

cases that Mr. Mullins has a problem with his AFE, it's my position that we're going to put...right off the bat, we're going to put him at an unfair advantage because we can't consider his application with the questions that the Board has on his AFE.

JIM KAISER: It would be an unfair disadvantage.

BUTCH LAMBERT: Yeah. You're right. I'm sorry. That's right.

(Laughs.)

BUTCH LAMBERT: Yeah, he would be at the disadvantage. You're right.

JIM KAISER: Well, I mean, I'm still going to oppose the continuance. That doesn't mean you're not going to continue them.

BUTCH LAMBERT: I understand.

JIM KAISER: We want to move forward.

BUTCH LAMBERT: Do I have any discussion from the Board any issues with continuance regarding the competing wells?

BRUCE PRATHER: Mr. Chairman.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: The only question I would have is do either of you companies have problems with expiring leases if we had a problem like this?

JIM KAISER: I don't believe my client does.

TOM MULLINS: We do not either.

BRUCE PRATHER: Okay.

FRANK HENDERSON: We'd like to see it developed.

BUTCH LAMBERT: Any other discussions from the Board?

(No audible response.)

BUTCH LAMBERT: I recommend we continue those items until our May meeting.

(Off record discussion about Mr. Ratliff being at the next meeting.)

BUTCH LAMBERT: Thank you all.

TOM MULLINS: Thank you, Mr. Chairman.

(Off record.)

BUTCH LAMBERT: Mr. Mullins, before you all leave. We need to remind everyone that the meeting for May will move to our new Lebanon facility.

TOM MULLINS: Thank you, Mr. Chairman.

BUTCH LAMBERT: For the record---

JIM KAISER: Mr. Chairman, is it also a different date?

BUTCH LAMBERT: Yes, that date has been...due to conflicting schedules that date has been changed until May the 12th.

MARY QUILLEN: May the what?

BUTCH LAMBERT: 12th.

MARY QUILLEN: Oh, well, I definitely won't be able to be there. I know.

FRANK HENDERSON: That's all the more reason not to continue it.

JIM KAISER: Can we pole the Board and see if we're even going to have a quorum on May the 12th?

BUTCH LAMBERT: Donnie has to check with his wife.

JIM KAISER: We all know that feeling.

DONNIE RATLIFF: I can be here on the 12th.

JIM KAISER: You can? Oh, you were going to be out on the 19th?

DONNIE RATLIFF: Yes.

JIM KAISER: One, two---.

BRUCE PRATHER: As long as I know, I'll be here.

BUTCH LAMBERT: Excuse me.

RONNIE OSBORNE: When is the meeting going to be moved to Lebanon?

BUTCH LAMBERT: When they will be moved, beginning our May meetings. The meeting for May will have to be changed to May the 12th because of numerous conflicting schedules.

RONNIE OSBORNE: It will be in Lebanon from now on

after May?

BUTCH LAMBERT: That's correct, yes.

GEORGE MASON: Mr. Chairman, will that be posted on the website?

BUTCH LAMBERT: It will be, yes. It will be posted. Okay, for the record, docket number VGOB-09-0217-2466 will be continued until May. Docket number VGOB-09-0217-2467 continued until May. Docket number VGOB-09-0217-2468 will be continued until May. Docket number VGOB-09-0217-2470 continued until May. Docket number VGOB-09-0217-2471 continued until May. Docket number VGOB-09-0217-2472 continued until May. Docket number VGOB-09-0421-2504 continued until May. Docket number VGOB-09-0421-2505 continued until May. Docket number VGOB-09-0421-2506 continued until May. Docket number VGOB-09-0421-2507 continued until May. Docket number VGOB-09-0421-2508 continued until May. Docket number VGOB-09-0412-2517 continued until May. Docket number VGOB-09-0412-2518 continued until May. Docket number VGOB-09-0412-2519 continued until May. Docket number VGOB-09-0412-2520 continued until May. Docket number VGOB-09-0412-2521 continued until May.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: If I may, one of the items, item number fifty-five on the docket, VGOB-09-0412-2517. Our office on behalf of the Board received a letter of objection from one of the (inaudible) in a unit there. I have copies of that objection for the Board at this time that they may consider for that continuance.

JIM KAISER: It's an objection to the permit, I think.

DAVID ASBURY: That's correct.

JIM KAISER: Not for the force pooling.

DAVID ASBURY: That's correct.

SHARON PIGEON: So, it's not related to this one?

DAVID ASBURY: It is to the Board. One is an objection and then one is describing support for one of the (inaudible) in that particular pooling unit. And, Mr. Chairman, one of the top letters that I sent out is also in support of Appalachian Energy's pooling of a particular unit there. So, the Board has the information that our office received on behalf of the Board.

(Board reviews the letter.)

SHARON PIGEON: Mr. Asbury, in looking at these, these do appear to be about the pooling application and not about this and they're not so much objections as they are letters in support of Appalachian Energy.

DAVID ASBURY: That's correct.

SHARON PIGEON: This was for fifty.

BUTCH LAMBERT: Okay. The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AP-81, docket number VGOB-09-0217-2463. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty for CNX.

BUTCH LAMBERT: Mr. Swartz, you may proceed.

MARK SWARTZ: Thank you. It would help, I think, Mr. Chairman, if we could consolidate item number thirty-nine with this one. The reason is in item thirty-nine we're requesting permission to drill two wells in two units on an infill basis and this application with regard to AP-81 is one of those units. So, I think it would make sense to put them together.

BUTCH LAMBERT: Okay. We're also calling item thirty-nine. A petition from CNX Gas Company, LLC for a modification of the Nora Coalbed Field...Coalbed Gas Field order to allow for drilling of an additional well in units AP-81 and AU-92, docket number VGOB-89-0126-0009-46. All parties wishing to testify, please come forward.

MARK SWARTZ: Again, that would be Mark Swartz and Anita Duty on that one as well, Mr. Chairman.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name for us.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. Do you go to the same place in the morning, but it just has a new name, is that---?

A. Yes.

Q. Okay. And what is...what's your title?

A. Pooling supervisor.

Q. And did you prepare or supervise the preparation of the applications pertaining to pooling AP-81 and pertaining to seeking the ability to drill an extra well in units AP-81 and AU-92?

A. Yes.

Q. Okay. What did you do to advise the respondents and other people who might be interested in these hearings that there was going to be a hearing today?

A. Mailed by certified mail return receipt

requested on January the 15th, 2009 and published in the Bluefield Daily Telegraph on January the 28th, 2009.

Q. Have you filed certificates with regard to mailing and your proofs of publication with the Director?

A. Well, I will in just a minute.

Q. In just a minute?

A. Yes.

Q. Okay. All right. You have them available.

A. Yes, I do.

Q. Okay. Do you wish to add any respondents to either one of these applications?

A. No.

Q. Do you wish to dismiss any of them?

A. No.

Q. Okay. In both instances, is CNX Gas Company, LLC the applicant?

A. Yes.

Q. And in other instances...well, with regard to the pooling application, is the applicant CNX requesting that it also be designated the operator if the unit is pooled?

A. Yes.

Q. In that regard, is CNX Gas Company, LLC a Virginia Limited Liability Company?

A. Yes.

Q. It has obviously...the next question is it authorized to do business in the Commonwealth?

A. Yes.

Q. Has it registered with the Department of Mines, Minerals and Energy?

A. Yes.

Q. Does it have a blanket bond on file?

A. Yes.

Q. Okay. And have you provided in the applications the address of CNX Gas Company, LLC to which mailing can be made and phone calls can be placed?

A. Yes.

Q. Okay. With regard to AP-81, let's look at the map here, the map that's attached to AP-81 shows a somewhat odd shaped Nora unit, correct?

A. Yes.

Q. It's quite a bit bigger than the units to the south and west of it?

A. Yes.

Q. Is this a combination of several units?

A. Well, they redefined the boundary between the two fields.

Q. Okay. And when they did that, did AP-81

acquire acreage that had been in other numbered units?

A. Yes. There actually was an AP-82 unit at one time.

Q. Okay. And if we look at the plat map with regard AP-81, you're showing two wells here, correct?

A. Yes.

Q. Neither one of them has been drilled?

A. Right.

Q. Was AP-81A originally in another unit?

A. Yes, AP-82.

Q. Okay. And that acreage got combined into this unit?

A. Yes.

Q. And when the boundaries were redesigned, was that an effort that was undertaken by the DGO?

A. Yes.

Q. And that was something that operators and, obviously, the DGO had input into and we tried to square up all of the boundaries?

A. Yes.

Q. And this unit was created presumably so that we wouldn't be stranding acreage?

A. Yes.

Q. In order to drill both of these wells in

unit AP-81, do we need to expand the infill drilling in the Nora by one unit?

A. Yes.

Q. Do you have a bigger map that you can show the Board how this fits in with what we've already done? You have this information and a little map that came with the application, but it's made easier to see on this. This... this...I don't know what to call that. It's a really dark pink, I guess, and sort of a bad orange.

A. Yeah.

Q. Okay. Are these two areas areas that you've already requested the ability to drill more than one well on a infill basis?

A. Yes.

Q. And then these two little yellow units that you've colored in, are those the two that we're proposing to add, one of which is AP-81?

A. Yes.

Q. And would the same rationale apply to drilling extra wells in these two units that obviously was under consideration when the Board approved infill drilling for the adjoining areas?

A. Yes.

Q. Specifically, that more gas comes out of

the ground quicker?

A. Yes.

Q. Okay. And are these...with regard to docket item thirty-nine, are AP-81, which would be, I believe, here and AU-92 the only two units that you're seeking to add these two infill areas?

A. Yes.

Q. And in both instances if that happened, is there a 600 foot setoff requirement?

A. Yes, there is.

Q. And does the plat that's attached to AP-81 have a distance exceeding 600 feet between these wells?

A. Yes.

Q. Technically under the existing infill drilling rules, is the second well required to be inside the drilling window?

A. Yes.

Q. Okay. So, if you drilled AP-81A as located here first, you would comply with the preexisting orders for those two infill areas?

A. Yes.

Q. Okay. Have you provided the Board with well cost estimates and other information that you've extracted from the application for pooling of AP-81?

A. Yes.

Q. Okay. And have you summarized that?

A. Yes.

Q. And have you provided the Board with a summary of that information for this unit on a spreadsheet basis, as well as other units that are on the docket today?

A. Yes.

Q. And have you checked the information that's reported in that summary exhibit for accuracy against the application?

A. Yes.

Q. And does this summary exhibit with regard to docket item five AP-81 accurately give the field location, the acreage in the unit, the leased and unleased information and obviously the amount of acreage or percentage you're seeking to pool, your cost estimate information, permit information and so forth?

A. Yes.

MARK SWARTZ: I'd like to incorporate that spreadsheet data in summary form. Obviously, if you have followup questions for Anita she can address those. I think that's sort of extracts from this application, the data that she would normally testify to on a question and answer basis.

BUTCH LAMBERT: Are you asking to submit that as an exhibit, Mr. Swartz?

MARK SWARTZ: Yes. Yes, please.

BUTCH LAMBERT: Okay. It's accepted.

MARY QUILLEN: Mr. Chairman, I had just one question there. This permit...it shows you already have a permit for one of these. And based on you've listed AP-81 first, but... is that the permit for AP-81?

ANITA DUTY: Yes, ma'am.

MARY QUILLEN: Okay.

ANITA DUTY: I try to keep them in order. A the will obviously be second.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: We'll accept this as Exhibit---.

MARK SWARTZ: Whatever works for Sharon.

SHARON PIGEON: AA.

BUTCH LAMBERT: ---AA.

MARK SWARTZ: AA, okay.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: If it pleases the Board, we'll have that as Exhibit AA for each of these items as we go through here. I'd also request that the percentages as far as the gas and oil ownership be made part of the testimony provided

in addition to referencing this as an exhibit, please, for the transcript.

MARK SWARTZ: What percentage of ownership are you seeking to pool in this unit?

ANITA DUTY: 95.8906% of the coal, oil and gas claim and---

MARK SWARTZ: Well, that has been leased, right?

ANITA DUTY: Or wait, that's leased. Sorry.

MARK SWARTZ: All we need to know is what...what are you seeking to pool?

ANITA DUTY: Okay, 4.1094%.

MARK SWARTZ: Of both?

ANITA DUTY: Of both the coal, oil and gas. Yes.

DAVID ASBURY: Thank you.

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have any questions from the Board on either docket item five or thirty-nine since we'll be calling for a motion on both of those items?

(No audible response.)

BUTCH LAMBERT: Mr. Swartz, could you provide us with your lease terms, please?

MARK SWARTZ: Yes. Anita, what are the lease terms that you typically offer...to the extent that you've

acquired leases in this unit, what are those terms?

ANITA DUTY: Five dollars an acre per year with a five year paid up term.

MARK SWARTZ: And what's the royalty term?

ANITA DUTY: One-eighth royalty.

MARK SWARTZ: And that five dollars an acre is a bonus payment only for CBM, right?

ANITA DUTY: Yes.

BUTCH LAMBERT: Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On your spreadsheet here, on thirty-nine you've got AP-81 and AU-92, on your actual well costs up here you've got AP-81 as 278 and AP-81A as 294. Is 294 actually AU-92?

ANITA DUTY: No, we were asking for these two units to be...for infill drilling. We just happen to be pooling AP-81 at the same time. We're not AU-92.

BRUCE PRATHER: So-.

ANITA DUTY: AU-92, I think, is a voluntary unit. We will have to pool that one.

BRUCE PRATHER: So, you're actually...the well AP-81 is correct?

ANITA DUTY: Yes.

BRUCE PRATHER: And you don't have any for AU-92?

ANITA DUTY: AU-92, no. I don't think---

BRUCE PRATHER: Okay.

ANITA DUTY: ---that unit has to be pooled.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion to approve and a second in both items five and thirty-nine. All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit H-106, docket number VGOB-09-0317-2486. All parties wishing to testify, please come forward.

MARK SWARTZ: It will be Mark Swartz and Anita Duty on that one.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, I'll remind you that you're still under oath.

A. Okay.

Q. You need to state your name for us, again.

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, I would like to incorporate Anita's testimony from the previous hearing with regard to the applicant, the operator, her employment and the standard lease terms for CBM, if I might.

BUTCH LAMBERT: Accepted.

Q. Anita, with regard to the revised exhibit that you've just passed out to the Board, which exhibit have you revised?

A. B-3.

Q. Okay. And what has changed on the new B-3, which is revised as of 2/18 compared to the B-3 that was submitted with the application?

A. The only thing that we did was add the footnote that says that the oil and gas was leased by Chesapeake. We just felt like we needed to include that.

Q. Okay. All right. What kind of a unit is

this?

A. This is a Oakwood unit...no, it is a Nora.

Q. Okay. And how many acres are in this Nora unit?

A. 48.4.

Q. Okay. And Exhibit AA is wrong with regard to the Nora, but it has got the right acreage, correct?

A. Yes.

Q. Okay. With regard to giving the respondents and other people who might be interested in this pooling application notice, what did you do?

A. We mailed by certified mail, return receipt requested on February the 13th and published in the Bluefield Daily Telegraph on February the 21st.

Q. And do you have proofs with regard the publication and certificates with regard to the notices that were mailed that you can provide the Director today?

A. Yes.

Q. Do you want to add anybody as a respondent or do you want to dismiss (inaudible)?

A. No.

Q. Okay. What is the percentage that you're seeking to pool in this unit H-106?

A. 33.3333% of the coal, oil and gas claim.

Q. Okay. And have you provided a cost estimate with regard to the one well that you proposed for this unit?

A. Yes.

Q. And what's that estimate?

A. \$305,229.88.

Q. Okay. And the Exhibit EE reports the depth and the permit number for that well?

A. Yes.

Q. And there is no escrow required and the Exhibit EE reports that?

A. Correct.

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

A. Yes.

Q. Is it your opinion that if you combine a pooling order with the lease and acquisition efforts that CNX has been successful with that the correlative rights and claims of all owners and claimants will be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, did I hear you testify that you do have a permit number for this? You do have a permit?

ANITA DUTY: Yes. We---.

MARK SWARTZ: Why don't you give that number?

ANITA DUTY: It's 10335. At the time that that was prepared, we didn't have one then. We always try to update the spreadsheet if we've got one since then.

BUTCH LAMBERT: I didn't know if you have signed over at this time or---.

ANITA DUTY: Yeah. I'm trying not to do that.

BUTCH LAMBERT: I'm sorry. I just heard you testify you had a permit, but there's not a number on here. So---.

ANITA DUTY: Yeah.

BUTCH LAMBERT: Okay, thank you. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All Board members signify by saying yes, but
Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. The next
item is a petition from CNX Gas Company, LLC for pooling of
coalbed methane unit R-49. This is docket number VGOB-09-
0317-2487. All parties wishing to testify, please come
forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. With regard to...just some housekeeping,
what's different in the revised Exhibit B-3 that you passed
out when compared to the Exhibit B-3 that accompanied the
notice?

A. The oil and gas owner that was listed on
Tract 2H was...it was listed as the Trustees of the Non-
Sectarian Unorganized Holiness People when it should have
actually been Virginia Department of Transportation.

Virginia Department of Transportation received a notice because they have an interest in another tract. So, there's not really a notice problem.

Q. Okay. But you corrected that---?

A. Yes.

Q. ---ownership or claimant issue?

A. Yes.

Q. Okay. State your name for us, please.

A. Anita Duty.

MARK SWARTZ: I'd like to, if I could, Mr. Chairman, incorporate her testimony with regard to the applicant and operator, her employment and standard lease terms.

BUTCH LAMBERT: We'll accept it.

MARK SWARTZ: Thank you.

Q. This is an Oakwood 80 acre unit, correct?

A. Yes.

Q. And how many wells are proposed?

A. One.

Q. And what is the interest...the percentage of interest and claims in this unit that you're seeking to pool with this application?

A. 22.30625% of the oil and gas claim.

Q. Okay. And none of the coal claims?

A. No.

Q. Okay. Have you reported an Exhibit AA with regard to R-49, dates of publication and notice, mailing, well costs and permit information and escrow information?

A. Yes.

Q. Is it also true that because you have left the column EE blank, that there are no split agreements to contend with here?

A. That's right.

Q. Okay. Is it your opinion that drilling one frac well in the location shown on the plat in this unit is a reasonable method to develop the coalbed methane resource within this Oakwood 80?

A. Yes.

Q. Is it your further testimony that if you combine a pooling order pooling the respondents with the leasing and acquisition activities that the applicant has previously been successful with, that the correlative rights of all owners and claimants will be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion---.

MARK SWARTZ: Excuse me, we need to submit a revised Exhibit E to correct the thing that we corrected a revised B-3 just so that's part of the record.

ANITA DUTY: Yeah.

MARK SWARTZ: I'm sorry.

ANITA DUTY: I should have given you a revised B-3 and E.

MARK SWARTZ: Where we submitted the VDOT for the church. So, we owe you that and we'll get that to you.

SHARON PIGEON: Thank you.

MARK SWARTZ: You're welcome. Sorry.

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: Motion for approval.

BUTCH LAMBERT: I have a motion.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Let's go ahead and take about a ten minute break. We'll reconvene at about twenty till.

(Break.)

BUTCH LAMBERT: Let's go ahead and get started. Okay, the next item on the agenda is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit X(-2). This is docket number VGOB-09-0317-2488. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. We do not have revised exhibits on this one, is that correct, Anita?

A. That's right.

Q. Okay. Could you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

MARK SWARTZ: Could I incorporate, if I may, Anita's testimony regarding the applicant and operator, her employment and standard lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. Have you reported on Exhibit AA with regard to X(-2) the basic information with regard to mailing and publication and well costs and permits and so forth?

A. Yes.

Q. Okay. With regard to the acreage that you're seeking to pool, what is the percentage of the interest that you're seeking to pool concerning X(-2)?

A. 4.2875% of the coal, oil and gas claim.

Q. Okay. And in this particular unit, there is no escrow requirement, correct?

A. Right.

Q. And there are no split agreements?

A. No.

Q. Okay. And with regard to well locations, both of these wells are located in the drilling window?

A. Yes.

Q. And are within a infill drilling area?

A. Yes.

Q. Is it your opinion that drilling two frac wells...CBM frac wells within the window of this unit is a reasonable way to develop the coalbed methane?

A. Yes.

Q. Is it your further opinion that if you combine a pooling order pooling the respondents with the voluntary leasing and acquisition efforts that the applicant has already been successful with that the correlative rights of all owners and claimants in this unit would be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Ms. Dye. Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-134. This is docket number VGOB-09-0317-2489. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz, again, and Anita Duty.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Do we have a rev...Anita, you need to state your name for us, please?

A. Anita Duty.

Q. Okay. Do we have some revised exhibits with regard to this unit?

A. Yes.

Q. And have you passed them out?

A. Yes.

Q. Have the data from the revised exhibits, for example the data on Revised Exhibit A, page two, has

that updated data been incorporated into the spreadsheet exhibit AA?

A. Yes.

Q. So, if we look at the percentage of interest to be pooled by this application on the revised Exhibit A, page two, the coal interest is what?

A. 0.

Q. Okay. And the oil and gas interest that needs to be pooled is what?

A. 14.9120%.

Q. And those are...indeed those numbers are reported on Exhibit AA, is that correct?

A. Yes.

Q. Okay. Let's stay with the revised exhibits for a moment. We have a revised Exhibit B-2, which tells me that you probably want to dismiss some folks or make some changes to Exhibit B-3, is that correct?

A. Yes.

Q. Have you identified on Exhibit B-2 what it is that you're proposing to do with regard to the list of respondents in the notice?

A. Yes.

Q. And with regard to Tract 2C, what has happened in the tract?

A. We have leased Donald Jackson and L. C. Rutledge has passed away and we have her two heirs listed now.

Q. Okay. And with regard to Tract 2D?

A. The same situation.

Q. The same situation?

A. Uh-huh.

Q. Okay. And would those be then the only changes that you've made in the Revised Exhibit B-3?

A. Yes.

Q. Okay. And then with regard to...are these two tracts subjected to escrow?

A. Yes.

Q. So, have you then reflected that change again in Exhibit E?

A. Yes.

Q. So, essentially all of the revised exhibits are driving by those two events, the lease of one interest and the depth of the another?

A. Yes.

Q. Okay. This is a Middle Ridge unit?

A. Yes.

Q. And how many wells are proposed?

A. One.

Q. And is this well in the drilling window?

A. Yes.

Q. Okay. And have you reported on your spreadsheet Exhibit AA the updated information to the extent any of the percentages have changed and other information with regard to this unit AW-134?

A. Yes.

Q. And you've given us a cost estimate and data with regard to the permit and well depth and so forth?

A. Yes.

Q. Okay. Now, with regard to AW-134, there is an escrow requirement, is that correct?

A. Yes, there is.

Q. And have you listed the tracts identified in your Revised Exhibit E as requiring escrow in the column entitled E tracts?

A. Yes.

Q. And then with regard to unknowns, are there some folks that we still don't have addresses or identities?

A. Yes, there is.

Q. And in what tracts?

A. 2c and 2D.

Q. And you've listed those on the spreadsheet?

A. Yes.

Q. And then lastly, are there some split agreements that pertain to this unit?

A. Yes. 1A and it's a 50/50 split and there's 2B and 2L and it is 25 to Cold Creek and 75% Robin Hodges.

Q. Okay. And your Revised Exhibit...actually your original Exhibit EE that accompanied the application dated 2/11/2009 reflects that?

A. Yes.

Q. Is it your opinion that drilling a CBM frac well in the drilling window of this unit is a reasonable way to develop the coalbed methane resource?

A. Yes.

Q. Is it your further opinion that if we...if the Board were to pool the respondents identified in the Revised Exhibit B-2 and you can couple that pooling order with the voluntary agreements that you've been able to reach with the other folks in this unit, that the correlative rights and claims of all owners and claimants would be protected?

A. Yes.

MARK SWARTZ: That's all I have, Mr. Chairman, except to request that her testimony with regard to the applicant and operator, employment and standard lease terms be incorporated, if I didn't ask to do that already?

BUTCH LAMBERT: You did not. I was going to ask you. So accepted.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-135. This is docket number VGOB-09-0317-2490. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty again.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us, please?

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, if I could incorporate Anita's testimony from the first hearing today with regard to the applicant, operator, her employment and standard lease terms, I'd like to do that.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

Q. Do we have some revised exhibits here?

A. Yes.

Q. Okay. And in Exhibit B-2 are we requesting that some folks...that some changes be made?

A. Yes.

Q. Are we dealing with the same folks that we just saw in the prior unit?

A. Yes, it is.

Q. We've got a lease from Mr. Jackson. So, he can be dismissed?

A. Yes.

Q. And we've got a depth and we've identified the heirs?

A. Yes.

Q. And are those two changes, which are identified in Exhibit...Revised Exhibit B-2 reflected then in changes to B-3 and the escrow Exhibit E?

A. Yes.

Q. And, obviously, if there's a lease, the interest that would be required to be pooled would change, correct?

A. Yes.

Q. And have you reflected that in Exhibit A, page two...the Revised Exhibit A, page two?

A. Yes.

Q. And is the Revised Exhibit A, page two also reflected on the spreadsheet AA?

A. Yes.

Q. Okay. And what are seeking to pool at this point in this unit?

A. 1.7876% of the oil and gas claim.

Q. And 0% of the coal?

A. Yes.

Q. Okay. There are no split agreements in

this unit?

A. Yes, there are.

Q. Okay. And they are...okay, there would be an Exhibit E to the original application, EE?

A. Uh-huh. Yes.

Q. Okay. And have you identified the two tracts in EE and on your spreadsheet?

A. Yes. Tract 2 and 3A.

Q. Okay. And what's the...what is the general term of their agreement in terms of how it's to be split?

A. Those are both 50/50.

Q. Okay. Have you reported accurately on Exhibit AA the rest of the data that you've extracted from the application and the revised exhibits with regard to the well and well cost data and well cost data permit numbers and so forth?

A. Yes.

Q. Okay. And you've also indicated how you gave notice and when?

A. Yes.

Q. And you're going to be filing proof with regard to notice and publication with the Director today?

A. Yeah, I did.

Q. Okay. Oh, you did?

A. Yes.

Q. Okay. Is it your opinion that drilling the two wells in the window of this Middle Ridge unit is a reasonable way to develop the coalbed methane within this unit?

A. Yes.

Q. And is it your further opinion that with the changes reflected in Exhibit B-2 today that a pooling order pooling the respondents combined with the voluntary leases and acquisition activities to the applicant that in combination those two events would protect the correlative rights of all owners and claimants?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: On Exhibit EE when you testified about Tract 2 and Tract 3A, both of those have split agreements in place, is that correct?

ANITA DUTY: Yes.

DAVID ASBURY: And they are 50/50 split agreements?

ANITA DUTY: Yes.

DAVID ASBURY: Okay. Thank you.

BRUCE PRATHER: Mr. Chairman, I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I notice that both of these wells have been drilled. Are both of these wells in line?

ANITA DUTY: I don't know that answer.

BRUCE PRATHER: Okay.

ANITA DUTY: I can find out. I don't know.

BRUCE PRATHER: Well, I was just rather curious. We're talking about split agreements and this that and the other. I mean, if this well has been on line for a quite a while, this was a revision then of whoever the royalty owners are then mostly, isn't it?

ANITA DUTY: Well, we've had the agreements before ahead of time. So, nothing has gone to escrow. So---.

BRUCE PRATHER: Okay.

ANITA DUTY: So, we're---.

BRUCE PRATHER: Oh, nothing has gone to escrow yet?

ANITA DUTY: No.

BRUCE PRATHER: Okay. Okay. Any further questions?

(No audible response.)

BRUCE PRATHER: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes, but Katie Dye.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for a repooling of a conventional gas well A-24CV. This is docket number VGOB-07-1218-2093-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, would you state your name for us, please?

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, if I could incorporate Anita's testimony with regard to the applicant and operator and her employment, I would like to do that.

BUTCH LAMBERT: Accepted. And would you like to include the terms as well?

MARK SWARTZ: Well, actually those were for a coalbed methane and this is a conventional. So, I'm going to have to---.

BUTCH LAMBERT: You're right.

MARK SWARTZ: That's okay. Between us we'll get it right.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, is this a conventional well?

A. Yes.

Q. Are you lease terms the same or different with regard to conventional?

A. Different.

Q. Okay. And would the lease terms that you typically offer in a conventional setting be?

A. Ten dollars an acre per year for a five

year paid up term---

Q. And the royalty?

A. ---and a one-eighth royalty.

Q. Okay. And would you recommend those terms to the Board to be inserted in any order that might be issued with regard to folks who are deemed to have been leased?

A. Yes.

Q. The unit is...actually this application deals with both the creation of a unit, which happened once...which happened before at the prior hearing, correct?

A. Yes.

Q. And a repooling. Would you explain to the Board why we're here to repool this today?

A. We originally had a spot laid out for well B-24CV. When they moved the well, it ended up being in the A-24 unit. So, well 24C we cancelled that one and what would have been B-24CV ended up being A-24CV.

Q. Okay. So, it's a well identification issue?

A. Yeah...yes.

Q. Okay. Has the unit size stayed the same?

A. Yes.

Q. And the boundaries have stayed the same?

A. Yes.

Q. And the folks in the unit have stayed the same?

A. No.

Q. Okay.

A. When the well was moved it included an additional tract.

Q. Okay.

A. That's why we needed to repool.

Q. Okay. And which tract is that?

A. It should be Tract 2. Tract 2.

Q. Okay. So, we also picked up an additional tract that needed to be pooled?

A. Yes.

Q. Okay. All right.

A. No, it doesn't need to be pooled.

Q. It needed to be included---?

A. They own interest.

Q. ---in the unit?

A. Yes. Yes.

Q. And need to be included on the tract IDs and so forth?

A. Yes.

Q. Okay.

SHARON PIGEON: That was 2, did you say?

A. Previously there was only the Mary Crowe Heir Tract...just one tract. Now, that the well has been moved, we're including the Tract 2, which is 29 acres now...29.85.

Q. And you're showing that...and you're showing the lease information with regard to that 29.85?

A. Yes.

BUTCH LAMBERT: Mr. Swartz, could you speak up for us?

Q. Okay. And you're showing on tract identifications the lease information with regard to the Tract 2 that has been added?

A. Yes.

Q. Okay. And, again, this is a conventional well?

A. Yes.

Q. To what depth?

A. 6,877 feet.

Q. Okay. And do you have a permit for this well?

A. Yes, 8809.

Q. And it was apparently drilled?

A. Yes.

Q. Okay. And what...do you need to add any folks to the list of respondents in the notice of hearing or dismiss any today?

A. No.

Q. And you don't have any revised exhibits, correct?

A. No.

Q. Have you identified paragraph nine of the application, the formations that are sought to be developed by this well?

A. Yes.

Q. Okay. And what percentage of the ownership in this conventional well are you seeking to pool by this application?

A. 0.01891% of the oil and gas.

Q. And the folks that you're seeking to pool are identified both in the notice section of the notice of hearing and also in Exhibit B-3?

A. Yes.

Q. Is it your opinion that drilling a conventional well and developing it in accordance with the Exhibit C that has been submitted or the cost estimate that has been submitted is a reasonable way to test for and develop conventional gas within this unit?

A. Yes.

Q. And is it your opinion that if you combine the 90 some percent of the interest that you've been able to acquire voluntarily with the tiny percent that you're seeking to pool that the correlative rights of everyone in this unit will be protected with regard to this conventional gas?

A. Yes.

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

BUTCH LAMBERT: Mr. Swartz, I think that you had Ms. Duty to testify that the formations were in paragraph nine.

MARK SWARTZ: Well, they're in two different places. They're in eight in notice and nine in the application.

BUTCH LAMBERT: Okay. Thank you, Mr. Swartz.

MARK SWARTZ: I'm sorry.

BUTCH LAMBERT: Any questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Just a couple of questions. One is the Exhibit A that we have, which is the well plat, does not have the tract numbers listed. I think we normally have that so we can relate that to where the tracts are. I'm not

sure how that...if that was left off that. That would be good to have.

ANITA DUTY: Well, normally it does have it on there. So, I don't know.

BILL HARRIS: Yeah.

ANITA DUTY: We can get a new...we can get a revised one. But the tract to the north is Tract 1 and then Tract 2...the south is Tract 2, but we can send in a new---

MARK SWARTZ: There's a line about two-thirds of the way down through the circle. Is that the boundary between 1 and 2?

ANITA DUTY: Yes.

BILL HARRIS: And there's another...well, there's another diagonal line near the top though, is that...is that---?

ANITA DUTY: Some of those are surface tracts. There was only actually one mineral tract. But we can send in a revised plat to make it...you would be able to tell better.

BILL HARRIS: Okay, thank you. And the other question, I don't see an AFE in our packet. I don't know if other folks have those.

ANITA DUTY: I actually I had them in my---

BILL HARRIS: Oh, well, it might if we have it.

ANITA DUTY: It's the same one that was in the previous (inaudible).

MARK SWARTZ: With regard to that AFE that you're passing out, is that the one that was presented to the Board when this unit was previously pooled?

ANITA DUTY: Yes.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve with the revised Exhibit A.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: Mr. Swartz, let me ask you why I have you here. How long will it take on item thirty-five?

MARK SWARTZ: Let me look. I don't think very long. It doesn't look like it's much of an issue unless Rebecca makes it, you know, a three ring circus. Do you want to do that now?

BUTCH LAMBERT: Well, yeah, I'd like to move that up until now---.

MARK SWARTZ: That will be cool.

BUTCH LAMBERT: ---while you're here. We can go ahead and take care of that and you can be on your way. I'm calling docket item number thirty-five. This is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit P-80. It's docket number VGOB-09-0421-2500. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty again.

REBECCA THORNBURY: Rebecca Thornbury...excuse me, Rebecca Thornbury.

BUTCH LAMBERT: Do you wish to testify?

REBECCA THORNBURY: Oh, I'm sorry. Actually, I'm here on behalf of Mr. Ratliff and Ms. Daniels. I just wanted to log an objection on the record. It will just take a couple of minutes.

BUTCH LAMBERT: Let me get you sworn.

COURT REPORTER: She's an attorney.

DAVID ASBURY: She's an attorney.

REBECCA THORNBURY: I'm an attorney.

BUTCH LAMBERT: An attorney, I'm sorry.

REBECCA THORNBURY: Yes. I'm sorry. That's okay.

BUTCH LAMBERT: I thought you were assisting. I'm
sorry.

REBECCA THORNBURY: No.

BUTCH LAMBERT: I apologize.

REBECCA THORNBURY: That's okay.

BUTCH LAMBERT: Mr. Swartz, you may proceed.

MARK SWARTZ: Perhaps just to deal with that. If
the Board would turn to Exhibit B-3, I think the issue that
Rebecca is here on is if you look at Tract 1A, her clients,
I think, are identified in 1B and C, Malcolm Lee and Lora
Lee Daniels, and I'm not sure how to pronounce it, Rural H.
and Dorothy Ratliff. Those are your clients?

REBECCA THORNBURY: Yes, sir.

MARK SWARTZ: And we reported them as each having a
one-third interest because we believe that Bull Creek has
the other third. As I understand the reason you're here---

REBECCA THORNBURY: Right.

MARK SWARTZ: ---is that they think they actually
each own a half of the interest---

REBECCA THORNBURY: Correct.

MARK SWARTZ: ---and collectively a 100%. You're

here to register that point.

REBECCA THORNBURY: That's right. That's correct. They're just...it would also pertain to Mr. Ratliff down in 1B also...I'm sorry.

BUTCH LAMBERT: I'm sorry, where at?

REBECCA THORNBURY: In Tract 1B also.

MARK SWARTZ: It's the same issue in 1B.

REBECCA THORNBURY: It's the same issue carried through. Then I think 1D---.

MARK SWARTZ: D.

REBECCA THORNBURY: ---and probably 1C also, I think.

MARK SWARTZ: It's the same---.

REBECCA THORNBURY: The same contention. Just identifying the different tracts. They're...just a contention as to the percentages.

MARK SWARTZ: And what Rebecca has indicated to Anita and I is that she got a call apparently last night and hasn't had---.

REBECCA THORNBURY: Correct.

MARK SWARTZ: ---time to do any due diligence title work, you know, to have anything other than just to say that it's their opinion that this is where it stands. I have told her and I will tell you this that...you know, if

it develops that the title information needs to be revised, we submit supplemental orders all of the time and it's something that we can probably deal with assuming we could be in agreement as to what the ownership was. But I have no problem with her lodging her objection today on behalf of her clients and indicating that, you know, ultimately your research supports their position. We'll certainly deal with it.

REBECCA THORNBURY: Okay. I mean, it may be an issue that's more appropriately Circuit Court possibly---

MARK SWARTZ: It could be.

REBECCA THORNBURY: ---when it comes down to it. So...but I did want to lodge that complaint...or objection, I'm sorry.

BUTCH LAMBERT: How long do you think it would take you to research the records and be comfortable with what we have before us in this application?

REBECCA THORNBURY: Probably a few weeks, you know, depending on my schedule. I know now who the CNX is leased from. Originally, I wasn't sure because it's not in this paperwork. But Ms. Duty was kind enough to share that information.

BUTCH LAMBERT: The reason I ask that question, I would entertain that may continue this one to give you time

to research.

MARK SWARTZ: The well is already drilled.

REBECCA THORNBURY: I think it's ready to---.

MARK SWARTZ: We're going to escrow two-thirds of this anyway. So, the question would be could we escrow... could we maybe proceed in escrow a 100% of it until you've done your title work? Would that---?

REBECCA THORNBURY: That's fine. That would be great.

MARK SWARTZ: Would that work?

REBECCA THORNBURY: Uh-huh. Hold it up.

BUTCH LAMBERT: Questions or discussions from the Board?

(No audible response.)

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Just as an additional input, our office had contacted by LEL Holdings also that may have conflicting claims with Bull Creek Coal in this matter. They are also interested in some of the conflicting claims here. They haven't provided any documentation to us, but there seems to be some conflicting claims with this on the coal side and gas side here. It may be the same parties, Rebecca, that you're representing.

MARK SWARTZ: I don't think they're in this unit, the people that you're talking about.

DAVID ASBURY: Okay.

REBECCA THORNBURY: No, sir, I don't believe it's the same.

ANITA DUTY: Are you talking about Mr. Delaney?

DAVID ASBURY: Mr. Delaney.

ANITA DUTY: No.

DAVID ASBURY: Yes.

ANITA DUTY: Unh-huh. We're not showing any interest for him in here.

DAVID ASBURY: He indicated that he believed that he had an interest in this unit when he spoke to our office. We haven't seen any documentation to date to prove that point.

BUTCH LAMBERT: So, Mr. Swartz, what was your proposal again?

MARK SWARTZ: My proposal would be if you look at Exhibit...if you all look at...bear with me and look at Exhibit EE. You'll notice that with regard to Tract 1A, 1B and 1D---

ANITA DUTY: 1C.

REBECCA THORNBURY: 1C.

MARK SWARTZ: ---and 1C...yes, and 1C there all

going into escrow. The only issue would be could we temporarily escrow the Bull Creek interest until we're back here?

ANITA DUTY: Yes.

MARK SWARTZ: And, I mean, that would solve the problem. So, if you're correct, that your clients have a 100% of it, we've escrowed 100% of it.

REBECCA THORNBURY: At this point, it may be an issue that's going to end up in Circuit Court as to ownership simply because Bull Creek if their lease is relying on ownership of the coal and minerals there has been a Court order in the that they relinquished rights to minerals. So, that...you know, I haven't...I've seen that order. If it applies to this, then they don't have anything to lease is the point here that my clients are trying to assert.

MARK SWARTZ: Okay. But---.

REBECCA THORNBURY: That's more---.

MARK SWARTZ: But where I'm coming from is, if someone comes in here and says, no, I think I own that, the Board's solution is they put the money in escrow so that it's there---.

REBECCA THORNBURY: True.

MARK SWARTZ: ---when it gets sorted out. What

I'm proposing...I'm taking you at your word that you're going to wind up in Circuit Court is the solution to escrow all of the money so that it's there---?

REBECCA THORNBURY: Yeah. I have no objection to escrowing a 100% of it. Since there is a contention here as to what Bull Creek owns and if they're able to lease that, that would be---.

SHARON PIGEON: If it is escrowed at a 100% in Tracts A, B, C and D, does that satisfy your clients' objections today to the pooling?

REBECCA THORNBURY: Yes, it does.

MARK SWARTZ: And then you'll have an opportunity ...I mean, if it turns out that you don't have an issue, you can tell us that and we can fix that with a supplemental order.

REBECCA THORNBURY: I mean, it's my understanding the escrow for claims and conflicts of interest. It would be an appropriate---.

MARK SWARTZ: Right.

SHARON PIGEON: Correct.

REBECCA THORNBURY: ---remedy at this point.

MARK SWARTZ: It's a perfect example.

SHARON PIGEON: I mean, even if you had your documentation today to prove your position, if we had the

other people here, we'd still be in conflict and we'd still have to escrow it.

REBECCA THORNBURY: Right. Correct. So, I have no---.

BRUCE PRATHER: Are...all of the wells are under contention, have all of them been drilled? All of them?

ANITA DUTY: No, that one was just drilled April the 2nd.

BRUCE PRATHER: Okay.

ANITA DUTY: So, it's just recent.

BRUCE PRATHER: So, it won't be any problem escrowing the money at all?

ANITA DUTY: No, because we do like two months post. So, it will be June, the first---.

MARK SWARTZ: So, we're not going to miss some funds, which is your question.

ANITA DUTY: Yeah.

BRUCE PRATHER: Yeah.

ANITA DUTY: Normally, we get them pooled quicker.

BUTCH LAMBERT: Okay. Any further discussion from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: Mr. Chairman, I make a motion we

approve that item with the provision that escrows for those particular tracts are escrowed at a 100%. I don't know if that's necessary to add.

DONNIE RATLIFF: Have we heard the case?

MARK SWARTZ: I think you kind of jumped the gun.

BUTCH LAMBERT: I think you're right too.

MARK SWARTZ: As much as I would like to go there---.

BUTCH LAMBERT: I just realized what I did when I asked for a motion. So, we need to back up.

BILL HARRIS: Okay.

BUTCH LAMBERT: Totally back up and get into the case and then---.

REBECCA THORNBURY: Thank you, Mr. Chair. Thank you, Mr. Chair.

BUTCH LAMBERT: Okay, Mr. Swartz, you may proceed with this docket item.

MARK SWARTZ: It's good that everybody is trying to be as efficient as humanly possible.

BUTCH LAMBERT: I don't want to be that efficient.

(Laughs.)

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Okay, Anita, would you state your name for us, again?

A. Anita Duty.

Q. Okay. And this is a CBM unit, correct?

A. Yes.

Q. Okay. And there are some revised exhibits, correct?

A. Yes.

Q. And you've passed those out?

A. Yes.

Q. Obviously, based on the agreement that we just reached with Rebecca Thornbury with the blessing I predict perhaps of the Board, Exhibit E is going to have to change to show that the tracts that her clients are interested in would be escrowed at a 100% to protect those funds?

A. Yes.

Q. So, you'll be submitted a revised Exhibit E that does that?

A. Yes.

Q. Okay. With regard to the other revised exhibits that you've prepared and submitted, revised as of April the 20th, we've got a B-2 again, correct?

A. Yes.

Q. And that would reflect that several folks need to be dismissed, correct?

A. Yes.

Q. Because either we purchased their interest or we have leased an interest?

A. Yes.

Q. And with regard to the balance of Exhibit...the exhibits, does B-3 then reflect those B-2 changes?

A. Yes.

Q. Any others or just those?

A. Just those.

Q. Okay. And then once again I assume Exhibit EE would reflect those...the revised exhibit?

A. Yes.

Q. Okay. And then lastly have you factored in the dismissals or proposed dismissals in terms of what it is that needs to be pooled here?

A. Yes.

Q. And with regard to the revised Exhibit A, page two, what is the coal interest that you're seeking to pool by this application?

A. 38.5938%.

Q. Okay. And is that percentage reflected in Exhibit AA, the spreadsheet?

A. Yes.

Q. And what is the oil and gas interest that you're seeking to pool by this application?

A. 28.419%.

Q. Okay. And has that number been updated also on AA?

A. Yes.

Q. There's one well proposed here?

A. Yes.

Q. And you're provided the costs and other data in Exhibit AA with regard to that well?

A. Yes.

Q. Is it a frac well?

A. Yes.

Q. Okay. And this well is outside the drilling window?

A. Yes.

Q. And you already have a permit for it, correct?

A. Yes.

Q. And indeed it has been drilled as well, correct?

A. Yes.

Q. And we have an escrow requirement here that we've already talked some about that you have an Exhibit E that you're going to be revising in the one respect that we've talked about?

A. Yes.

Q. And we have no split agreements?

A. No.

Q. And we have no unknowns?

A. No.

Q. So, the only escrow requirement would be because of conflicts?

A. Yes.

Q. Is it your opinion that drilling a frac well in this unit in the location shown is a reasonable way to develop the resource?

A. Yes.

Q. And is your opinion...further opinion that if you combine a pooling order, which incorporates the dismissals that contemplated by Exhibit B-2 and you combine that with the acquisition and leasing efforts the applicant has been successful with that the correlative rights and claims of all claimants would be protected?

A. Yes.

MARK SWARTZ: I'm not sure, Mr. Chairman, if I asked to incorporate Anita's testimony with regard to the applicant and operator, her employment and standard lease terms. If I didn't, I would ask that we do that.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you. That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz.

MARK SWARTZ: I think you're back at twenty, which does not involve us.

BUTCH LAMBERT: Okay. The next item is a petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional gas well. This is unit EPC 2491, docket number VGOB-09-0317-2419. All parties wishing to testify, please come forward.

MARY QUILLEN: Mr. Chairman, did you---?

BUTCH LAMBERT: Mrs. Dye.

MARY QUILLEN: Quillen.

BUTCH LAMBERT: Quillen. I'm sorry.

MARY QUILLEN: The last digits of the docket number, is that 19 or 91?

BUTCH LAMBERT: It's 91. If I said 19, I apologize.

JIM KAISER: Mr. Chairman and members of the Board, Jim Kaiser, Rita Barrett and Taylor Vactor on item twenty and Jim Pale, obviously, on item twenty. So, we'd ask that they be sworn at this time.

BUTCH LAMBERT: I'm sorry, I didn't get the names.

JIM KAISER: Rita Barrett, Taylor Vactor and Jim Pale.

BUTCH LAMBERT: Thank you.

(Rita Barrett, Taylor Vactor and Jim Pale are duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

JIM KAISER: We'll start with Ms. Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, this is...Ms. Barrett is this a...we're attempting to establish a 320 acre unit here for the purpose of drilling a horizontal conventional well, is that correct?

A. That's correct.

Q. And have all parties been notified...all mineral owners as required by 361.21 of the Virginia Code been notified in accordance with this hearing?

A. That's correct, they have.

Q. And we did have one unknown party and did we publish?

A. We did.

JIM KAISER: Okay. And if I could bring, Mr. Chairman, to your and the Board's attention, we also have this unit scheduled for pooling in item number twenty-two on the docket and for some reason the writing there, the declaration of what this hearing is going to be, it says it's a coalbed methane unit, but it's not. It is a

conventional horizontal well.

RITA BARRETT: I think that has been corrected on (inaudible).

JIM KAISER: Oh, okay. At least on my copy of it, it says coalbed methane. I guess there's a new docket after that.

RITA BARRETT: This one, item twenty-two, does call it coalbed methane. Item twenty doesn't.

JIM KAISER: No, I'm talking about twenty-two.

RITA BARRETT: Okay.

JIM KAISER: So, in other words, what I was going to ask you to do, if we get the unit established in twenty was go ahead and call twenty-two ahead of twenty-one so we can pool it. What I'm saying is, it's misrepresented as to what it is in twenty-two.

BRUCE PRATHER: It is a horizontal well?

JIM KAISER: It's a horizontal conventional well.

BUTCH LAMBERT: When you establish the unit, Mr. Kaiser, we'll consider that. You may proceed.

Q. I guess the last thing for you, Ms. Barrett, so we do have a small percentage of the unit that is unleased and we do intend to attempt to force pool it in the next hearing?

A. Yes. 1.401481% remains unleased.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: I have a question. Ms. Barrett, are these all in the Roaring Fork? They look like they are or this one is.

RITA BARRETT: This one is.

JIM KAISER: Yes.

RITA BARRETT: Yes.

BRUCE PRATHER: Thank you.

BUTCH LAMBERT: You may continue, Mr. Kaiser.

TAYLOR VACTOR

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Raymond Taylor Vactor. I work for EQT Corporation and I'm a geologist.

Q. And could you go through, in conjunction with the handout that you prepared for the Board, what our

proposal for establishing this unit and then subsequently drilling the horizontal conventional well within the unit?

A. Okay. I'm just going to go through our usual proposal packet for conventional horizontal units. On page AA, our proposal is 320 acre square unit with sides of 3,733 by 3,733, the 5,280 foot diagonal. There will be a 300 foot interior window with a 600 foot standoff from adjacent grid horizontal well bores. We should be able to drill a surface location that is outside of the unit so long as production comes from within the unit. There will be a minimum of 600 foot between horizontal well bores and any vertical well producing from that horizon. These should allow for multiple wells and/or laterals for maximum drainage. In some cases, two or more wells may be able to use the same pad due to horizontal or do to terrain restrictions.

On page BB, this is just a diagram showing the horizontal unit with the dimensions that I previously have described.

On CC, the benefits of horizontal drilling. There are fewer issues with coal mining, less surface disturbance. We more effectively extract the resource. The laterals can reach into areas otherwise inaccessible by vertical well bores. There is higher depletion rates with shorter lives

to the well. This will encourage development of the resource.

On page DD, this is a map depicting where the horizontal well...the horizontal unit will be in respect to the counties and the quads.

On page EE, Rita, did you want to discuss this?

RITA BARRETT: Yes, EE, is just everything that is shaded in yellow on that exhibit is leased. Everything in white is the unleased areas.

BUTCH LAMBERT: Ms. Barrett, down on...in the corner...lower right hand corner you've got partially leased, but what are we talking about there?

RITA BARRETT: It's partially leased, Mr. Chairman. That is going to be part of our force pooling for this unit, docket item twenty-two. We have two parties leased in that unit. We have four parties...five parties actually unleased, one being an unknown and unlocateable.

JIM KAISER: In other words, it's a tract that is owned in the undivided interest?

RITA BARRETT: It's an heirship and we have part of it partially leased.

BUTCH LAMBERT: That's what it means, huh?

RITA BARRETT: Yeah.

SHARON PIGEON: So, in the white there's no leasing

at all? This is---

RITA BARRETT: The white area represents areas where we attempted to lease and were unsuccessful.

SHARON PIGEON: So, none at all in that yellow is leased and this speckled area?

RITA BARRETT: That's correct.

SHARON PIGEON: But it's so small you can't show us that?

RITA BARRETT: That's correct.

SHARON PIGEON: All right.

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, just a comment. This is an excellent exhibit because it gives us...I mean, immediately you can see what's leased and what isn't leased according to your legion for it. We appreciate that.

RITA BARRETT: Thank you. That was the point.

MARY QUILLEN: Excellent.

BUTCH LAMBERT: Looking Exhibit A, the field, is something going on with AX-62 that's it's crossed out?

RITA BARRETT: That was just a survey. The surveyor pdf me this and it was just a print. There's nothing going on with that. That is actually the grid. We can get you a revised exhibit that shows that more clearly if you like.

BUTCH LAMBERT: If you would, please.

RITA BARRETT: We will.

BUTCH LAMBERT: Thank you.

DAVID ASBURY: Mr. Chairman, also---

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: ---important on our plats is a statement that says that property information is taken from the chain of title or deed descriptions, please. That's important as we approve permits on the revised plat.

BUTCH LAMBERT: Do you want to include that statement on your revised---

RITA BARRETT: We will.

BUTCH LAMBERT: Okay, thank you. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness.

JAMES PALE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. James Pale. I'm employed by EQT. I'm an engineer.

Q. And you have provided the Board with an exhibit basically at their request about a month or two ago to update them with some production information on the existing horizontal wells that Equitable has drilled in Virginia and this information is...has been gleaned from the production reports that you have actually filed with the state under the required regulations for reporting production?

A. That is correct.

Q. And I think it shows that you've now drilled and have on line nine different horizontal wells, correct?

A. That's correct.

Q. And it states...it shows the monthly production per well and an accumulative production per well?

A. Yes.

Q. And then based upon these figures that you've presented to the Board, would it be your professional opinion that Equitable finds at least initially at this point that this exercise economically viable and obviously we will continue to drill these wells going forward at this point?

A. Yes.

MARK SWARTZ: Nothing further of this witness at this time, Mr. Chairman.

BUTCH LAMBERT: I have a question. How would you...how would you characterize this data if you took nine similar just conventional wells? How would that data be compared? Better or worse or about the same?

JAMES PALE: These horizontal wells we feel that they produce around three times this well as a conventional vertical well.

BUTCH LAMBERT: So, if you took nine wells---

JAMES PALE: Yes.

BUTCH LAMBERT: ---of just a conventional vertical well and you would...by the records that you're providing us, this appears to be three times better?

JAMES PALE: Yes.

BUTCH LAMBERT: Okay. Any other questions from the Board?

BILL HARRIS: Let me ask a quick question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: What units are these?

JAMES PALE: MCF.

BILL HARRIS: MCF. And we did say that these are all conventional wells?

JAMES PALE: Yes, conventional horizontal units.

BILL HARRIS: Conventional horizontal. Thank you.

BUTCH LAMBERT: How do these nine wells...are they all about the same size horizontally wise? Are they all in the same formations?

JAMES PALE: They are not all in the same formations. The lengths do vary. They might all be within about 1,000 feet of each other or between...they're all roughly around 3,000 feet.

BUTCH LAMBERT: Okay.

JAMES PALE: Any other questions from the Board?

DAVID ASBURY: Just one question, Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: In the conventional horizontal wells presented here are multiple horizons stimulated this?

JAMES PALE: No.

DAVID ASBURY: For the most part---?

JAMES PALE: This is a single formation.

DAVID ASBURY: ---this is a single formation---?

JAMES PALE: Yes.

DAVID ASBURY: ---and the stimulation of that one single horizon?

JAMES PALE: Yes.

DAVID ASBURY: Okay. Thank you very much.

MARY QUILLEN: Mr. Chairman, just to clarify what Mr. Asbury just said, each of these in a single horizon?

JAMES PALE: Correct.

MARY QUILLEN: But not all in the same one?

JAMES PALE: That's correct.

MARY QUILLEN: Various horizons?

JAMES PALE: Yes.

MARY QUILLEN: Thank you.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Any further, Mr. Kaiser?

JIM KAISER: Mr. Chairman, we'd ask that the application be approved as submitted with the revision of the Exhibit...what was EE?

SHARON PIGEON: A.

JIM KAISER: A, I'm sorry.

SHARON PIGEON: Well, it was handed out EE. So---.

JIM KAISER: Yeah, I guess, it was A to the application, but EE to the package.

SHARON PIGEON: I think EE for this hearing.

RITA BARRETT: We'll call it EE and revised it for you.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Let me just clarify, this is not on

the pooling?

BUTCH LAMBERT: That's correct.

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather.)

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. So, we're going to go ahead and call docket item twenty-two. It's a petition from Equitable Production Company for pooling of horizontal conventional unit VH-539923, unit AW-61, docket number VGOB-09-0317-2493. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett of Equitable Production Company.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, if you'd state your name, who you're employed by and in what capacity?

A. I'm Rita Barrett. I'm employed by Equitable Production Company...EQT if you will, Big Stone Gap, Virginia as a landman four.

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

A. They do.

Q. Are you familiar with the application that we field seeking to pool any unleased interest in the unit just established for EPC well number VH-539923, which was dated February the 13th, 2009?

A. Correct.

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

A. We do.

Q. And 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. They were.

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

A. 98.59852%.

Q. And are all the unleased parties set out at Exhibit B-3 to this application?

A. They are.

Q. Now, are you familiar with the ownership of drilling rights of parties other than Equitable in this unit?

A. Yes.

Q. What is the interest in the unit that remains unleased?

A. 1.401481%.

Q. Okay. And we do have one unknown respondent, is that correct?

A. We do.

Q. And that is undivided interest in Tract 24, I believe?

A. That's correct.

Q. And in your professional opinion, was due diligence exercised to attempt to locate these unknown people?

A. It was.

Q. And are the addresses set out in Exhibit B to the application the last known addresses for all respondents?

A. Yes.

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

A. I am.

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

A. Yes.

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

A. A five dollar bonus, a five year term and a one-eighth royalty.

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

A. They do.

Q. Now, as to the respondents who have not voluntarily agreed to lease, do you recommend that they be allowed the following statutory options with respect to their ownership interest within the unit: 1) Direct participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eighths royalty; or 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 shall be entitled to the share of production from the tracts pooled accruing to his or her interest exclusive of any royalty or overriding royalty reserved in any leases, assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal, A) 300% of the share of such costs applicable to the interest of the carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of a carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by the respondents be in writing and sent to the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Atkinson?

A. Yes.

Q. Do you recommend that the order provide that if no written election is properly made by a respondent, then such respondent shall 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 signed Board order to file their written elections?

A. Yes.

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

A. Yes.

Q. Should the applicant be allowed a 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 rental or cash bonus becoming due under any 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 election to participate should be treated as having been withdrawn and void and such respondent should be treated as if no initial election had been filed, in other words, deemed to have leased?

A. That's correct.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults

in regard to the payment of well costs be paid any cash sum becoming payable to that respondent be paid by the applicant within 60 days after the last date on which the respondent should have made satisfactory arrangements for payment of their well costs?

A. Yes.

Q. We do need an escrow for the partial interest that's unknown in Tract 24, is that correct?

A. We do.

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

A. Equitable Production Company.

JIM KAISER: Ms. Pigeon, I think we need to get you an Exhibit E.

RITA BARRETT: We need to get Exhibit E.

SHARON PIGEON: I think you do. Thank you.

JIM KAISER: To reflect the heirs...unknown heirs' interest.

RITA BARRETT: Yes.

Q. And, Ms. Barrett, what's the total depth of this proposed well under the plan development?

A. 8,970 feet including the lateral.

Q. What are the estimated reserves over the

life of the unit?

A. 890 million cubic feet.

Q. Are you familiar with the well costs for this well?

A. I am.

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

A. It has.

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

A. Yes.

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

A. The dry hole costs are \$826,215. The completed well costs are \$1,587,891.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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.

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Just a couple of questions.

Actually, one is about the AFE and one is about the depth that you've stated. The 8900...we may have in the past have been including the length of the---

RITA BARRETT: We have.

BILL HARRIS: Have you been doing that?

RITA BARRETT: Yes.

BILL HARRIS: Okay.

RITA BARRETT: Including the length of the lateral.

BILL HARRIS: Okay. But in terms of the actual depth that that...how do we extract that? Do we have any information as to what...I mean, are we talking 6,000 feet and then another...I mean, I know that it's a sum of those two numbers. But I was just curious as to---

RITA BARRETT: I can start breaking it out if you want the vertical depth and the lateral.

BILL HARRIS: Well, now, we've...now, we heard

testimony earlier about the lateral...well, we didn't hear the actual length though. But we heard the terms of the diagonal of that being the 5,280. But that wouldn't be appropriately applied there. But I was just curious as to how...what the actual depth was that your lateral---

JIM KAISER: Before you make the term or the actual length of the lateral?

BILL HARRIS: No. The actual depth...well---

RITA BARRETT: You want the vertical and then we make the turn you want the lateral---

BILL HARRIS: Well, I just wanted the vertical...I don't know if that's---

RITA BARRETT: -split out from the vertical and the lateral? We can do that.

BILL HARRIS: I was just curious as to what...do you understand---

SHARON PIGEON: Well, this says depth. So, I think he's...you know, it is a little confusing if you say depth.

BILL HARRIS: Yeah.

BRUCE PRATHER: I've got a comment.

BILL HARRIS: If you say depth it includes both of those. But there's---

JIM KAISER: We should probably say length instead of depth.

BRUCE PRATHER: Mr. Chairman.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: There's usually a conventional well drilled right close to where these horizontal wells are. So, all of you've got to do is take the depth of the conventional well and you'll be almost right on.

RITA BARRETT: Well, what we can in the future is look at our drilling prognosis and show you the vertical. We can even provide the prognosis if you want it and it will show the vertical depth and then the lateral depth as we've made the term.

BILL HARRIS: Yeah. I'm not trying to be difficult, but---

RITA BARRETT: No, that's---

BILL HARRIS: ---I just thought that that would be...since that includes two things, you know, the lateral, as well as the vertical. I just thought that it would be good to separate those.

RITA BARRETT: We'll be happy to do that.

BILL HARRIS: Okay. The other thing, I do have a question about the AFE. Just a couple of items, and this is probably related to the horizontal, but...I know in the past we've sort of...you know, most of these, I guess, are self explanatory. There's a contractor set up fee that's there,

\$76,000. I'm just kind of curious about a set up fee would be. This actually item number two on your authorization and the nature.

RITA BARRETT: I would imagine that includes...I'm going to have to ask Mr. Chris Hinte whose the engineer who provides these to come down and testify as to what these are.

BILL HARRIS: I did have one other, but I'll wait.

RITA BARRETT: That's fine.

(Chris Hinte is duly sworn.)

CHRIS HINTE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Chris Hinte, EQT Production. I'm a regional drilling manager in Big Stone Gap, Virginia.

Q. And do you assist or actually prepare the AFEs for these wells?

A. I do in some part.

Q. Okay.

BILL HARRIS: Yeah. The question was just about contractor setup. What does that entail?

CHRIS HINTE: Trying to break it down simple. A lot of the costs is contractors. We're going to have different contractors. What it costs for them to come out there and set everything up on location before we actually start any work.

BILL HARRIS: Now, is this usually in our AFEs? I mean, I don't...I mean, it may be. I'm just---

CHRIS HINTE: They're...it's a lot more with the horizontals because there's a lot more---

BILL HARRIS: Well, I can imagine that it would be, yeah.

CHRIS HINTE: You would see it on our others, very miniscule compared this.

BUTCH LAMBERT: I guess in simple terms, is this just site preparation?

CHRIS HINTE: Uh-huh. For the---

BRUCE PRATHER: The thing about these things is that your normal driller drills her down to the point to where you start deviating and then they bring in a separate drilling company that drills that deviated hole. So, there is a set up charge on that.

BILL HARRIS: Okay. Okay. Okay, and so that

would...now, about three items down, directional service and tools. There's a rather substantial amount that's there. Is this the company that Mr. Prather was talking about or the costs for that to make sure this---?

CHRIS HINTE: Those costs are reflecting what it takes to drill the lateral. The actual company that is in charge of making sure that we're drilling where we planned to drill.

BILL HARRIS: Thank you. I was just...I mean, that's almost self explanatory, but I just wanted to make sure that we had that.

CHRIS HINTE: Uh-huh.

BILL HARRIS: Okay, thank you. Thank you, Mr. Chair.

BUTCH LAMBERT: Any further questions?

MARY QUILLEN: I have just one question, Mr. Chairman.

BUTCH LAMBERT: Ms. Quillen

MARY QUILLEN: Your contingency, what percentage is that? Do you know?

DAVID ASBURY: It's about 8%.

MARY QUILLEN: It just seems pretty low.

BUTCH LAMBERT: It's about 8%.

JIM KAISER: Yeah. It's less than 10%.

MARY QUILLEN: Just for a well like this...that's the reason I was just curious. It seemed a bit low for this---.

JIM KAISER: I assume, Mr. Hinte, would that figure probably be based on experience of previous wells?

CHRIS HINTE: Yes.

BRUCE PRATHER: You've got to have...you've got to have a contingency on these things.

MARY QUILLEN: Yeah, that's why I was thinking...I was thinking it just seemed a little bit low just the---.

JIM KAISER: In fact, I guess, Mr. Hinte, would it be your opinion the fact that it is low would show that things have gone somewhat according to plan so far?

MARY QUILLEN: Right. Yeah.

CHRIS HINTE: So far, yes.

MARY QUILLEN: That's a good thing.

CHRIS HINTE: Uh-huh.

BUTCH LAMBERT: Any further questions from the Board?

DAVID ASBURY: The answer to Ms. Quillen, it's 9.2% of the IDC costs.

MARY QUILLEN: 9.2?

DAVID ASBURY: Yes. That's of the total IDC and of the total well---.

MARY QUILLEN: Oh, okay.

DAVID ASBURY: ---probably four one-thousandths of a percentage of the total well cost.

BUTCH LAMBERT: Any further questions?

(No audible response.)

BUTCH LAMBERT: Do you have anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, say no.

BRUCE PRATHER: Abstain.

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: Two abstentions, Mr. Prather and Mr. Ratliff. Thank you, Mr. Kaiser.

JIM KAISER: Thank you.

BUTCH LAMBERT: At this time, we're going to go ahead and break for lunch.

JOSEPH HORN: Are you going to feed us all?

BUTCH LAMBERT: Excuse me?

JOSEPH HORN: Are you going to feed us all?

(Laughs.)

BUTCH LAMBERT: Absolutely.

(Lunch break.)

BUTCH LAMBERT: Twenty-one. Okay, the next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane well VC-503374, docket number VGOB-09-0317-2492. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett for Equitable Production Company and possibly Chris Hinte.

BUTCH LAMBERT: Mr. Kaiser, the Board was presented with a letter from Terry D. Ball concerning this docket item. Did you get a copy of that?

JIM KAISER: No, I did not.

RITA BARRETT: No.

BUTCH LAMBERT: Do you have extra copies, Mr. Arrington?

DAVID ASBURY: Mr. Chairman, if I might---

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: ---from time to time we receive information for the Board after the packets have gone out for the next Board meeting. How would it best be communicated to you from our office when we receive these? Do you prefer to wait until we come to the Board meeting or how best can we communicate that to you?

MARY QUILLEN: Can you send them electronically if they---

DAVID ASBURY: We might could scan them in.

MARY QUILLEN: Yeah. Or send that...can you fax them?

DAVID ASBURY: Yes. Either way. Sometimes our scanner, and we're going to improve that resource, but right now it's---

MARY QUILLEN: Yeah. I know, sometimes it...yeah.

DAVID ASBURY: Sometimes it just doesn't work that way. But fax absolutely and mail, yes. But however you prefer, we can do that.

SHARON PIGEON: Just don't want to have fail to bring them with your materials and all of those things. So---

DAVID ASBURY: Yes.

BUTCH LAMBERT: Any preference from the Board, a fax versus email?

BILL HARRIS: Is there any question about confidentiality if they're faxed? Even though, I know, you can put a cover that says confidential. I mean, I don't know if we receive items of that nature that that would be a problem.

SHARON PIGEON: These are public documents.

BILL HARRIS: So, you have---

MARY QUILLEN: They're public documents. So, it wouldn't matter because they're open to the public to review.

BILL HARRIS: Yes. Fax...I would vote for fax then.

SHARON PIGEON: Mrs. Dye doesn't have a fax. Should would not be able to receive it that way.

MARY QUILLEN: Fax or email attachment either one would be fine for me.

KATIE DYE: I could do email attachment.

DAVID ASBURY: We will attempt to do both and follow up to confirm that you've received one or the other sometimes. We'll try to do that within a short time period after receiving such of an objection in the future, as well as contact the operator and/or their Counsel about the

objection. I wasn't sure of the procedure that the Board received these in the past if the packets had already gone out.

MARY QUILLEN: Well, I---.

SHARON PIGEON: I think they use to just hand them out like this. But however is best for the Board is fine.

MARY QUILLEN: One of the comments that was made here in this is a little disturbing. It says, "Board members past and present on their own initiative have administratively set royalty rates to a point that gas royalty owners cannot receive a fair rate of return." We have not set any rates since I've been on this Board. This is certainly, I think, an erroneous statement.

SHARON PIGEON: That won't be the first one you get.

BILL HARRIS: No.

(Laughs.)

MARY QUILLEN: But this will be one that I would like pointed out and for the record.

JIM KAISER: We've been dealing with...I've been dealing with Terry Ball for seventeen years. He use to show up and do his ranting and raving. The interesting fact is he's never appealed one of these force poolings to the Circuit Court.

BUTCH LAMBERT: Mr. Kaiser, if you're ready, you may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Rita McGlothlin Barrett. I'm employed by Equitable Production Company in Big Stone Gas, Virginia as a Landman Four.

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

A. They do.

Q. And you're familiar with Equitable's application seeking a pooling order for any unleased interest in the unit for well number VC-503374?

A. I am.

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

A. We do.

Q. 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 agreement?

A. Yes.

Q. And what is the percentage of the gas estate under lease to Equitable at this time?

A. 99.17333333%.

Q. And what about the coal estate? Is that the same?

A. 99.17333333%.

Q. And are all unleased parties set out at Exhibit B-3?

A. Yes.

Q. So, the percentage of the gas estate and the coal estate that remains unleased is 0.82666667?

A. That's correct.

Q. Okay. We don't have any unknowns in this unit?

A. We do not.

Q. And are the addresses set out in Exhibit B to the application the last known addresses for the respondents?

A. Yes.

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

A. I am.

Q. Now, are you familiar with the fair market

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

A. I am.

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

A. Five dollar bonus, a five year term and one-eighth royalty.

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, at this time, with Ms. Barrett's agreement and your permission, I'd like to incorporate the testimony regarding the statutory elections afforded any unleased parties that was previously taken this morning in docket item 2493.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, the Board does need to establish an escrow account in this case, I believe, for Tract 1 of the unit, is that right?

A. Yes. It's a conflicting claim.

Q. 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. 2,537 feet.

Q. The estimated reserves over the life of the unit?

A. 230 million cubic feet.

Q. Are you familiar with the well costs for this well?

A. I am.

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

A. It has.

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

A. Yes.

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

A. The dry hole costs are \$137,341. The completed well costs are \$381,996.

Q. Do 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, the prevention of waste and the protection of correlative rights?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You can call your next witness, Mr. Kaiser.

JIM KAISER: That's all I have at this time other than to ask that the application be approved as submitted.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but

Donnie Ratliff.)

BUTCH LAMBERT: Opposed, say no.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for a well location exception for proposed well V-535842. This is docket number VGOB-09-0317-2494. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett for Equitable Production Company.

BUTCH LAMBERT: Mr. Kaiser, you may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, your responsibilities include the land involved here and in the surrounding area?

A. Yes.

Q. Are you familiar with the application that Equitable filed seeking a location exception for well V-

535842?

A. I am.

Q. Have all interested parties been notified as required by Section 4B of the Virginia Gas and Oil Board Regulations?

A. Yes.

Q. Would you indicate for the Board the ownership of the oil and gas underlying this unit?

A. We have a 100% leased or pooled acreage in the unit.

Q. Okay. And we are seeking a location exception from one other well? Is that reciprocal well or that well that we're seeking the exception from is that an Equitable operated well?

A. It is.

Q. Are there any correlative rights issues?

A. No, they're not.

Q. Can you explain for the Board, in conjunction with the exhibit that you've handed out, why we're seeking this exception?

A. This well location was picked by the forestry technician, Roscoe Osborne, with the Forest Service.

Q. Okay. So, they actually selected the

location---?

A. Yes.

Q. ---as surface owner in the Jefferson National Forest?

A. Yes.

Q. Okay. In the event this location exception were not granted, would you project the estimated loss of reserves?

A. Yes, 300 million cubic feet.

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

A. 5,195 feet.

Q. Are you requesting this location exception cover conventional gas reserves to include the designated formations as listed in the application from surface to total depth drilled excluding any coal formations?

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for V-535842?

A. Yes.

JIM KAISER: Nothing further at this time from this

witness, Mr. Chairman.

BUTCH LAMBERT: Ms. Barrett, do you know why the Forest Service picked that location?

RITA BARRETT: I do not, Mr. Chairman. We routinely work with Forest Service to put wells in locations where it benefits them. It could be that...it could be a road issue. It could be terrain. I'm not sure why Roscoe picked this occasion.

BUTCH LAMBERT: And you testified that if this well is not drilled in this location you would potentially lose 300 million cubic feet?

RITA BARRETT: That's correct.

BUTCH LAMBERT: If it were moved a few feet north, south, east or west would you still lose that much?

RITA BARRETT: I would imagine that wouldn't make much difference, yes.

BUTCH LAMBERT: Okay. Thank you. Any other questions from the Board?

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Rita, I can't vote on this. Are you sure that's in the coalbed methane well this thing is offsetting?

RITA BARRETT: I'm sorry?

BRUCE PRATHER: Are you sure that's a coalbed methane well that you're offsetting there? I know where this is. I don't recall a CBM---

RITA BARRETT: This is a conventional well, Mr. Prather.

JIM KAISER: No, that should say V and not VC. He's talking about this right here.

RITA BARRETT: Yeah, that's a typo.

BRUCE PRATHER: That's what I was thinking.

RITA BARRETT: It's V...if you'll notice on the application, the plat that's attached to your application it's correctly depicted as V-502726.

BRUCE PRATHER: Right. But on your map it says CV?

RITA BARRETT: Yeah, that's a typo.

BRUCE PRATHER: Okay. The other thing that I'd like to bring to the Board's attention is that usually on these Forest Service things they will put them right along a road. If you'll notice along that road, that has been established down through there and that's probably the reason that they---

RITA BARRETT: That's what I said. It could be that road.

BRUCE PRATHER: Yeah. I'd say that's exactly the

reason it's out there is because of that road.

JIM KAISER: Thank you.

BRUCE PRATHER: Okay.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: And you're going to provide us a new one of these or should we just mark out the C?

RITA BARRETT: You're welcome to mark out the C on that well or I will be more than happy to get a revised---

JIM KAISER: Whatever you want.

RITA BARRETT: ---exhibit to you.

BUTCH LAMBERT: We'll delete the C.

RITA BARRETT: Okay, thank you.

BUTCH LAMBERT: You're welcome.

RITA BARRETT: Save some trees.

BUTCH LAMBERT: The Forest Service would appreciate that.

RITA BARRETT: Yeah.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather.)

BUTCH LAMBERT: Opposed, say no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. Thank you, Mr. Kaiser. It's approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for a well location exception for proposed well V-502696, docket number VGOB-09-0317-2495. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett on behalf of Equitable Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, your responsibilities with Equitable include this area?

A. Yes.

Q. And you're familiar with the application that we filed seeking a location exception for this well?

A. I am.

Q. And have all interested parties been notified as required by Section 4B of the Virginia Gas and Oil Board Regulations?

A. Yes.

Q. Would you indicate for the Board the ownership of the oil and gas underlying this unit?

A. It's a 100% either leased or pooled acreage in the unit.

Q. To Equitable?

A. Yes.

Q. And there is only one reciprocal well that we're seeking an exception from and it's Equitable well V-502697, is that correct?

A. That's correct.

Q. And we're seeking an exception of about a 100 feet?

A. Correct.

Q. Okay. And does Equitable have the right,

obviously, to operate that reciprocal well?

A. We do.

Q. Are there any correlative rights issues or is this all Penn Virginia?

A. It is a 100% Penn Virginia.

Q. And could you explain, in conjunction with the exhibit that you just handed out to the Board, additional reasons we're seeking this exception?

A. These location...the location was put here to hit a coal block due to deep mining by a coal company. They requested we stay within a 100 feet by a 200 foot block in the Bullet Mine and it was the only location we could get from the coal company due to terrain in the area.

Q. Okay. In the event this exception were not granted, could you project the estimated loss of reserves?

A. 400 million cubic feet.

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

A. 5,583 feet.

Q. Are you requesting the location exception to cover conventional gas reserves to include the designated formations as stated in the application excluding any coal formations from the surface to the total depth drilled?

A. Yes.

Q. In your professional opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the efficient recovery of the gas reserves underlying this unit?

A. Yes.

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

BUTCH LAMBERT: Ms. Barrett, who is Larry Reece?

RITA BARRETT: He's one of our contract...actually, he's an employee of Equitable Production Company. He's a landman. He goes out and flags locations and stakes wells.

BUTCH LAMBERT: Okay. Bullet Mine was in what seam?

RITA BARRETT: I'm not sure.

JIM KAISER: (Inaudible).

RITA BARRETT: I'm sorry?

JIM KAISER: What did he ask?

BUTCH LAMBERT: What seam was the Bullet Mine? Do you remember, Mr. Asbury?

DAVID ASBURY: Kimbo.

BUTCH LAMBERT: Kimbo.

DAVID ASBURY: Part of the mine has been rehabilitated for another operator at this time. I'm not

sure where this is. I don't know today. But we can have...as we go through the permitting process, we'll work with you on that.

BUTCH LAMBERT: Well, I was leading to that question because I'm aware that part of the mines is being rehabilitated. My question was is this that part of the mine?

RITA BARRETT: I'm not sure. I can't answer that. I can find out.

JIM KAISER: Again, the coal company picked the location, right?

BUTCH LAMBERT: I think...I think---

RITA BARRETT: Yeah, but the coal company picked the location. I've been working with them.

BUTCH LAMBERT: And I think we'll get that information through the permitting process too.

BRUCE PRATHER: If your AFE shows a mine stream you know if you're going down through a mine.

MARY QUILLEN: Mr. Chairman, can we ask who the---?

RITA BARRETT: We don't have an AFE with this application.

JIM KAISER: You wouldn't. It's a location exception.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: Can we ask who the mine operator is that requested that?

RITA BARRETT: I'm not sure. I mean, I don't know who operates the Bullet Mine. Is it Alpha or...I don't know.

DAVID ASBURY: Cumberland Resources---

BUTCH LAMBERT: Cumberland Resources.

DAVID ASBURY: ---has an older mine that they've rehabilitated in the northeast part of the Bullet Mine. They have one if not two active mines now. That crosses some of the old works. But we will...during the permitting process, we'll pick up some of the old mine works and ensure that there's not an issue here.

MARY QUILLEN: I was just curious if it was...if that's who it was---

DAVID ASBURY: Yes, ma'am.

MARY QUILLEN: ---because I knew they were doing some work over there at the old Bullet Mine.

BUTCH LAMBERT: That's a good question, Ms. Quillen. Maybe there might be some information that the Board would like to have as well as the permitting process, the mine operator or the permittee.

RITA BARRETT: I made a note to put that future exhibits.

JIM KAISER: Yeah. Well, I think even in the past a lot of times when the location exceptions were coal driven we would submit a letter from the coal operator saying---

RITA BARRETT: Coal operator.

JIM KAISER: ---we've picked this spot because of blah, blah, blah, particularly with Cumberland because isn't that Richard Gay?

BUTCH LAMBERT: It is.

JIM KAISER: Yeah. He used to be on this Board.

BUTCH LAMBERT: Uh-huh.

RITA BARRETT: That's fine.

BUTCH LAMBERT: And that's really why I asked the first question about Larry Reece and the email.

RITA BARRETT: Uh-huh.

BUTCH LAMBERT: If that had some bearing on maybe the operator or how he found out this information.

RITA BARRETT: Yeah, Larry works with the coal operators out in the field and place wells. Going forward, we will get you a letter from the coal operator and find out who the operator is and find out if the mine is being rehabilitated.

BUTCH LAMBERT: Okay.

RITA BARRETT: Do you need anything else?

(Laughs.)

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Are there any further discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather.)

BUTCH LAMBERT: Opposed, say no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. The next item is a petition from Equitable Production Company for a well location exception for proposed well V-502792, docket number VGOB-09-0317-2496. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Rita, again, your responsibilities include the land involved here and in surrounding area?

A. They do.

Q. And you're familiar with the application that we filed seeking this location exception?

A. I am.

Q. Have all interested parties been notified, that being Penn Virginia and Steimann, of this application as required by Section 4B of the Virginia Gas and Oil Board Regulations?

A. Yes.

Q. Could you indicate for the Board the ownership of the oil and gas underlying this unit?

A. EPC has it 100% leased or pooled.

Q. And we are seeking an exception from one well again and it is EPC well number 502791, correct?

A. That's correct.

Q. And we're seeking an exception of roughly about what 368 feet?

A. Yes.

Q. Okay. And Equitable has a right to operate the reciprocal well?

A. Yes.

Q. There are no correlative rights issues?

A. They are none.

Q. And, again, in conjunction with your exhibits that you've provided the Board, explain why we're seeking this exception?

A. We put this here...we put this well here for Hank Ross, who is an employee of Steimann Development Company, the operator, to accommodate a reclamation of a strip job. This was the only place that we could get it coal approved.

BUTCH LAMBERT: It's a surface mine, Ms. Barrett.

RITA BARRETT: I'm not---

(Laughs.)

JIM KAISER: Not a strip job, a surface mine.

DONNIE RATLIFF: That's right.

RITA BARRETT: I'm sorry. I'm sorry.

(Laughs.)

DONNIE RATLIFF: We stripped in the '60s. We surface mine today.

RITA BARRETT: That's what he has gotten written here, so I just read it. I'm sorry, surface mining.

BUTCH LAMBERT: I know. I was going to comment on that too.

DONNIE RATLIFF: I'll call him.

RITA BARRETT: What did you folks have for lunch?

(Laughs.)

Q. In the event this exception were not granted, could you project the estimated loss of reserves?

A. Yes, 400 million cubic feet.

Q. And the total depth of the proposed well?

A. 5,595 feet.

Q. And are we requesting the location exception to cover conventional gas reserves excluding any coal formations and including any formations designated in the application---

A. Yes.

Q. ---from the surface to the total depth drilled? In your opinion, would the granting of this location exception be in the best interest of preventing waste and protecting correlative rights?

A. Yes.

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

BUTCH LAMBERT: Just a point of clarification, you said Hank Ross worked for---

DONNIE RATLIFF: Steimann.

RITA BARRETT: Steimann.

BUTCH LAMBERT: ---Steimann? I thought he worked for Red River.

MARY QUILLEN: Mr. Chairman, just one clarification. You said that 2791 is an Equitable well.

RITA BARRETT: It is, ma'am. Yes.

MARY QUILLEN: Thanks.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather.)

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention. Thank you, Mr. Kaiser. Your well exception location on the surface operation is approved.

JIM KAISER: Thank you.

RITA BARRETT: Thank you. I'll talk to my land agents about that.

(Laughs.)

JIM KAISER: Go for it.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells in unit RR-2497. This is docket number VGOB-09-0317-2497. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, in this case, Jim Kaiser, Phil and Gus Jansen on behalf of Range Resources-Pine Mountain, Inc.

(Gus Jansen and Phil Horn are duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Phil Horn. I'm employed by

Range Resources-Pine Mountain, Inc. as land manager.

Q. And would it be your testimony that all parties required to receive notice of this application and of this hearing, being the oil, gas and coal owner underlying this unit have been notified?

A. Yes, it is. Yes, they have.

Q. And in this particular unit, we have one, two, three, four, five, six...it looks like maybe six unknown entities, is that correct?

A. That's correct.

Q. And do we publish in order to affect notice on them?

A. Yes, you did.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Gus Jansen. I'm manager of geology for Range Resources-Pine Mountain, Inc.

Q. Before we get into your testimony regarding why we want to establish this unit for the drilling of a conventional horizontal well, I think you have...as asked by the Board, you have got some facts and figures to kind of fill them in on the way your program has been and where it's going and sort of how things are going, I guess.

A. That's correct. I'll give a little brief update concerning our drilling program and the production results to date. Our 2008 program, we've completed all of the drilling at this point. We've got all of the wells completed. Eight of those wells have actually been turned in to line producing at this point. We've still got two that we're still cleaning up that's not quite in production yet. Our 2009 program is underway. We're drilling on our second horizontal well at this point. We've drilled...also drilled the top hole portion of four additional horizontal wells at this point. So, the program is moving along and will continue to go. Early production, we're indicating that we're still in the neck and a viable project and I'm we're going to continue with our drilling program throughout

the 2009...2009 year with a plan for twenty horizontals this year. The majority of those horizontals will be in the Devonian Shale. We will also target two additional formations this year, the Berea, Sandstone, as well as the Big Lime formation, which it goes along the lines with the development of the different formations through the horizontals throughout the year. The well we're currently drilling this year, we're also drilling on a pad that was established in '07. As a matter of a fact, our first well, it's actually the third well off of the drilling pad at this point in the same unit in a different formation. We're actually drilling the Big Lime Formation at this time. So, we're going to continue our drilling...evaluating our drilling and completion techniques and our various well production results over time. Just some of the...talk about the early production a little bit, when comparing our Lower Huron Shale, which is what we have the most information on at this point, to a vertical well in the Shale, we need to first realize that most of the vertical wells in the field are multi-formation completions in different formations and the production is co-mingled. There is a...it's not exactly a one to one relationship between those formations. Our early evaluation of that at this point indicates that a horizontal shale well will produce somewhere between five

and ten times a comparable single vertical in the Lower Huron Shale. That's basically due to you being able to expose more of the rock. You're going to encounter more of the natural fracturing than you would in the vertical well. That's what basically makes an economic project at this point. We've basically suspended for most of our vertical well program this year drilling additionally down into the Lower Huron Shale because it's not economic in the vertical well to do that on its own. There's additional cost in there and the limited amount of reserves that you'll get for that incremental drilling is not economic at this point especially in today's depressed pricing environment. I guess, that is basically is where we're at and we're going with that. We do see continuing horizontal drilling in the shale. That is still an economic part of our program. But the vertical part is not at this point if that gives you some indication of where we're going with that. Is there any questions? I'll try to answer---

BUTCH LAMBERT: Any questions from the Board?

MARY QUILLEN: I have one question. You said you had twenty wells proposed for 2010?

GUS JANSEN: 2009.

MARY QUILLEN: 2009.

GUS JANSEN: I may have said 10...no, 2009.

MARY QUILLEN: 2009. Are all of these in the Lower Huron Shale?

GUS JANSEN: At this point, our plans today changes over time. We're planning seventeen of them in the Lower Huron Shale, two of them in the Berea Sandstone...I'm sorry, back up. There will fifteen in the Lower Huron Shale and four to five possibly in the Berea and one or two in the Big Lime Shale. That doesn't add up to twenty, but some of those may change as we get the early results from some of those other formations.

MARY QUILLEN: And you mentioned the depressed gas prices. Now, does this continue to look like that it is going to be economically advisable to continue with that number if the prices stabilizes or if they should drop any or---?

GUS JANSEN: Well, obviously, are going to drop to low it would not...with the current market conditions now, we are still economic at this point and we continue with the program because we still want to continue to test the field for the future---.

MARY QUILLEN: Right, right.

GUS JANSEN: ---and do that, of course.

MARY QUILLEN: Well, that's good to know because the gas prices are a little scarier and---.

GUS JANSEN: Exactly.

MARY QUILLEN: ---investing that kind of money in horizontal wells. I just wondered what your plan was for that. Thank you.

BUTCH LAMBERT: Any other questions?

DAVID ASBURY: Mr. Chairman, I've got a question if I might.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: In your horizontal...most of your horizontal wells, are they also the stimulation? Are you stimulating multiple horizons or are you just stimulating your primary horizon?

GUS JANSEN: By really stimulating the target formation for each of those wells. If it's a shale well, we only target the shale. If it's a Berea well, we only target the Berea. We're only drilling that formation also. There's a significant separation between.

DAVID ASBURY: Okay. If you're in a lower horizon, you're not stimulating anything above producing yet from a vertical?

GUS JANSEN: No, we're staying within the Huron Shale. For our shale wells, we're staying within the Berea and that type of thing.

DAVID ASBURY: Thank you.

JIM KAISER: You're stimulating one formation at different intervals?

GUS JANSEN: A single well.

JIM KAISER: A single well.

GUS JANSEN: We don't have any...we don't have any multiple horizontal completions at this point.

JIM KAISER: All right.

MARY QUILLEN: I have just one additional question. When you were talking about the vertical wells, you seem to be pulling back on your vertical wells. Is that...and concentrating more on the horizontal wells because of the increased production?

GUS JANSEN: Actually, we're not cutting back on our vertical wells, only the depth of the vertical wells.

MARY QUILLEN: Okay.

GUS JANSEN: We're not drilling them to the Lower Huron Shale. We're going to---

MARY QUILLEN: So, you're continuing to save the Berea.

GUS JANSEN: Develop...yes, we continue our vertical program as planned. All we've done is eliminated some of that extra cost for drilling deeper and we prefer to develop that with the horizontal drilling.

MARY QUILLEN: It makes sense.

BRUCE PRATHER: I've got a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: I've often wondered why when you're drilling these horizontal wells you don't put them...instead of putting them on locations that are up against adjacent vertical wells, why don't go out there a 1,000 feet and that way you have some upside up the hole if it doesn't work out or even when you get rid of...went through with your horizontal production. You've got something up the hole that you can do. But these things being drilled on the same location with current vertical wells, you don't have any upside at all.

GUS JANSEN: We've rarely done that in our case on the same well pad as an existing vertical well.

BRUCE PRATHER: Yeah. I mean, we've seen a lot of it though.

GUS JANSEN: You've seen some of that?

BRUCE PRATHER: Yeah.

GUS JANSEN: But typically we do not do that. We typically like to space our horizontals in between where our vertical wells are and use those vertical offset wells as control for that drilling. We have drilled a few wells that target the formation. We have drilled a pilot hole and plugged back before---

BRUCE PRATHER: Uh-huh.

GUS JANSEN: ---we drill a horizontal. But typically we have not co---.

BRUCE PRATHER: Yeah. What I was king of---.

GUS JANSEN: Is not set up with an existing vertical well.

BRUCE PRATHER: What I was kind of looking at was if, you know, eventually these horizontal wells will have to be plugged and you've got them up there against conventional wells that are already producing---.

GUS JANSEN: Right.

BRUCE PRATHER: ---then you have no upside. You've got to plus her all the way back.

GUS JANSEN: Exactly.

BRUCE PRATHER: If you had them out there a 1,000 feet away you might have something you could---.

GUS JANSEN: That's a good point. I think for the most part we try to not use the vertical well sites. We have developed ours single for the horizontal.

BRUCE PRATHER: Okay.

GUS JANSEN: The one I was talking about before, we drilled three horizontal wells off the same pad, which was one of the benefits of doing the horizontal drilling---.

BRUCE PRATHER: Right.

GUS JANSEN: ---but no verticals on that pad.

BRUCE PRATHER: Yeah.

GUS JANSEN: We'll move into the establishment of the units with the handout I provided you. The Exhibit AA is a depiction of the 2497 unit that we've proposed which is an offset to two existing units that we've had previously approved here basically located in the center of Dickenson County.

Exhibit BB is just a schematic showing the dimensions of the 320 acre units with the 300 foot interior offset window and it's showing the maximum lateral that you could have achieved in that unit of 4,431 feet.

Exhibit CC is, again, just some numbers that we've talked about before on the horizontal units, the unit size with the interior window. We also have a requirement for a 600 foot standoff from adjacent grid horizontal well bores. We also have a 600 foot standoff from the vertical well that's in the same...producing from the horizon as our unit. This allows for multiple wells under the laterals for maximum drainage and all the conventional formations. We should be able to drill the surface location inside or outside the unit so long as production comes from within the unit.

Exhibit DD is just a typical well plan showing our

casing plans for the horizontal wells. Again, we'll be in the same requirements for casing that we do on a vertical well providing a water protection zone and a coal protection zone.

Then, Exhibit EE, again, it's just a summary of the benefits of the benefits of the horizontal drilling program. Again, it benefits the working interest owners, the royalty owners and the counties. It will promote the conservation of gas resource and prevent waste my more effectively extracting the resource. The laterals can drill areas that are otherwise inaccessible from the surface locations. They have less potential impact on coal mining and less potential surface disturbance, again, by drilling multiple wells from single pads. The square units, we have proposed have no stranded acreage in them.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any

further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas well, unit RR-2498, docket number VGOB-09-0317-2498. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser, Phil Horn and Gus Jansen for Range Resources-Pine Mountain Oil and Gas.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, again, of all parties required by statute to be noticed for this hearing been noticed?

A. Yes, they have.

Q. We had five different parties, is that correct?

A. Right. It's 100% oil and gas and the coal owners.

Q. Right. And we don't have any unknowns in this particular unit?

A. No, we do not.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Kaiser.

JIM KAISER: Mr. Chairman, that would be Mr. Jansen. We would ask this time that his testimony from the previous hearing be incorporated for purposes of this hearing.

BUTCH LAMBERT: Accepted.

JIM KAISER: And then give time for the Board to kind of review the application and see if there are any

questions with this.

BUTCH LAMBERT: Any questions from the Board of the application?

(No audible response.)

SHARON PIGEON: Since we are incorporating his testimony, we'll need to attach his exhibit package again as well. All right?

JIM KAISER: Yes, please.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, say no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for a well location

exception for proposed well V-530120, docket number VGOB-09-0317-2499. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn, Gus Jansen and Jerry Grantham for Range Resources-Pine Mountain, Inc. Mr. Grantham may or may not testify.

(Jerry Grantham is duly sworn.)

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you. Our first witness is Mr. Phil Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. and one of my job descriptions is see that our wells get permitted and drilled.

Q. And you're with the ownership of this unit, is that right?

A. Yes, I am.

Q. Okay. And the parties who are listed on Exhibit B those received notice how?

A. By certified mail.

Q. The reciprocal well P-84, does Range Resources-Pine Mountain participate in the operation of that well?

A. Yes, we do.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jansen. I'm manager of geology with Range Resources-Pine Mountain, Inc.

Q. And you're familiar with this application?

A. Yes, I am.

Q. And would you please tell the Board why we're seeking a well location exception by this application?

A. Yes. If the Board will refer to Exhibit

AA, which has been passed around, you'll see the location of well 530121 in the center of three well, two of which are existing and another offsetting proposed well to the southeast. We've situated this well on an existing strip mine bench to accommodate and to minimize the amount of disturbance for the well drilling. There's also some additional wells in the general area, CBM wells, that we're working around to get the best location available. The nearest other location that's best suited for drilling is going to be due east across the hollow on another strip bench, which is approximately 1700 or 1800 foot away, which again increase the amount of strained acreage if we do not drill it on this side of this...this creek area. At this point, we have the drainage area associated with this well will be an approximately 99 acres.

Q. So, we lose about 30 acres, is that right roughly?

A. That's correct.

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

A. 5,455 feet.

Q. And what would be the potential loss of reserves if this application is not granted today?

A. 350 million cubic feet of gas.

Q. Okay. In your opinion, would the granting

of this application be in the best interest of promoting conservation, protect correlative rights and the prevention of waste?

A. Yes, it will.

TIM SCOTT: I think that's all I have for Mr. Jansen.

BUTCH LAMBERT: Did you say it was on a surface mine bench, Mr. Jansen?

GUS JANSEN: Yes, sir.

(Laughs.)

TIM SCOTT: It's a strip bench. We don't use that word, sorry.

BUTCH LAMBERT: No, Mr. Jansen is this on a haul road? You can't hardly tell from your outline of the permit. But is that on a bench area or is that haul road area?

GUS JANSEN: That is for the existing DMLR permit?

BUTCH LAMBERT: Yes.

GUS JANSEN: I think that's just part of the surface mine permit, I believe. That may be a remaining of the existing high wall that was in there why is so narrow along the bench there.

BUTCH LAMBERT: Any questions from the Board?

BRUCE PRATHER: I've got one question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On this map here, where this little dot is, is that one of your coalbed methane wells?

GUS JANSEN: Yes. Actually, that is the location of the well of the offsetting wells.

BRUCE PRATHER: Okay, thank you.

BUTCH LAMBERT: Further questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness.

TIM SCOTT: That's all I have, Mr. Chairman.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from

CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in portions of Tracts 3 and 4, unit S-36, docket number VGOB-098-0325-0626-05. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Sir, would you please state your name for the record?

JOSEPH HORN: Joseph Perry Horn.

(Joseph Horn is duly sworn.)

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. Okay. With regard to this disbursement petition, what is it that you do that's relevant to this petition?

A. I compare the payments that we have sent to the escrow agent to make sure that they have received them

and they're properly accounted for.

Q. Okay. In a basic sort of way, what you're doing is you're looking for payments that your records say you sent to the bank---

A. Yes.

Q. And then you're looking at the bank's records to make sure that they received them?

A. Yes.

Q. And when you did that with regard to the tracts that we're going to be talking about here, what did you find?

A. Everything was in agreement.

Q. Okay. Would a difference...between the records that you have with regard to payments and the balances that would result from totaling those payments and the bank balance, would a difference be that the bank accrues interest and charges costs?

A. Yes.

Q. So, the bank balance is always going to be differently ultimately than your balance?

A. Yes.

Q. Okay. Did you try to do the comparison through a specific date?

A. February the 28th...oh, that says '07. It

should be '09.

Q. Okay. So, February the 28th of '09. If we look at Exhibit AA, which is the second page of the application that's the result of the comparison as of that date?

A. Yes.

Q. Okay. Which tracts are you proposing an escrow disbursement be made from?

A. A portion of Tract 3 and Tract 4.

Q. Okay. And suggests then that there will still be an escrow account for...sub-account for Tract 3 and Tract 4 because we're not disbursing all of the money?

A. That's right.

Q. Okay. The portions that we're disbursing, are they highlighted or are they reported on Exhibit A?

A. Yes.

Q. Okay. And is this disbursement being requested because these folks have entered into a split agreement?

A. Yes.

Q. And what's the nature of that agreement?

A. 50/50.

Q. Okay. And basically it's an arrangement between Hurt McGuire and certain listed oil and gas owners?

A. Yes.

Q. Okay. And have you identified the folks to whom the disbursement should be made on Exhibit A?

A. Yes.

Q. And who are they?

A. For Tract 3, it is Nellie Maynard, Danny Elder, Robert Elder and Joseph P. Horn?

Q. And also Hurt McGuire?

A. And Hurt McGuire.

Q. Okay. And then for Tract 4?

A. For Tract 4, Hurt McGuire, Arthur Stilwell, Linda Shelton, Geraldine Davis, Danny Osborne, Lois Casey and Clinton Stilwell.

Q. Okay. At least as of February the 28th of '09, have you reported the amounts that would have been disbursed if it had occurred then?

A. Yes.

Q. Okay. And have you reported...for each person or company that you're proposing receive a disbursement from the escrow sub-accounts for Tract 3 and 4, have you reported a percentage that the escrow agent can use in making the disbursement?

A. Yes.

Q. Are those reported in owner's percent of

escrow in the 50% column?

A. Yes.

Q. And is your recommendation that the order require the escrow agent to apply these percentages to the amount on deposit in the sub-accounts for these two tracts at the time the disbursement is made?

A. Yes.

Q. Okay. And is it also your request that at least on a going forward basis the operator no longer be required to escrow funds with regard to the people that are receiving pay outs as a result of this request?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Horn.

JOSEPH HORN: I still want to know...the five wells that they are supposed to pay me for. What happened to the rest of these wells, if I'll get paid for them later or---? It's a pretty good bunch of wells here. They offer to pay me for five. That's the question I got. T-36, it's not...I've got nothing on it.

ANITA DUTY: T-36 was one...there's a pending disbursement right now. So, that was the reason that I

couldn't file it because we can't have two...the percent of escrow won't be correct if I...if there's two pending at the same time. So, one has to take place before the other. So, that's the reason you didn't get T-36.

BUTCH LAMBERT: And I'm to understand we're only talking about one well and two tracts at this point.

ANITA DUTY: Well---.

MARK SWARTZ: That's what this application pertains to. You're right.

ANITA DUTY: It's not just one well. I mean, it's...if there are three or four wells within unit S-36, they're all included in one account. So, all of the escrow---

BUTCH LAMBERT: So, how many wells are we talking about---?

MARK SWARTZ: It's just one.

BUTCH LAMBERT: ---in these two tracts?

ANITA DUTY: I don't know.

MARK SWARTZ: Well, in S-36---

ANITA DUTY: Well, there's S-36 and S-36A.

MARK SWARTZ: There are those two wells though? I mean, we know what they are?

ANITA DUTY: Yes. Yes.

MARK SWARTZ: Okay. And both the proceeds...the

proceeds from S-36A and S-36 would be in these accounts?

ANITA DUTY: In the same...in the same account.

MARK SWARTZ: Right. So, an answer to your question, Mr. Chairman, there are two wells in this unit. There will be money pertaining to both of those wells in the sub-accounts for these two tracts. With regard to the other units that he's talking about, that money would not be in here, which I think was your point.

BUTCH LAMBERT: Yes, sir.

SHARON PIGEON: So, your application applies to two wells, is that what you're saying?

MARK SWARTZ: The two that are shown in the plat that's attached to the application, correct?

BUTCH LAMBERT: Okay. Okay, I see S-36. Could you help us---?

MARY QUILLEN: Right here.

BUTCH LAMBERT: Oh, I see it, okay. I found it. Thank you.

SHARON PIGEON: Outside the window.

BUTCH LAMBERT: Outside the window. Within the window frame and outside the window. Any other questions from the Board? Mr. Harris.

BILL HARRIS: I know that there's some questions pending. I know he asked about...Mr. Horn asked about the

other wells. Are they close to this or related to this? I mean, how do we address that?

SHARON PIGEON: They're not in this unit.

BUTCH LAMBERT: They're not in this unit.

SHARON PIGEON: This application is only about this unit.

MARK SWARTZ: For example, the next one is S-37 on the docket today.

MARY QUILLEN: There's a lot of disbursements in this one with a lot of different wells. (Inaudible).

MARK SWARTZ: I mean, I didn't look at the list to see if you were in S-37, but if you are, that's the next one that we're going to be talking about.

BILL HARRIS: I guess, I was just asking what becomes of his question? I know we're not dealing with but these two.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Just a little input, there may be some confusion. When we force pool a unit, a unit sometimes can have multiple wells. The moneys for individuals in that unit could have one, two or other wells depending on what unit we're talking about. So, it might be the case that they're...in this unit there's two wells and in other units

that we would disburse there may be three, four or more wells. So, we need to remember the distinction of what we're disbursing and we're disbursing funds for acreage in a unit that may have one or multiple wells. So...and the funds for each of these wells that were placed into escrow was placed in this unit account and not a well account. So, it would be...being disbursed in here for two wells in this unit and his acreage disbursement would come from the moneys put in from both wells in this unit.

MARY QUILLEN: Just to clarify, one disbursement may represent one or more wells depending on the interest in that unit?

DAVID ASBURY: Yes. We disburse units and there may be one or multiple wells in that unit.

MARK SWARTZ: See your interest really isn't related to how many wells there are in the unit. Your interest is what your acreage in that unit. Then you figure out a decimal based on the acreage in that unit and you apply that decimal to the production that's allocated to the unit. I mean, that's---.

MARY QUILLEN: I was not talking about the interest on the escrow. I was talking about the interest in the...in the---.

MARK SWARTZ: No, not...I meant your

interest...your interest in the unit.

MARY QUILLEN: In the unit.

MARK SWARTZ: Not---.

MARY QUILLEN: Oh, okay.

SHARON PIGEON: Your share.

MARK SWARTZ: ---financial interest.

MARY QUILLEN: Right.

MARK SWARTZ: I mean, ownership interest.

MARY QUILLEN: Ownership interest, yes.

MARK SWARTZ: So, your ownership interest in acreage in the unit drives the decimal, you know.

MARY QUILLEN: Exactly.

MARK SWARTZ: And then if there were six wells in the unit your decimal would still be the same because all of the production goes into one account regardless of how many wells. So, if there's one well, there's one account. If there's several wells, as is the case here. You know, sometimes there might be an allocation resulting from a longwall panel. So, you've got an allocation from a panel to a unit to wells in that unit, but it's always driven by your acreage.

MARY QUILLEN: Right. Well, as an example on Exhibit A, Mr. Horn has 3.6380% interest.

MARK SWARTZ: In---?

MARY QUILLEN: In that---.

MARK SWARTZ: Right. But that's as a result of his ownership of a piece of Tract 3.

MARY QUILLEN: Right.

MARK SWARTZ: Then as a result...I guess he's not in the other tract.

MARY QUILLEN: He's not in Tract 4. So that---.

MARK SWARTZ: Right.

MARY QUILLEN: I hope that clarifies that question.

MARK SWARTZ: I mean, you see what Anita has done is she started with the acres. So, she gives him his piece of the acreage. You're see an acres column and then that converts to the decimal.

MARY QUILLEN: Right.

BUTCH LAMBERT: Any other questions from the Board?

DAVID ASBURY: One addition, please. And it's also important that acreage that they have in any particular tract is based against those acres that are escrowed at that point. That goes back to what Anita just said is that we've got pending disbursements on down the line. But that would be in accurate if we don't disburse one at a time in sequence---.

MARY QUILLEN: Right.

DAVID ASBURY: ---and that way the calculation of

percentages is continued.

MARK SWARTZ: Because we use a percentage for the reason that the dollars are always changing---

MARY QUILLEN: Right,

MARK SWARTZ: ---and you've got to do it in order, which is the sum of...the cliff notes of what you just said.

MARY QUILLEN: It depends on what the previous one---

MARK SWARTZ: Right. Which is the problem with T-36 that we've---

DAVID ASBURY: Right.

MARK SWARTZ: ---got to finish that disbursement before we can apply a percentage because we need to know what's left to apply a percentage to it to make it work.

BUTCH LAMBERT: So, Mr. Horn, does that answer... help you understand this unit? That they're asking to disburse---

JOSEPH HORN: It will be two wells.

SHARON PIGEON: Yes.

BUTCH LAMBERT: Yes.

SHARON PIGEON: And we're only here on this one unit. The other units---

MARK SWARTZ: At the moment.

SHARON PIGEON: At the moment, right.

BUTCH LAMBERT: At the moment, yes. We're going to be moving into other---.

SHARON PIGEON: This item right here is only about the one unit.

JOSEPH HORN: The others will be at a later date?

MARK SWARTZ: Some might be today.

BUTCH LAMBERT: It could be today. I don't which wells you're in.

JOSEPH HORN: Yeah, okay.

MARK SWARTZ: Let me see the list you gave me a minute ago. No, the handwritten---

JOSEPH HORN: Oh, okay. Right here.

MARK SWARTZ: Okay. No, it was that thing.

JOSEPH HORN: Okay. Yeah, that thing right there.

MARK SWARTZ: Okay, S-35 is later today or is it W-35? Hold on.

BUTCH LAMBERT: S-35 is number thirty-three.

MARK SWARTZ: S-35 is later today.

ANITA DUTY: I think all of them except---

MARK SWARTZ: S-37 is later. So, everything except T-36, you're think, Anita?

ANITA DUTY: And U-38 probably.

MARK SWARTZ: Okay. So, except for T-36 and U-38, these others will be here. So, hang around today.

JOSEPH HORN: I'll be here. I'm going to hand onto you, buddy.

(Laughs.)

SHARON PIGEON: Well, hopefully, we'll get to them today on the docket.

DAVID ASBURY: Anita, would you share that list with the Board and it shows the grouping of the number of wells in each unit.

ANITA DUTY: Okay. Do you have anymore of these, Mr. Horn?

JOSEPH HORN: No, ma'am, I don't. You can get you a copy.

ANITA DUTY: Okay.

MARK SWARTZ: You need to repeat that for him that he needs to get him a copy as well.

(Laughs.)

MARK SWARTZ: We'll make a copy before you leave. Can you lead it to us?

JOSEPH HORN: Yeah, I'm going to stay close to him too.

MARK SWARTZ: Okay. But you hang on...just stay where you are because we're going to be calling some more of these and then you won't have to be jumping back and forth.

JOSEPH HORN: Okay. It will be close to me

(inaudible).

MARK SWARTZ: All right.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. That is approved. The next item is a petition from CNX Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in a portion of Tract 5, unit S-37, docket number VGOB-98-0421-0649-03. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: Mr. Horn, again, would you please state your name that you're going to be present?

JOSEPH HORN: Joseph Perry Horn.

BUTCH LAMBERT: Thank you. Mr. Swartz, you may proceed.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, I'll just remind you that you're under duty...under duty.

A. Under duty.

Q. You're under oath, okay?

A. Okay.

Q. And then you need to state your correct last name?

A. Okay. Anita Duty.

Q. Okay. Who do you work for?

A. CNX Land Resources.

Q. Okay. And what do you do for them that pertains to the application that we're on now with regard to S-37?

A. Compare the payments that we've sent to the

escrow agent to make sure that the escrow agent has accounted for them...in the account.

Q. Okay. And did you do that with regard to S-37?

A. Yes.

Q. Okay. And whose...what records did you have available to you and what comparison did you make?

A. I compared our...I guess, our check detail with the ledger sheet from Wachovia.

Q. From the bank?

A. Yes.

Q. And when you made that comparison, what did you determine?

A. That all of them deposits were properly accounted.

Q. Okay. So, every time you sent them a check, as far as you could tell, they got it?

A. Yes.

Q. Okay. Does this request for disbursements, is it just for a portion of an account?

A. Yes.

Q. Okay. And what tract does it pertain to?

A. Tract number 5.

Q. Okay. And is...what is the date as of

which you did the comparison of your check register to the bank ledger?

A. February the 28th.

Q. Okay. And as of that date, have you reported in the last column the amounts that would be due if the disbursement were made then?

A. Yes.

Q. And what is the nature of the agreement between these parties to this...to the split agreement?

A. 50/50.

Q. Okay. And who is going to receive money based...if the disbursement is approved?

A. Hurt McGuire Land Trust, Nellie Maynard, Danny Elder, Robert Elder and Joseph Horn.

Q. Okay. And for each of those folks, have you set forth a percentage that the escrow agent should use when the disbursement is made?

A. Yes.

Q. And is the expectation that the escrow agent would apply the percentage in the second to the last column on Exhibit A to the balance in the escrow account as of the date the disbursement is made?

A. Yes.

Q. And then whatever dollar figure result

should be paid out to these folks?

A. Yes.

Q. Are you also asking that the Board order allow the operator to stop paying money into escrow with regard to these people?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, how many wells are in this unit?

ANITA DUTY: I know there's two, but I believe there's more. I don't know exactly. This is a 2003. This is the last pooling plat that we have. So, I believe there are more wells in there now, but I don't know exactly how many.

SHARON PIGEON: In the future, I think that's information that would be helpful for people to have when they're getting a disbursement so they'll know if it's on two wells or four wells.

BUTCH LAMBERT: I think that probably help Mr. Horn...answer Mr. Horn's question.

JOSEPH HORN: Yes, sir. Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Horn, do you have anything?

JOSEPH HORN: No.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved. The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in Tracts 4C and a portion of Tract 4F in unit W-34. This is docket number VGOB-97-0318-0571-03. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty. Mr.

Horn, you're in this one too. You should be. There you are. Yelp.

BUTCH LAMBERT: Just state your name again for the record, Mr. Horn.

JOSEPH HORN: Joseph Perry Horn.

BUTCH LAMBERT: Thank you.

JOSEPH HORN: I've got wells all over that mountain.

(Laughs.)

BUTCH LAMBERT: Mr. Swartz, you may continue.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. You need to state your name for us, again.

A. Anita Duty.

Q. I'll remind you that you're still under oath.

A. Okay.

Q. Did you follow your procedure of comparing your check register with regard to royalty payments to the bank's ledger with regard to this unit?

A. Yes.

Q. And when you did that, what did you

determine?

A. All of our deposit...everything that we had sent had been deposited.

Q. Okay. And did you do a square off as of a date?

A. Yes, February the 28th.

Q. Of '09?

A. '09.

Q. Okay. And have you provided the Board with a exhibit that shows what you determined with regard to the folks who are subjected to this proposed escrow disbursement?

A. Yes.

Q. And who are the people that you're proposing would receive a disbursement from these two tracts?

A. For Tract 4C, Hurt McGuire Land Trust and Carl Davis. For Tract 4F, Hurt McGuire Land Trust, Nellie Maynard, Danny Elder, Robert Elder and Joseph Horn.

Q. Okay. And when...after these disbursement are made will there still be a need to account for one or more of these tracts on an ongoing basis?

A. Yes, Tract 4F.

Q. Okay. So, 4C will pay out completely?

A. Yes.

Q. But 4F will still have some money in escrow?

A. That's right.

Q. Okay. And are you also asking that after the disbursements are made that the operator be allowed to pay these folks directly rather than continuing to escrow their funds?

A. Yes.

Q. And the nature of the agreement that these people have as to how to make the split?

A. 50/50.

Q. Okay. And have you provided in the second to the last column the percentage that the escrow agent should use to apply to the balance on deposit at the time the disbursement is made?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board.

MARY QUILLEN: I have just one question. On the Exhibit A, it shows W-34A and unless I'm overlooking it, I don't see W-34.

ANITA DUTY: This is a 1999 plat. When I do these disbursements I include the latest force pooling plat and

not actually the last permitted plat. I mean, I could start doing that. I try to make sure that the Tract ID matches the plat that's included in it matches the record from where the unit was originally pooled. That's the reason I put the---

MARY QUILLEN: So, there are two wells for sure in this?

ANITA DUTY: I'm pretty sure there is, but...in the future, I'll make sure that I know how many are in each.

MARY QUILLEN: Oh, okay, because it says here, you know, W-34 and it doesn't show up on the plat and just W-34A, which leads us to believe that there's two, but not---

ANITA DUTY: Well, W-34 is really the unit name instead of...most likely there is a W-34 well there, but I don't know for sure.

MARY QUILLEN: Okay.

BUTCH LAMBERT: Ms. Duty, also on the plat they're identifying Tracts 4C and Tract 4F, but your plat doesn't show those on Exhibit A.

MARK SWARTZ: Well, the problem...I don't think we have an answer to that without more documents, but if you look at the Exhibit E that she has got attached to the application, we've been here at least five times on this one. My guess is that the map you've tendered is the

original map or the '02 map.

ANITA DUTY: '01, uh-huh.

MARK SWARTZ: So, we've been here four times since then.

MARY QUILLEN: But it could be disbursements too. So, I just need to make sure. I need to submit a new...the correct one.

SHARON PIGEON: A new plat, is that what you're saying---?

ANITA DUTY: Uh-huh.

SHARON PIGEON: ---you're going to submit?

ANITA DUTY: I'm confident that the exhibits are all right because I actually...I mean, that's something that's a live thing that I keep updated. So, it could be it's the wrong plat.

BUTCH LAMBERT: This exhibit is right?

ANITA DUTY: No, the actual like Exhibit E and EE...everything but I think the plat needs to be checked---.

BUTCH LAMBERT: Plat.

SHARON PIGEON: And the reconciliation is correct?

ANITA DUTY: I'm pretty confident.

SHARON PIGEON: You think you're using an out of date plat based on repooling or--?

ANITA DUTY: It appears that way because like I

said there's no 4A...it's like Tract 4 should have been divided by the oil and gas and doesn't look like it's showing that. So, I can submit the correct one.

MARK SWARTZ: ID...the correct Tract IDs and map?

ANITA DUTY: Yes. The exhibits are correct because that's actually something that gets updated constantly with, you know, deceased and things like that. I'm pretty confident that's correct.

BUTCH LAMBERT: Okay. So, you're going to submit us a new Exhibit A, the plat?

ANITA DUTY: Yeah, plat tract ID.

MARK SWARTZ: With the tract IDs attached to it, correct.

ANITA DUTY: Yeah.

BUTCH LAMBERT: And that will show any additional wells that---?

ANITA DUTY: Yes. If you want me to get you a totally up to date new one.

BUTCH LAMBERT: Yeah. The Board would appreciate if you would go ahead and submit the new instead of the old one that you worked off of years ago. If you'll submit the updated one.

MARK SWARTZ: In the future.

BUTCH LAMBERT: For future---.

SHARON PIGEON: Disbursements.

BUTCH LAMBERT: For future disbursement, yeah, if we could get that. Again, I think that would help folks like Mr. Horn and the Board to be able to identify those wells and see where they are and just for information purposes.

MARK SWARTZ: Just so that there's a potential disconnect and I need to raise that issue. What Anita tries to do is to tie the acreage and the percentages to the last trip that we made and so...I mean, if you look at the Exhibit EE here, when we first came here I don't think we had panels is my guess. Do you see there's a panel allocation?

ANITA DUTY: Uh-huh, right.

MARK SWARTZ: So, I mean, you know, a lot of times these things get repooled to change the allocation of gas to them to change the mapping and so forth. So, you know, we...I just wanted you to be aware that if we give you an updated map, it may not look like...anything like where we started. Depending on, you know, what purpose you're looking at these maps for---

BUTCH LAMBERT: Well, I think for this purpose, it would---

MARY QUILLEN: Help the disbursements.

MARK SWARTZ: Okay. As long as everybody---.

SHARON PIGEON: For disbursements.

BUTCH LAMBERT: Yeah, for disbursements I think we would be fine.

MARK SWARTZ: Okay, okay.

BUTCH LAMBERT: And then for our purposes and for the people involved in the wells would---.

JOSEPH HORN: Joe.

BUTCH LAMBERT: Yeah.

MARK SWARTZ: So, what I think...just so that you're clear and if there's a difficulty with this, you know, bring it up. But they want a map that shows the configuration of the tracts that you're disbursement data is tracking.

ANITA DUTY: I understand.

MARK SWARTZ: Okay.

ANITA DUTY: I'm just...I just know that it's not going to match like...if you're going to take a supplemental order---.

MARK SWARTZ: Exactly.

ANITA DUTY: ---or anything, that's not going to be...that's not going to match. That's the only concern I have.

BUTCH LAMBERT: Yeah. Well, the confusion that we

have is that we have one that says Tract 4C and Tract 4F.
When we look for it on the plat and we---

ANITA DUTY: Well, that is a problem. I agree with that because I...that obviously has the wrong plat and tract ID in there.

BILL HARRIS: Yeah. At some point, would that not have been drawn as...I mean, if we...if we have breakdowns of the 4BC...at some point that had to be reflected in a plat map.

MARK SWARTZ: But we had to be here with that.

ANITA DUTY: Right.

MARK SWARTZ: Absolutely.

BILL HARRIS: So, it is somewhere. Yeah.

ANITA DUTY: It's just that I have the wrong plat in here. But he wants one that has the one...has all of the wells on it. Now, that may not have been the last one that the Board saw.

MARK SWARTZ: We're going to have to make a map for you. It's not---

ANITA DUTY: And it's not going to---

MARK SWARTZ: She's worried about...she's wants to show up with something that you put your seal of approval on at the end of a hearing and you're asking her for something that didn't happen. So, I'm telling her to make a map that

shows information, which you've never received before and we just need to understand that this stuff isn't going to be total...you know, it's going to serve your purpose that you have, but I'm warning you that if you look at it for some other purpose, it's not going to be right.

BUTCH LAMBERT: We understand that.

MARK SWARTZ: Okay.

BUTCH LAMBERT: We're only looking at it for disbursement purposes.

MARK SWARTZ: That's cool. But, you know, we're going to make a new map and I just wanted you---.

SHARON PIGEON: The tracts will be reflected on a previous order. It's only the---.

MARK SWARTZ: The tracts will be reflected, but the well locations---.

SHARON PIGEON: ---wells---.

BUTCH LAMBERT: Only the well locations.

MARK SWARTZ: ---would not probably have all been placed on there.

SHARON PIGEON: We understand that.

BUTCH LAMBERT: We're saying that, yes.

ANITA DUTY: Do you want me to give...I can give you an extra map that has the wells on it that won't be part of this...just as an exhibit, but it will still include the

original one in what I file and just have one for you to see which wells are there now?

MARY QUILLEN: Well, if there's just disbursements, why would you need to file something other than what is being reflected in that particular thing that's being...or this particular item that's been filed.

SHARON PIGEON: I think she thinks we're going to do a forensic exercise and go back and---

MARK SWARTZ: No. No, I mean, she's asking---

ANITA DUTY: Just in the past---

MARK SWARTZ: ---to show all the wells and what we've, you know---

MARY QUILLEN: Not for disbursements.

MARK SWARTZ: The historical data may not show all of the wells, which is obviously something that people are interested in and we have no problem giving that to you, but what Anita is saying is she could give you a plat that is made for the hearing...the disbursement hearing that says here are all---

BUTCH LAMBERT: For the disbursement.

SHARON PIGEON: A disbursement plat.

MARK SWARTZ: ---of the wells that have been producing in this unit. Here you go. It's not that you've ever seen this before, but for this purpose if somebody

asked that question we can answer it and then here is the historical map that we were here on that divided the tracts that we're using the percentages. Does that work?

BUTCH LAMBERT: And you can label it disbursement map and that will be fine.

MARY QUILLEN: Yeah.

BILL HARRIS: Yeah.

MARY QUILLEN: And this would also solve a lot of the problems with the owners that you're disbursing to because they could look at that and see if they have...particularly Mr. Horn had S-35 or S-36 or whatever. He could look right at that map and he would know that was where he had and how many wells he has. This the same with the other folks. It would just make it a little clearer to them to know, you know, what their being paid for where those wells are. That would help them to understand because he's asking where are those other wells. If they have the map, that would help---

ANITA DUTY: Right.

MARY QUILLEN: ---him to see where those are and he would know that that disbursement came from that unit and these are the wells that I have in that unit. Would that be helpful?

JOSEPH HORN: Yes, thank you.

BILL HARRIS: But we're not...let me just clarify, we're not asking for a surveyor to make a new map?

MARY QUILLEN: No.

BILL HARRIS: We're looking for a more recent map that shows the wells that if necessary we could hold it up...well, that would mean the scale would have to be the same, but at least it gives us a relative idea or where the wells are with respect to the difference parcels.

MARK SWARTZ: This is going to be a demonstrative exhibit without a seal.

BILL HARRIS: Yes. That's what...I guess, that's what I'm trying to get to.

MARK SWARTZ: Yeah. And you're saying that.

SHARON PIGEON: It's a schematic exhibit.

BILL HARRIS: I don't think we're asking for a seal.

MARK SWARTZ: Yeah, it will just...it's a demonstrative exhibit. These are the wells that are in that unit. You know, it may be perfect from a mining standpoint as to well locations. But here is---

MARY QUILLEN: Right.

MARK SWARTZ: ---the wells that you're being paid for.

MARY QUILLEN: Right. Yeah.

MARK SWARTZ: Which is what the Chairman is asking.

BUTCH LAMBERT: That's what we're asking.

MARY QUILLEN: I mean, this...this is basically going to stay the same because that's the historical document But what is going to be added to where those units are.

MARK SWARTZ: But we've got...but, you know, this has been sealed by a PE, you know, and they all have and we're going to put a (inaudible) together that's a...this is the approximate location of all of these wells and here they are so that people know.

MARY QUILLEN: It just...just a disbursement map---

SHARON PIGEON: Correct.

MARY QUILLEN: ---is what we need.

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I haven't thought this conversation through, but the issues that I see, the disbursement maps are going to be recorded as such as a disbursement map. So, I go back to what Mr. Swartz just said, when Anita and the Board approves a unit with acreages on there that we rely on that is a recorded document. If those acreages somehow change then they come back with a supplemental order and

show a change in how that plat and the change in ownership percentages, which may or may not be in the escrow. So, maybe what you're asking for is just the history of here's the original pooling order, which is recorded. Here's the supplemental order and here's the disbursement order. What my concern about having a demonstrative map is you're disbursing on that map or that plat. I think it has to be or should be certified because that is something that we are going to record a disbursement in the courthouse.

MARK SWARTZ: Look at W-35. It's the next thing on the docket. I think it's an example of what I think we've agreed to. Just look at the paperwork for W-35. You'll see that there's a more complicated plat, which has 1A, 1C, 1H, 1B, all of that. That tracts the Exhibit A. That plat...I'm using as an example for W-35, that's the kind of plat that you're going to get from us that has all of the tracts broken out that match what we're asking for which for some reason or another it didn't happen on the one that we're talking about right now. So, you're going to get the Board order plat, which has all of the acreages and which has the right tracts, which is what you're going to disburse based on. But in addition to that we're going to make a map that has well locations so that if somebody wants to know if there's five wells in that tract or whatever that's the

additional thing you're going to get. You're going to get what you...you know, what you've always gotten that's certified that was a Board order. All we're going to give you is something more, which is here are the wells in this unit. So, if we get a question from Mr. Horn who says I thought I had five wells in that unit, we can hand him something and say here is where they are. I mean---

MARY QUILLEN: Would that be like an addendum to---
?

MARK SWARTZ: No, we're just going to give you another map.

BRUCE PRATHER: It's a working map.

MARY QUILLEN: This is perfect. This one right here is perfect.

MARK SWARTZ: Well, and that's what...you're going to always going to get that because we have to give you that. That's the map that you approved that disbursement is based on.

MARY QUILLEN: And then this addendum or this second map that---,

MARK SWARTZ: Well, location map we'll call it or something.

MARY QUILLEN: Yeah.

MARK SWARTZ: Something simple.

MARY QUILLEN: The well location map that would be a part of this or follow up or an addendum to this one.

MARK SWARTZ: It would be an extra sheet.

MARY QUILLEN: Yeah, to this one.

BUTCH LAMBERT: I think we've really got this more complicated than what I ask for.

MARK SWARTZ: Yeah, you're right.

(Laughs.)

MARY QUILLEN: But this is perfect.

MARK SWARTZ: But I'm trying to...but I'm trying to dumb it back down to what you and I were talking about. Yeah, okay.

BUTCH LAMBERT: All we want is a plat that---

MARK SWARTZ: I know.

ANITA DUTY: Do you want it to be included in this or do you want it to be a handout at the Board?

MARK SWARTZ: No, give them a separate---

BUTCH LAMBERT: Hand it out to the Board.

BRUCE PRATHER: Yeah. You wouldn't want to record this.

SHARON PIGEON: That way we can mark it AA.

BUTCH LAMBERT: Yeah.

ANITA DUTY: So, if you hand it out---

SHARON PIGEON: It won't be A.

ANITA DUTY: Can you choose whether or not you record it if you hand it out?

MARK SWARTZ: It's up to them. It doesn't matter.

MARY QUILLEN: But if we got this in the packet, this is...this is perfect if we get this in the packet and do the handout with the wells.

BUTCH LAMBERT: Mr. Asbury.

MARY QUILLEN: If we have someone that comes in and needs that---.

BRUCE PRATHER: As long as you don't record that working map.

DAVID ASBURY: Is the map an exhibit that will be recorded in the disbursement?

MARK SWARTZ: No.

BRUCE PRATHER: No.

ANITA DUTY: They're saying they don't want me to include like when I file this? Not to include it in this, but to have it with me to hand out when I come for disbursements?

BUTCH LAMBERT: I understand we're getting an exhibit that says we're disbursing 4c and 4F, but the map doesn't reflect 4C and 4F. We're just asking...all that I'm asking for is provide us with some documentation of where 4C and 4F is.

BILL HARRIS: Well, now...well...and I can see Mr. Asbury's point. If this recorded, then this becomes, I guess, a legal document of sorts and then you should be able to return to this and say, okay, this well is actually here. I know I said earlier about not going back and having these redrawn, but I'm not really rethinking that and resending that, but I'm wondering...and I don't know this about engineers if there is a way to just layer those two maps---

BUTCH LAMBERT: Well, I think that---

BILL HARRIS: ---assuming that the same engineer did the more recent one. If there's some way...no, that's not---

BUTCH LAMBERT: I think that she can label it with a disclaimer that this is not a true and accurate. It's just for information purposes.

MARK SWARTZ: Just for well identification purposes or something like that.

MARY QUILLEN: Yeah.

MARK SWARTZ: And people if they want to know where a well is, they need to be in the permit file and not in a pooling file. I mean, you know...but, you know, I guess somebody could go to the wrong place and look at the wrong map. But, I mean, if you will...if you're coal company, you need to be in the permit files and not at the Courthouse

looking at the pooling.

ANITA DUTY: Well, I can...I mean, even underneath this Exhibit A where I do the tract by tract, I could put down here this information includes wells...you know, I could list the wells that are producing in that unit so it could be on here.

MARK SWARTZ: The (inaudible) map.

MARY QUILLEN: That---.

BILL HARRIS: That would be good.

MARK SWARTZ: Does that work?

BUTCH LAMBERT: That will work.

MARY QUILLEN: That would work. As long as we---.

MARK SWARTZ: Okay, let's do that instead.

MARY QUILLEN: ---have that somewhere listed and if were on the bottom of that, that would be perfect. It would be on there.

MARK SWARTZ: We'll put it on Exhibit A, just a list of the producing---.

MARY QUILLEN: Yeah.

MARK SWARTZ: ---wells in the unit.

ANITA DUTY: At the time that it is prepared is what I'll do. Then if---.

MARY QUILLEN: Yes.

ANITA DUTY: Okay.

MARY QUILLEN: That would be perfect.

DAVID ASBURY: That makes it simpler.

MARY QUILLEN: As long as we get these two things---.

BRUCE PRATHER: It won't be recorded.

MARY QUILLEN: ---and then just that added to the bottom.

MARK SWARTZ: You got it.

MARY QUILLEN: Perfect.

BUTCH LAMBERT: We're still going to get the map?

MARK SWARTZ: Oh, you bet.

BUTCH LAMBERT: Okay.

MARY QUILLEN: Yeah.

SHARON PIGEON: With the tracts.

BUTCH LAMBERT: With the tracts.

MARK SWARTZ: Correct.

ANITA DUTY: But just in case somebody doesn't come...like if Mr. Horn hadn't come to the hearing, at least he would still know that these are the wells that are included even if he didn't get the handout map, he still be able to---.

BUTCH LAMBERT: Right. Okay.

SHARON PIGEON: Okay

BUTCH LAMBERT: Okay. Any further discussion?

SHIRLEY KEEN: I need to ask a question before you vote on this real quick. We can't hear Ms. Duty back here. There's ten people...ten different people in this tract.

BUTCH LAMBERT: You'll have to sit down, ma'am, and be sworn. Again, let me remind the audience, if you're going to testify, you need to come up when I call you and not...I'm going to allow it this time, but---

SHIRLEY KEEN: I just misunderstood, sir.

BUTCH LAMBERT: Oh, okay. We'll allow it this time. But, again, if you're going to testify you need to come up when we first call the case. You need to be sworn.

(Shirley Keen is duly sworn.)

SHIRLEY KEEN: On that 4C and 4F---

BUTCH LAMBERT: I'm sorry, we didn't get your name for the record.

SHIRLEY KEEN: I'm Shirley Keen.

BUTCH LAMBERT: Now, go ahead, Ms. Keen.

SHIRLEY KEEN: I couldn't hear what Ms. Duty was saying on 4C and 4F with the W-34...Tracts 4C and 4F. I couldn't hear what she was saying about the escrow account, the money is being disbursed and they are going to do away with that escrow account.

ANITA DUTY: No, a portion of Tract 4C will still be escrowed...I mean, 4F. 4C will be completely disbursed.

That's between Hurt McGuire and Carl Davis.

SHIRLEY KEEN: Okay. That's all I needed to know.

BUTCH LAMBERT: Okay, thank you, ma'am.

SHIRLEY KEEN: Thank you.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussions?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. For the record, I need to recall docket item VGOB-98-0421-0649-03. This is item number thirty on your docket. We need to get one clarification in the record. Let me look this over there.

BILL HARRIS: Is that S-37? Excuse me.

BUTCH LAMBERT: Yes, unit S-37.

MARK SWARTZ: Yes.

BUTCH LAMBERT: Do you have that in front of you there, Mr. Swartz and Ms. Duty?

MARK SWARTZ: Yes.

BUTCH LAMBERT: Just for one clarification, on Exhibit A, you list Tract 5, but on your plat map that you labeled Exhibit A-2, you have labeled 5A and 5B. Can we clarify which unit...which tract that is that we're talking about?

MARK SWARTZ: 5.

ANITA DUTY: The A...well, at the---

MARK SWARTZ: Look at...you know, seriously, look at the tract ID.

ANITA DUTY: That's just surface.

MARK SWARTZ: Look at the tract ID and you'll see. I mean, it's that simple. There's a...there's a---

BUTCH LAMBERT: So, both of them.

MARK SWARTZ: ---Tract 5, which is the minerals and 5A and B are surface if you look at your tract ID.

SHARON PIGEON: So, are you going to testify that this 5A and 5B on your exhibit here is all included in the 5 you are disbursing?

BUTCH LAMBERT: There's no 5 on your exhibit.

ANITA DUTY: Yes, but that's something that we do...we do it all of the time.

MARY QUILLEN: There's no 5---.

BUTCH LAMBERT: 5A and 5B.

SHARON PIGEON: Well, and maybe we don't want you to do that anymore after this very moment.

MARK SWARTZ: Well, we can't because that's your map. We can't change that map.

SHARON PIGEON: Perhaps...perhaps we've had a little talk about this, Mr. Swartz. Now, we're not going to have that problem in the future.

BUTCH LAMBERT: Okay.

MARK SWARTZ: But we can't change that map because it's your map. I mean, you know, you embrace that in your pooling order.

SHARON PIGEON: You're going to need to address it in your testimony. If your exhibits don't match, you're going to need to address that in your testimony.

MARK SWARTZ: Was the acreage in Tract 5, the combination of Tracts 5A and 5B?

ANITA DUTY: Yes.

SHARON PIGEON: As show on your Exhibit A.

MARK SWARTZ: Right.

BUTCH LAMBERT: Okay.

BILL HARRIS: Well---.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Before we put this away, there is a 5 then a 5a and a 5B according to a tract identification.

MARK SWARTZ: Right.

ANITA DUTY: 5A and 5B are only to identify the surface.

BILL HARRIS: The surface.

MARY QUILLEN: The surface.

ANITA DUTY: There are two separate surface owners over the mineral Tract 5.

BILL HARRIS: So, again, I guess back to your question, 5A and 5B basically overlays 5 in its entirety?

MARK SWARTZ: Correct.

ANITA DUTY: Right.

BILL HARRIS: Okay.

SHARON PIGEON: They're parts of the whole.

BILL HARRIS: Okay. Okay, thank you.

BUTCH LAMBERT: They're part of the whole.

BILL HARRIS: Thank you.

BUTCH LAMBERT: Thank you.

SHARON PIGEON: But we need to have that testified to. We don't want to have to guess about it.

MARK SWARTZ: You knew the answer to that.

SHARON PIGEON: I wanted the answer in the transcript. I didn't want you to have to tract me down to

give it to me.

BUTCH LAMBERT: The next item is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in Tracts 1B, 1C, 1D, 1E, 1F and 1H and a portion of 1G in unit W-35. This is docket number VGOB-98-0324-0627-06. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

JOSEPH HORN: Joseph Perry Horn.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. And what did you do with regard to preparing this application or petition and preparing for this hearing today?

A. I compared the payments that we had sent to the escrow agent to make sure they were in the accounts.

Q. Okay. And when you did that, what did you

find?

A. They were there.

Q. Okay. And this application for a disbursement includes it looks seven tracts?

A. Yes.

Q. And with regard to the first six, 1B, 1C, 1D, 1E, 1F and 1H, are you asking for disbursement of all of the funds with regard to those tracts?

A. Yes.

Q. And with regard to 1G just a portion?

A. Yes.

Q. Okay. And have you in Exhibit A squared up the accounts with regard to the proposed disbursements as of a specific date?

A. February the 28th, 2009.

Q. Okay. And have you in the last column set forth a dollar amount that would be payable...would have been payable as of this date if the disbursement had occurred then?

A. Yes.

Q. Okay. And is Tract 1 subdivided into many little tiny parts?

A. Yes.

Q. And if you wanted to know the total acreage

in Tract 1, would you add the parts?

A. Yes. But this one we've already done that.

Q. We've already said that. It should---

A. Yes.

Q. It should equal the total in one?

A. Yes.

Q. Should equal the sum of the parts?

A. Yes.

Q. Okay. And have you reported the percentage that should be used to make the payments in the second to the last column?

A. Yes.

Q. And is it your request that the escrow agent be instructed to use that percentage and apply it to the amount on deposit at the time the disbursement is made?

A. Yes.

Q. Is it also your request that the operator be allowed in the order to pay the folks who are subjected to the disbursement request directly in the future?

A. Yes.

Q. Now, let's take it a tract at a time and tell us who is anticipated to receive disbursements?

A. Tract 1B it will be Hurt McGuire and Hassell Davis. 1C Hurt McGuire and Guster Clifton. 1D Hurt

McGuire and Consolidation Coal. 1E Hurt McGuire and Daisy Burk. 1F Hurt McGuire and Consolidation Coal. 1G Hurt McGuire, Nellie Maynard, Danny Elder, Robert Elder and Joseph Horn. Tract 1H Hurt McGuire and Hursel Keen.

Q. And did the agreements that all of these folks have are they 50/50 split agreements?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Horn, do you have anything?

JOSEPH HORN: From the Guster Clifton and Joe Horn the difference in the percentage that's paid, we're both the same heirs in this O. H. Keen.

ANITA DUTY: Mr. Clifton owes Tract 1C by himself as an individual.

JOSEPH HORN: Okay.

ANITA DUTY: He has already been paid his portion of the O. H. Keen.

BUTCH LAMBERT: Do you have anything further, Mr. Horn?

JOSEPH HORN: That's all.

BUTCH LAMBERT: Ms. Duty, do you know how many

wells are in this unit?

ANITA DUTY: No. There's at least three.

MARK SWARTZ: Well, not necessarily. They may not have been drilled.

BUTCH LAMBERT: Your exhibit shows four.

ANITA DUTY: This is 2004.

MARK SWARTZ: Well, we've got V-35.

ANITA DUTY: Well V-35 is on...is actually in the V unit even though it's---

BUTCH LAMBERT: Oh, it's right on the line.

ANITA DUTY: Yeah. It's actually in V.

BUTCH LAMBERT: Wow.

SHARON PIGEON: So, that's not in this unit?

BUTCH LAMBERT: That well is not in this unit?

ANITA DUTY: No.

MARK SWARTZ: Correct.

ANITA DUTY: It actually shouldn't be on the map.

SHARON PIGEON: It actually shouldn't be.

ANITA DUTY: It's the wrong unit. But this one was approved in 2001. So, this is my 2001 map.

SHARON PIGEON: It probably shouldn't have been on it then.

ANITA DUTY: No, it shouldn't have. No.

BUTCH LAMBERT: How do you think it got on there?

ANITA DUTY: When they do these maps, when they clip these out and this label just happened to be on the inside of the unit so when they clipped it it got included even though it wasn't part of that unit.

BUTCH LAMBERT: Any other questions from the Board?

MARY QUILLEN: Just one question.

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: When we get these...the new maps, those that are on another...another unit would not be included on this, right?

ANITA DUTY: That well should not have been included either. I mean, it's in the V-35 unit because, you know, the well name is V-35.

MARY QUILLEN: Right.

ANITA DUTY: That one shouldn't have been, but it won't, no. Only the ones that will be part of the account will show up on that new map.

MARY QUILLEN: Okay.

BUTCH LAMBERT: Mr. Horn, do you have anything further?

JOSEPH HORN: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. Thank you, Mr. Swartz. It's approved. Let's go ahead and take a ten minute break. Let's try to get started back at 3:00 o'clock.

(Break.)

BUTCH LAMBERT: We'll go ahead and get started back. Okay, the next item on the agenda is a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties in portions of Tracts 2 and 3 in unit S-35. This is docket number VGOB-090915-0681-03. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

JOSEPH HORN: Joseph Horn.

MARK SWARTZ: You've got the routine down. You're doing great.

JOSEPH HORN: Yes.

MARK SWARTZ: All right.

(Laughs.)

SHARON PIGEON: He's going to take your job.

MARK SWARTZ: He might.

JOSEPH HORN: I want a job.

MARK SWARTZ: I'm not worried about it though. I'm not worried about it. Some days you can have it, you know.

JOSEPH HORN: Not yours. You do all the work and I'll just answer the questions.

MARK SWARTZ: You want Anita's job, right?

JOSEPH HORN: No. I'll just keep mine.

MARK SWARTZ: There you go.

JOSEPH HORN: They said he was older than I was. I asked him and I'm right smart older than he is.

MARK SWARTZ: A little.

JOSEPH HORN: So, I'll just keep my job.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name for us.

A. Anita Duty.

Q. Okay. What did you do with regard to this application to prepare for today?

A. Checked to make sure the deposits being sent to the escrow account were properly credited to the account.

Q. And when you did that check, what did you find?

A. Everything was there.

Q. Okay. And did you do a exhibit that shows a square up as of a date ascertain?

A. Yeah.

Q. But you've got the wrong date?

A. February the 28th, 2009.

Q. Okay. And that's Exhibit A that we're talking about?

A. Yes.

Q. And as of February the 28th of '09 the accounts, at least in terms of deposits, completely agree?

A. Yes.

Q. And if the disbursement had been made with regard to the tracks that we're here on today to the people that we're talking...going to be talking about today, does the last column on Exhibit A report the amount of money that

they would have received back then?

A. Yes.

Q. Okay. And does the next column over...the second from the left report the percentages that the escrow agent should use to make the disbursements?

A. Yes.

Q. And should the escrow agent apply those percentages in that column to the amount on deposit at the time the disbursement is made?

A. Yes.

Q. And the disbursement agreements here...split agreements, what kind of agreements are they?

A. 50/50.

Q. Okay. With regard to Tract 2 and 3, could you identify the folks that you anticipate would receive disbursements at this time?

A. Okay, for Tract 2, it will be Arthur Stilwell...well, Hurt McGuire Land Trust, Arthur Stilwell, Linda Shelton, Geraldine Davis, Daniel Osborne, Lois Casey and Clinton Stilwell. For Tract 3, Hurt McGuire Land Trust, Nellie Maynard, Danny Elder, Robert Elder and Joseph Horn.

Q. Okay. And after these disbursements are made with regard to these tract...two tracts, number two and number three, would there still be money in the escrow

account for Tracts 2 and 3?

A. Yes.

Q. So, the sub-accounts should not be closed out for the tracts?

A. Correct.

Q. Okay. And are you asking as operator to be allowed to pay these people identified in Exhibit A directly so that you don't have to continue to escrow their money?

A. Yes.

Q. Is Tract 3 the sum in terms of acreage of 3A, B, C, D and E?

A. Yes.

Q. It looks like there are probably several wells in this unit?

A. Yes.

Q. Possibly as many as five?

A. Yes.

Q. But you're not sure?

A. No.

SHARON PIGEON: There's seven

BUTCH LAMBERT: Seven.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Ms. Duty, your...just for the record, your Exhibit 9 the account balances as of...and that

date should be '09 instead of '06?

ANITA DUTY: Yes. Yes.

BUTCH LAMBERT: Any questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Horn, do you have any---?

JOSEPH HORN: No, sir.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

DONNIE RATLIFF: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye.)

BUTCH LAMBERT: Opposed, no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Ms. Dye. Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

JOSEPH HORN: I thank everybody.

BUTCH LAMBERT: You're welcome, Mr. Horn.

JOSEPH HORN: Just send me a lot of money.

BUTCH LAMBERT: You need to talk to him.

(Laughs.)

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Not to...not waste a lot of time.

There is a process that...as far as the disbursement that everybody needs to understand. After the disbursement is approved today, an order will be prepared by our office and checked with the calculations. Then that order will be sent to the County Courthouse and recorded. Sometimes that can be one day and sometimes that can be two weeks. But as soon as it's recorded in the County Courthouse, it then comes back to us. It's double checked by Diane and myself. Once it's double checked, then it is sent to the escrow agent. The escrow agent has ten days to disburse. The W-9s and the other tax information has to be included and in proper order before they will disburse. So, based on what we see, we don't see a problem today. But, it's not something where we can go back today and you're going to receive a check next week. It's probably, you know, a forty-five day process or something like that.

JOSEPH HORN: The forty-six day, I'll be hunting you.

(Laughs.)

DAVID ASBURY: I'll be there. Thank you, Mr. Horn.

SHARON PIGEON: You got that on the record, right?

BUTCH LAMBERT: The next item on the agenda the Board will receive corrective testimony and exhibits from CNX Gas Company, LLC for disbursement of funds from unit J-39. This is VG...docket number VGOB-01-0515-0891-01. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty. You have never paperwork with regard to this.

BUTCH LAMBERT: We've just got one little thing.

MARK SWARTZ: There you go. The reason you don't, apparently someone in David's office checks the math and found a mistake and we acknowledge there was a slight mistake in the percentages and it involves eight cents. So, eight additional cents came out of escrow to four different people---.

(Anita Duty confers with Mark Swartz.)

MARK SWARTZ: It's an overpayment.

ANITA DUTY: Yeah.

MARK SWARTZ: Eight additional cents came out of escrow on an accidental overpayment to four people. One person got five cents and three other people got a penny. I'm not sure that we need...it's true there was a tiny little rounding...there was glitch her program, which caused

that caused that mistake. We acknowledge that. But we don't really know what the...if anything, anybody should do about it. But we don't, you know---

ANITA DUTY: I guess, we need to...David's the one that---

MARK SWARTZ: David put it on the docket and wanted us to come. I mean, it's true, you know. I, frankly, would be willing to right now pay an additional eight cents into escrow because that's what needs to happen, you know, potentially just to save everybody. But, I don't know what to do.

BUTCH LAMBERT: We'll ask Mr. Asbury.

ANITA DUTY: Yeah, we weren't sure what we needed to do.

DAVID ASBURY: I think this was one, Mr. Chairman, that we had several that we had made the correction...the calculation. Again, the money amount wasn't what our issue was. It was the correctness of the calculation itself.

MARK SWARTZ: Well, except in this one, thank goodness, the EE number is right.

DAVID ASBURY: Okay.

MARK SWARTZ: So, the mistake was when the money came out and not in the EE number. The Exhibit EE number that's in the record and that has been recorded is correct.

But when the money came out, that's when the eight cent mistake was made because the percentages were slightly different on the Exhibit A that we've been looking at today.

DAVID ASBURY: So, the escrow is still short eight cents?

MARK SWARTZ: The escrow is short eight cents and I renew my offer because seriously, I mean, if...but the percentages are correct in the order.

DAVID ASBURY: Right.

MARK SWARTZ: The Exhibit Ee is correct.

DAVID ASBURY: Right.

ANITA DUTY: Right. It's---

MARK SWARTZ: A.

ANITA DUTY: ---the A.

DONNIE RATLIFF: Mr. Asbury, would you need one check or four? (Laughs)

DAVID ASBURY: Mr. Ratliff, when we looked at the calculations, we were blind the amount. It was the matter of correcting the acreage percentage calculation when did the review of several disbursements.

MARK SWARTZ: Well, we went back and looked. We didn't know what the amount was either. We verified that the EE numbers were right, which is critical. The percentage was right.

DAVID ASBURY: Right.

MARK SWARTZ: And it's an eight cent issue and you need to tell us if we should be concerned and if we are, I'll just take care of it, you know. Just give me an address.

DAVID ASBURY: It's at the Board's wishes. It's your disbursement.

BUTCH LAMBERT: Discussions.

MARY QUILLEN: How much is it going to cost us to process an eight cent disbursement or deposit?

ANITA DUTY: Yeah.

DAVID ASBURY: Probably more than eight cents.

MARY QUILLEN: That's what I'm thinking. Do we not have some discretion of less than a dollar that we make sure that the percentages are correct and anything less than a dollar as far as dollar amounts?

BUTCH LAMBERT: We probably could wait all of the funds are disbursed and then we still owe eight cents and we come back and ask for Mr. Swartz to give us that---.

MARY QUILLEN: To give us the eight cents.

MARK SWARTZ: Step up to the plate.

SHARON PIGEON: We've got you on record.

BILL HARRIS: Plus interest to maybe.

DAVID ASBURY: Again---.

MARK SWARTZ: I think I could even handle interest on eight cents, you know.

DAVID ASBURY: Again, when we did the calculations, we were blind to the dollar amount. We were just trying to correct the acreage percentage.

MARY QUILLEN: Right.

BILL HARRIS: I agree. I really think it would cost more to try to process back that eight cents. But, I guess, we don't have a policy as to if this were to happen again, you know, is there some figure, you know, and I don't know if a dollar would be appropriate.

MARY QUILLEN: Well, most businesses do that if it's less than a dollar.

BILL HARRIS: Either over or under.

MARY QUILLEN: It's pretty much absorbed.

BRUCE PRATHER: The IRS rounds off your figures.

BILL HARRIS: Yeah.

MARY QUILLEN: Round it off.

DAVID ASBURY: I'm good with that if you are.

MARY QUILLEN: I mean, we don't have that policy, but I think it might be something that we might want to think about and then when the end of the escrow comes down and all of this money is paid out in escrow and we come up, you know, and we're eight cents short, then Mr. Swartz is

going to be here to underwrite---

BILL HARRIS: Make good on his promise.

MARY QUILLEN: ---that eight cents.

SHARON PIGEON: As long as you have someone to come to testify that the percentages are correct because that's what you're---

MARY QUILLEN: Yes.

SHARON PIGEON: ---concerned about.

MARY QUILLEN: Exactly. That is exactly right.

ANITA DUTY: Can I just say...I think this is the last unit that we're kind...that we were in conflict with. We just wanted...I see where the mistake was in the interest amount...you know, in my percentage. We agree now and that tract is completely gone out of that escrow account now. So, it was an issue, but it's not...I mean, it's...everything is correct now. So, any future disbursements we match exactly now. So...and I think that was the last one that we really needed to correct. There were two others that we had to go and actually deposit money into the account. But I think that was the last one. Right now we comparing as we put them on the docket. So, I think we're good now.

MARK SWARTZ: And one of them involved a couple thousand.

BUTCH LAMBERT: So, I think we have it noted in the record that there was an eight cent mistake, but the percentages are correct.

DAVID ASBURY: Yes.

BUTCH LAMBERT: And we can proceed?

ANITA DUTY: Yeah. We're in agreement with David now.

DAVID ASBURY: That's correct.

BUTCH LAMBERT: Okay. So, no action---

MARY QUILLEN: Does that need a motion?

BUTCH LAMBERT: You do that in the form of a motion. Do I have a motion?

MARY QUILLEN: Motion to accept the percentages presented, the corrected percentages that were given to us by Mr. Asbury, and the dollar amount.

BRUCE PRATHER: Remain in escrow?

BILL HARRIS: Wait a minute.

DAVID ASBURY: And no correction to escrow.

MARY QUILLEN: And no correction to escrow in the dollar amount, yes.

BUTCH LAMBERT: Okay. Do I have a second?

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. All in favor, signify by saying yes.

(All Board members signify by saying yes, but
Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye. The next
item is a petition from CNX Gas Company, LLC for pooling of
coalbed methane unit AB-77, docket number VGOB-09-0421-2501.
All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. I'd like to incorporate
Anita's testimony regarding the applicant and operator, her
employment and the standard lease terms for coalbed methane
from this morning.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name, again.

A. Anita Duty.

Q. I'll remind you that you're still under
oath.

A. Okay.

Q. Have you captured most of the relevant data with regard to the application concerning AB-77 in your spreadsheet AA?

A. Yes.

Q. Okay. Is this a Nora unit?

A. Yes.

Q. And you're proposing one well?

A. Yes.

Q. Is it a frac well?

A. Yes.

Q. And does the plat show that it's going to be...that it either is or is going to be in the drilling window?

A. Yes.

Q. And have you provided the Board with regard to that well with a cost estimate, the permit data and the depth?

A. Yes.

Q. Okay. What is the interest or interest that you're seeking to pool by this application?

A. 5.4969% of the coal claim and 1.4237% of the oil and gas.

Q. There are no split agreements here?

A. No.

Q. And have you provided an Exhibit E requiring escrow?

A. Yes.

Q. And is that because of conflicts?

A. Yes.

Q. And you've given the Board on your Exhibit AA a list of the four tracts that that would apply to?

A. Yes.

Q. And there are no unknowns in this unit?

A. Correct.

Q. And you've provided the Board in your Exhibit AA with mailing and publication information, and I assume you've already given that to Mr. Asbury today?

A. Yes.

Q. Okay. Do you want to add anybody as a respondent today?

A. No.

Q. How about dismissing anybody?

A. No.

Q. Is it your testimony that drilling one well in the window of this Nora unit and fracing the well is a reasonable way to produce coalbed methane from this Nora unit?

A. Yes.

Q. And it is your further opinion that if you combine a pooling order pooling the respondents named in the notice of hearing and Exhibit B-3, would the leases and acquisition efforts that the applicant has been successful in...the interest and claims of all of the owners and claimants would be protected?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain.

KATIE DYE: Abstain.

BUTCH LAMBERT: Two abstentions, Mr. Ratliff and Mrs. Dye. The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-92. This is docket number VGOB-09-0421-2502. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate her testimony regarding the applicant and operator, her employment and standard lease terms regarding CBM from this morning.

BUTCH LAMBERT: It will be accepted.

MARK SWARTZ: Thank you.

Q. Have you provided the Board with extracted data from your application and exhibits for AZ-92 in Exhibit AA for today?

A. Yes.

Q. Okay. In that regard, have you indicated the dates on which you mailed and published?

A. Yes.

Q. Have you provided copies of your certificates of publ...the proof of publication and certificates with regard to mailing to Mr. Asbury?

A. Yes.

Q. Do you want to add any respondents?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. With regard to the pooling application here and in terms of the percentage of interest affected by this application, what is...what are the interests you're seeking to pool?

A. 57.3955% of the coal, oil and gas claim.

Q. Okay. This unit does not require escrow?

A. No.

Q. It's a Nora unit?

A. Yes.

Q. How many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

Q. And is it located in the window?

A. Yes.

Q. And it's...does it have a permit yet,
Anita?

A. No.

Q. Okay. But you've given the proposed depth
and the estimated costs?

A. Yes.

Q. And the acreage in this unit is 58.79?

A. Yes.

Q. Is it your opinion that drilling one frac
well in the window of this Nora unit is a reasonable way to
produce the methane within the unit?

A. Yes.

Q. Is it your further opinion that if you take
a pooling order pooling the interest of the respondents and
combining that with the leasing and acquisition efforts that
CNX has been successful in that the correlative rights of
all owners and claimants would be protected?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Katie Dye and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I abstain.

KATIE DYE: Abstain.

BUTCH LAMBERT: Two abstentions, Mr. Ratliff and Mrs. Dye. The next item is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-92. This is docket number VGOB-09-0421-2503. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name again,

please?

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate her testimony from this morning regarding the applicant and operator, her employment and standard lease terms for CBM.

BUTCH LAMBERT: Acceptable.

Q. Anita, there are just two respondents here?

A. Yes.

Q. Did you mail to both of them?

A. Yes.

Q. And have you provided Mr. Asbury with certificates in that regard?

A. Yes.

Q. Did you also publish?

A. Yes.

Q. And the date is noted in your Exhibit AA?

A. Yes.

Q. And with regard to BA-92, have you attempted to extract the relevant data for this pooling application and put it in your Exhibit AA?

A. Yes.

Q. Okay. What interests are you seeking to pool in this unit?

A. 59.4999% of the coal, oil and gas claim.

Q. Okay. And, again, in this unit we have no escrow requirement?

A. No.

Q. And we have no split agreements?

A. No.

Q. And you've provided the Board with the well depth and cost information, correct?

A. Yes.

Q. You don't have a permit yet?

A. I do.

Q. You do?

A. Yes.

Q. What's the number?

A. 10,336.

Q. Okay. I see that now. Nora, right?

A. Yes.

Q. One well in the window?

A. Yes.

Q. A frac well?

A. Yes.

Q. 58.79 acres?

A. Yes.

Q. Is it your opinion that drilling a frac well in the location shown on the plat in this Nora unit is

a reasonable way to develop the coalbed methane?

A. Yes.

Q. Is it your further opinion that if the Board enters an order pooling the two respondents and you combine that with the leasing activities and purchase activities that CNX has been successful, the correlative rights of all owners and claimants would be protected?

A. Yes.

MARK SWARTZ: That's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Donnie Ratliff and Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

DONNIE RATLIFF: I abstain.

KATIE DYE: Abstain.

BUTCH LAMBERT: I've have two abstentions, Mrs. Dye and Mr. Ratliff. Thank you, Mr. Swartz. It's approved. The next item is a petition from CNX Gas Company, LLC for a modification of the Oakwood Field I field order to allow for the drilling of an additional well in unit YYY-23. This is docket number VGOB-93-0216-0325-17. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed, Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate her testimony with regard to the applicant and operator and her employment.

BUTCH LAMBERT: Accepted.

Q. Anita, this is a request similar to the one that we had earlier this morning to add a unit. This time it's just one to the infill drilling rules that have already been approved?

A. Yes.

Q. And this is...this unit that we're proposing to add would be...is an Oakwood Field unit that we would be proposing to add to an area that we've already addressed and the Board has already allowed us to drill in the field...wells in, correct?

A. That's right.

Q. Okay. And this turquoise area at the top of the map that I'm showing to the Board, is that an area that was subjected to a Board order entered on May...there was a hearing on May the 16th of '06 which allowed for infill drilling in that area?

A. Yes.

Q. Okay. And is the unit that we're talking about today to adding to that the yellow square that's within...well, that actually could come within the boundary?

A. Yes.

Q. Okay. Is that a voluntary unit or is that a unit that needs to be pooled?

A. It has already been pooled.

Q. Okay. And this would allow us to drill a second well in that unit?

A. Yes.

Q. Okay. And in your application, you

acknowledge the second well would have to be in the drilling window?

A. Yes.

Q. And it would have to be at least 600 feet from the first well, correct?

A. Yes.

Q. And that would be consistent with the terms of the order applicable to these other units?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman, we have an Exhibit A-1, which lists the location within Buchanan County. We don't have anything more specific than that? Was that intended?

MARK SWARTZ: Well, actually, we've given you a state plain coordinate in the application...in the notice.

BILL HARRIS: I guess, I'm just used to seeing, you know, the actual unit map and showing the location.

MARK SWARTZ: Oh, you mean a plat?

BILL HARRIS: Yes.

MARK SWARTZ: Oh, okay. Well, because we're not pooling this we wouldn't normally do that.

BILL HARRIS: Yeah, okay. Well, I didn't know

what...well, I guess---

MARK SWARTZ: I understand your question, but we wouldn't normally---

BILL HARRIS: ---I'm just used to seeing where the actual location is.

MARK SWARTZ: Right. It's---

BUTCH LAMBERT: Do you know the location of the well at this time?

BILL HARRIS: Relative to the---

BUTCH LAMBERT: He's just asking for the...to drill the well.

MARK SWARTZ: The right to drill another one.

ANITA DUTY: Right.

BUTCH LAMBERT: You don't know where the location is?

ANITA DUTY: No.

BILL HARRIS: Oh, okay.

BRUCE PRATHER: No survey? The second well has no survey?

MARK SWARTZ: YYY-23. Do you know if that's current?

ANITA DUTY: Yeah, it is.

MARK SWARTZ: Yeah, but there's three wells, of course.

ANITA DUTY: No, that is Hard Rock.

MARK SWARTZ: Oh, okay. A deep conventional?

ANITA DUTY: Yes.

MARK SWARTZ: I don't know if you can see this, Anita brings lots of stuff with her. The multiple colored dot is a Hard Rock conventional well, which happens to be in the unit we're talking about now in the YYY-23 down here. Okay, that's a Hard Rock well. These would be the locations of the two wells, both within...in the window.

BUTCH LAMBERT: Okay.

MARK SWARTZ: This is the unit that we're talking about and this is the Hard Rock conventional well and this would be the location. You can see the window.

BILL HARRIS: Yeah.

MARK SWARTZ: I don't know if that's helps.

BILL HARRIS: Yeah, it does. Thank you.

BUTCH LAMBERT: Mr. Harris' question, and probably is relevant, you know, if you could show us that in the application. Just show us the plat would be helpful.

ANITA DUTY: Well, sometimes we don't know where we're going to put the second one. We just know that we want---.

BUTCH LAMBERT: But, apparently, for that one you do.

MARK SWARTZ: Right.

ANITA DUTY: Right. I mean, if we do know I mean we can. But I didn't realize I had that.

BUTCH LAMBERT: Okay. And I think Mr. Harris' question.

BILL HARRIS: Yes. Yes.

ANITA DUTY: Okay.

MARK SWARTZ: Here's what has sort of throw us for a loop just to put it in context and we will do that. When we come in to do a large area like this, we don't address well locations at all. So, we're not accustomed to doing that. It's a fair question. If we know, we'll tell you.

BILL HARRIS: Thank you.

BUTCH LAMBERT: All right, thank you.

BUTCH LAMBERT: You're just adding that well to the unit...to that approved green unit?

MARK SWARTZ: We're adding this to the turquoise area, yes.

BUTCH LAMBERT: Right.

MARY QUILLEN: All of that in that turquoise area has been approved---?

MARK SWARTZ: For infill drilling, correct.

MARY QUILLEN: ---for infill drilling?

MARK SWARTZ: Roughly, almost three years ago.

MARY QUILLEN: Now you're planning out to where your...you're planning out to where you're going to be?

MARK SWARTZ: Yeah, we're just...really I don't think we're really stepping out. For some reason, we left that out. It might have been title, you know, when we're here that we didn't have title done and that's...we couldn't notify those people the first time around, which is often the explanation for leaving a piece out. But that probably was what happened. But, you know, if we were up here, you know, I'd be offering engineering testimony. But, I mean, essentially we're within the boundaries...you know, you should feel comfortable with that I would hope.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but

Katie Dye.)

BUTCH LAMBERT: Opposed, say no.

KATIE DYE: Abstain.

BUTCH LAMBERT: One abstention, Mrs. Dye.

MARK SWARTZ: Thank you all.

BUTCH LAMBERT: Thank you, Mr. Swartz and Ms. Duty.

Let me remind everyone that we're going to have to complete the day by 4:45. They're going to run us out of this room. They have the room reserved for another meeting. So, we'll finish today at 4:45. The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling of conventional gas well V-537978. This is docket number VGOB-09-0421-2509. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jansen for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. and one of my job descriptions is see that we get wells permitted and drilled.

Q. And you're familiar with this application now pending before the Board?

A. Yes, I am.

Q. What's the acreage for this particular unit?

A. It's 112.69 acres.

Q. Now, just a moment ago I passed out a revised Exhibit B. Can you tell the Board why we did that?

A. Tract 6 we inadvertently had two owners that did not own an interest in Tract 6 listed. So, we limited the two owners. If you'll see on the attachment, it says Joan Trivette one-half interest and Mason, LLC one-half interest. On the Exhibit B, we had four parties listed. The first three on Joan Trivette and that's her nephew and her niece. They own additional tracts in unit...the three of them together. The young man doing this got confused when he was doing this exhibit.

Q. But we haven't...we're not required to notify anybody else, right?

A. No, we just---

Q. All of the parties have been notified?

A. Yes.

Q. Okay. So, we're just correcting the ownership for that particular tract, is that correct?

A. That's correct.

Q. Okay. Are there any parties respondent that we're going to dismiss today?

A. No.

Q. And did the parties who are listed on Exhibit B-3, they were parties respondent to this application, have you attempted to reach an agreement with those individuals?

A. Yes, we have.

Q. And based on your leasing efforts, what do you have...what percentage of the unit does Range Resources-Pine Mountain have under lease currently?

A. We have 99.85% under lease.

Q. Now, as far as this notice of this hearing, how was that affected?

A. By certified mail.

Q. And any other way?

A. Notice was published in the Dickenson Star.

Q. And what date, please?

A. March the 25th, 2009.

Q. And we've provided proof of publication and

also the affidavit of mailing...certificate of mailing to Mr. Asbury, is that right?

A. Yes, you have.

Q. Are there any unknown owners in this unit?

A. No.

Q. Okay. Is 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. Now, if you were to reach an agreement with the parties listed on Exhibit B-3, a voluntary agreement, what lease terms would you offer?

A. We would offer twenty-five dollars per acre for a five year paid up lease that provides for a one-eighth royalty.

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

A. Yes, I do.

Q. What percentage of the gas estate does Range Resources seek to pool here?

A. .15%.

Q. And we've already said we don't have any unknowns, is that right?

A. That's correct.

Q. And no conflicting owners?

A. That's correct.

Q. So, we're not...we don't have no need for escrow, is that right?

A. That's correct.

Q. Okay. Now, if the Board were to approve our application today, what would be...who would you request to be named as operator under any order?

A. Range Resources-Pine Mountain, Inc. at P. O. Box 2136, Abingdon, Virginia 24212, Attention: Phil Horn.

Q. Is this address for all communications regarding elections and anything to do with this order?

A. Yes, it is.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, would you please state your

name, by whom you're employed and your job description?

A. Gus Jansen, manager of geology and employed by Range Resources-Pine Mountain, Inc.

Q. And you assisted in the preparation of this application, is that correct?

A. That's correct.

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

A. 5,151 feet.

Q. And what are the estimated reserves?

A. 300 million cubic feet of gas.

Q. Did you participate in the preparation of the authority for expenditure?

A. Yes, I did.

Q. And what is the estimated dry hole costs for this well?

A. \$313,437.

Q. And the completed well costs?

A. \$570,072.

Q. And, again, we've submitted that AFE with our application, is that correct?

A. That is correct.

Q. And does this AFE include a reasonable charge for supervision?

A. Yes, it does.

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

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Mr. Jansen, since you participated in preparing the AFE, do you have that in front of you?

GUS JANSEN: Here we go.

BUTCH LAMBERT: Could you explain for us, because this is another item that I don't think I've seen pop up, but the leasehold cost of \$30,000?

GUS JANSEN: Right. Do you want me to do it or---?

PHIL HORN: I'll do it.

GUS JANSEN: It might be better---.

TIM SCOTT: Probably Mr. Horn would be better.

GUS JANSEN: ---to do this.

PHIL HORN: That's what we pay our contract landmen and our field people to go out and try to obtain leases and make arrangements with the surface owners.

BUTCH LAMBERT: Is this something new because I

haven't noticed it in the AFEs--?

PHIL HORN: No, sir. I think that's the first...
that's our first item on each one of our AFEs, I believe.
Yes, sir.

BUTCH LAMBERT: Oh, is it, okay. Maybe I just
wasn't paying attention. Any other questions from the
Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any
further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Scott, it's
approved.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from
Range Resources-Pine Mountain, Inc. for the establishment of

drilling unit and pooling of conventional gas well V-536900.
This is docket number VGOB-09-0421-2510. All parties
wishing to testify, please come forward.

TIM SCOTT: Tim Scott, Phil Horn and Gus Jansen,
again, for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: You may proceed, Mr. Scott.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, employed by Range Resources-Pine
Mountain, Inc. I'm land manager and one of my job
description is to get wells permitted and drilled.

Q. And you participated in the preparation of
this application now pending before the Board, is that
right?

A. Yes, I did.

Q. Is this unit subjected to statewide
spacing?

A. Yes.

Q. And what...how much acreage do we have

here?

A. 112.69 acres.

Q. Are there any parties respondent listed on Exhibit B-3 that you wish to dismiss today?

A. No.

Q. Okay. Now, with regard to those individuals listed on B-3, have you attempted to reach an agreement with those persons?

A. Yes, we have.

Q. What percentage of the unit does Range Resources-Pine Mountain have under lease?

A. 80.46%.

Q. Now, as to the hearing today, how was noticed affected that we would have this hearing today?

A. By certified mail.

Q. And what other method?

A. Also, notice was published in the Dickenson Star on March the 25th, 2009.

Q. Okay. Do we have any unknown parties in this unit?

A. No, we do not.

Q. Okay. Have you filed proofs of publication and affidavit of mailing with Mr. Asbury?

A. Yes, we have.

Q. Okay. And, again, Range Resources-Pine Mountain is authorized to conduct business in the Commonwealth, is that right?

A. Yes, we are.

Q. And there's a blanket bond on file, is that right?

A. Yes, that's right.

Q. If you were to reach a voluntary agreement with the parties listed on Exhibit B-3, what would be the lease terms that you would offer?

A. Twenty-five dollars per acre for a five year paid up lease that provides for a one-eighth royalty.

Q. And what percentage of the gas estate are you seeking to pool here?

A. 19.54%.

Q. And we've said we don't have any unknown owners, is that right?

A. That's correct.

Q. And we have no conflicting claims, so there's no requirement for an escrow, is that right?

A. No escrow account would be required.

Q. Okay. Are you asking the Board to designate Range Resources-Pine Mountain as the operator for this

unit---?

A. Yes.

Q. ---if an order is entered? Okay, what would be the address used with regard to any orders?

A. It would be Range Resources-Pine Mountain, Inc., P. O. Box 2136, Abingdon, Virginia 24212, Attention: Phil Horn.

PHIL HORN: Okay. That's all I have for Mr. Horn.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Scott.

TIM SCOTT: Thank you, Mr. Chairman.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jansen, manager of geology for Range Resources-Pine Mountain, Inc.

Q. And you also participated in the preparation of this application, is that correct?

A. That's correct.

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

A. 5,456 feet.

Q. And what are the estimated reserves?

A. 300 million cubic feet.

Q. As we indicated that...you also participated in the preparation of the AFE, is that correct?

A. That's correct.

Q. And are you familiar with the well costs?

A. Yes, I am.

Q. Okay. What's the estimated dry hole costs for this well?

A. \$306,424.

Q. And the completed well costs?

A. \$567,356.

Q. And, again, you participated in the preparation of the AFE, is that right?

A. That is correct.

Q. And we do have a reasonable charge for supervision here, is that correct?

A. That's correct.

Q. And in your opinion, would the granting of this application be in the best interest of preventing waste, protection of correlative rights and promote

conservation?

A. Yes.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, say no.

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Scott. It's approved.

TIM SCOTT: Thank you.

BUTCH LAMBERT: The next item is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-537711, docket number VGOB-09-0421-2511. All parties wishing to testify, please come

forward.

TIM SCOTT: Mr. Chairman, Tim Scott for Range Resources-Pine Mountain, and we're going to withdraw that application.

BUTCH LAMBERT: Okay. That will be withdrawn.

TIM SCOTT: Thank you.

GUS JANSEN: Thank you.

BUTCH LAMBERT: Thank you.

(Off record discussion.)

BUTCH LAMBERT: The next item on the agenda is the Board will receive corrective testimony and exhibits from Equitable Production for disbursement of funds from unit VC-537869, docket number VGOB-07-1016-2046-01. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett on behalf of Equitable Production Company.

BUTCH LAMBERT: You may proceed, Mr. Kaiser. The above disbursement was before the Board in February of 2009. There apparently were...in the review by Mr. Asbury's office, there was discrepancies discovered in the percentage for each party to be disbursed for Tract 3. We now have an appropriate percentage for both of those parties in Tract 3 and we've passed out a corrective exhibit to that affect.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. The exhibit that we passed out does appear to be corrected?

A. It is correct. What had happened we'd already split everything out and then our divisional analyst inadvertently split it out again on the exhibit that was before the Board the last time. So, it has been corrected.

Q. So, the owner percentage in the escrow in the next to the last column to the right would not be correct?

A. Yes.

Q. And the amount in escrow as of 331 would be correct?

A. That's correct.

Q. And that matches up with the bank and everything?

A. It does.

Q. And...so, we would ask the Board to disburse any proceeds attributable to Tract 3 to those owners and those percentages, you know, as to whatever amount is in there at the time of disbursement and then on a going forward basis to disburse...we'll disburse directly to

them?

A. Correct.

JIM KAISER: Nothing further, Mr. Chairman.

RITA BARRETT: And I have a W-9 for you.

JIM KAISER: And a W-9.

DAVID ASBURY: Thank you.

BUTCH LAMBERT: Questions from the board?

(No audible response.)

JIM KAISER: Apparently, we split it twice when it should only be split once.

RITA BARRETT: Right.

BUTCH LAMBERT: Do I have a motion pertaining to the corrective testimony?

DONNIE RATLIFF: So moved, Mr. Chairman.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Approved, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's

approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for pooling of coalbed methane unit VC-536744, docket number VGOB-09-0421-2512. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Rita Barrett for Equitable Production Company.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay, Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in the unit for well VC-537916 dated March the 20th?

A. I am.

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

A. We do.

Q. And 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. And what's the percentage of the gas estate that's under lease to Equitable at this time?

A. 81.83%.

Q. And the percentage of the coal estate under lease?

A. 81.83%.

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

A. They are.

Q. So, that means both...there's 18.17% of both the gas and coal estate unleased?

A. That's correct.

Q. Okay. So, we've got fee mineral tracts?

A. Yes.

Q. And there are no unknown unlocateables, is that correct?

A. That's correct.

Q. Are you asking the Board to force pool all unleased interest as listed at Exhibit B-3?

A. I am.

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

A. I am.

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

A. Twenty-five dollar paid up, five year term, one-eighth royalty.

Q. Okay. That's a little different than what we've been testifying to.

A. Yes.

Q. But we've...in the past what we've done is just say five dollars per acre per year. But in essence, you're paying the entire lease up front?

A. We are.

Q. So, it is actually twenty-five dollars up front for five years with a one-eighth royalty?

A. That's correct.

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

A. They do.

JIM KAISER: Now, Mr. Chairman, with Ms. Barrett's agreement and your permission, I'd like to incorporate the statutory election option testimony that was taken earlier today in item 2493.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, in this case, since we don't have any conflicting claims or unknowns, the Board does not need to establish an escrow account, is that correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. 2,035 feet.

Q. Estimated life...of the reserves over the life of the unit?

A. 250 million cubic feet.

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

A. It has.

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

A. It does.

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

A. Dry hole costs are \$123,115. Completed well costs are \$343,507.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BRUCE PRATHER: Is this a Roaring Fork well? I think it is.

JIM KAISER: Yeah, it is.

RITA BARRETT: It is.

BRUCE PRATHER: Okay.

RITA BARRETT: And the revised exhibit that I handed out, on Exhibit B we had Cecil Robinette shown as being an owner, but we didn't have his percentage on Exhibit B initially, but it was on B-3. So, that's added, but that didn't change any unleased percentages or anything.

JIM KAISER: In other words, the information to the right of his name, for some reason, didn't get filled in?

RITA BARRETT: Right.

BUTCH LAMBERT: Ms. Barrett, it has come to the attention of the Board, that in Tract 8 Henry H. Robinette that he may be deceased.

RITA BARRETT: I'm not aware of that.

SHARON PIGEON: He's definitely deceased.

RITA BARRETT: He is?

SHARON PIGEON: Yes.

BRUCE PRATHER: Would his wife be joint tenant?

SHARON PIGEON: Maybe and maybe not. I know he's deceased.

JIM KAISER: Probably tenant by entirety.

SHARON PIGEON: I don't know how they hold their property, but I do know he's deceased.

JIM KAISER: All right.

RITA BARRETT: Okay. Do you know when he died, Sharon?

SHARON PIGEON: Pardon me?

RITA BARRETT: Do you know the date of his death?

SHARON PIGEON: Well, we've missed him for the last two Christmases at Christmas dinner. So, at least that long.

RITA BARRETT: I'm sorry.

JIM KAISER: We'll file a corrected exhibit. We'll go back and do some investigation. But since they're leased, you know, that lease will run to his heirs, so...as we're not pooling him. So---

RITA BARRETT: What his heirs need to do is contact us regarding his death. I may have a copy of...we have a royalty owner pamphlet that shows the heirs what to do as far as, did he have a Will, did he die testate or intestate and an address where they can mail that information to Pittsburgh and we'll remove his name from any further exhibits.

SHARON PIGEON: You can send that to Flora Robinette.

BUTCH LAMBERT: So, you will file a corrected exhibit?

RITA BARRETT: I will.

BUTCH LAMBERT: Okay. Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any

further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather.)

BUTCH LAMBERT: Opposed, say no.

BRUCE PRATHER: Abstain.

BUTCH LAMBERT: One abstention, Mr. Prather. The next item is a petition from Equitable Production Company for pooling of coalbed methane unit VC-531147, docket number VGOB-09-0421-2513. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett for Equitable Production Company.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed here seeking to pool any unleased interest in this unit?

A. I am.

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

A. We do.

Q. 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?

A. Yes.

Q. What percentage of the gas estate is under lease to Equitable?

A. A 100%.

Q. And what percentage of the coal estate?

A. 75.880.

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

A. Yes.

Q. So, 24.12% of the coal estate remains unleased?

A. That's correct.

Q. And that's represented by Tract 4?

A. Yes.

Q. And that's the unknown heirs of H. H. Viers?

A. That's correct.

Q. And were reasonable and diligent efforts made and sources checked to identify and locate these

unknown heirs?

A. Yes.

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

A. I am.

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

A. I am.

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

A. Twenty-five dollar paid up lease, five year term and one-eighth royalty.

Q. And, Ms. Barrett, is this location of this particular well outside the interior window?

A. It is.

Q. And then you will take care of that in the permitting process in Mr. Asbury's office?

A. Yes. But there are no correlative rights issues involved in that. But we do that during the permitting process.

Q. Okay. And in your opinion, do the terms that you just testified to regarding the fair market value of drilling rights, did you gain this familiarity by

acquiring oil and gas leases and other agreements involving the transfer of drilling rights in the unit here and in the surrounding area?

A. Yes.

JIM KAISER: Now, again, we'd ask to be allowed to incorporate the statutory election testimony that was first taken in 2493.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, in this particular case, Tract 4 would need to be escrowed due to the conflicting claim and unknown heirs of H. H. Viers?

A. That's correct.

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

A. Equitable Production Company.

Q. The total depth of this well?

A. 2,870 feet.

Q. Estimated reserves over the life of the unit?

A. 230 million cubic feet.

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

A. It has.

Q. In your opinion, does it represent a

reasonable estimate of the well costs for this well?

A. It does.

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

A. Dry hole costs are \$144,081. Completed well costs are \$382,101.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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.

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Our plat does not have the tract numbers on it. I mean, I guess, we can flip pages and do

that. But our well location plat there---

RITA BARRETT: I can get a revised plat to go with this exhibit so that it correlates with the exhibit.

BILL HARRIS: That would help...yeah, that would help. Thank you.

BUTCH LAMBERT: Other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do you have anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be approved with the revised...with the issuance of a revised plat.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, say no.

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser. It's approved.

RITA BARRETT: Thank you.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537916, docket number VGOB-09-0421-2514. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Rita Barrett for Equitable Production Company.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. I am.

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

A. We do.

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

A. Yes.

Q. What's the interest under lease to Equitable in the gas estate within this unit?

A. 93.46%.

Q. And the coal estate?

A. A 100%.

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

A. They are.

Q. So, what remains unleased is 6.540% of the gas estate?

A. That's correct.

Q. Okay. Do we have any unknowns in this unit?

A. We do not.

Q. Okay. Are you asking the Board to force pool all unleased interest listed at Exhibit B-3 to the application?

A. We are.

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

A. I am.

Q. Please advise the Board as to what those are.

A. Twenty-five dollar bonus, a five year paid up lease and one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, again, we'd ask that the statutory election testimony be incorporated first taken in 2493 this morning.

BUTCH LAMBERT: Accepted.

Q. Again, Ms. Barrett, it appears that this well is outside the interior window?

A. It is.

Q. Okay. You'll take care of that in the permitting process?

A. We will.

Q. The Board does need to establish an escrow account here, correct, we have conflicting---?

A. That's correct. Tracts 4, 5 and 6.

Q. 4, 5 and 6 have conflicting claims?

A. Yes.

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

A. Equitable Production Company.

Q. The total depth of this proposed well?

A. 2,825 feet.

Q. The 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 well costs?

A. Yes.

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

A. Dry hole costs are \$139,041. Completed well costs are \$410,224.

Q. Do 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 interests 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.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask the application be approved as submitted in this case.

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Bruce Prather and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

BRUCE PRATHER: Abstain.

DONNIE RATLIFF: Abstain.

BUTCH LAMBERT: Two abstentions, Mr. Prather and Mr. Ratliff. The next item is a petition from Equitable

Production Company for pooling of coalbed methane unit VC-537108, docket number VGOB-09-0421-2515. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Rita Barrett.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application Equitable filed seeking to pool any unleased interest in this unit?

A. I am.

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

A. We do.

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

A. Yes.

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

A. 89.219889%.

Q. And in the coal estate?

A. I'm sorry, it's a 100%.

Q. So, what remains unleased is 10.78011111% of the gas estate?

A. That's correct.

Q. Okay. There are no unknown owners?

A. No.

Q. Are you asking the Board to force pool all unleased interest as listed at Exhibit B-3?

A. I am.

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

A. Yes.

Q. Please advise the Board as to what those are.

A. Twenty-five dollars, a paid up five year paid up term and one-eighth royalty.

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

A. Yes.

Q. Again, this well is outside the interior window and you'll seek permission to drill it where it is in

the permitting process with Mr. Asbury's office?

A. Yes.

JIM KAISER: Okay, again, Mr. Chairman, we'd incorporate statutory election option testimony taken in 2493.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, the Board will need to establish an escrow account in this case for tracts...any proceeds attributable to Tracts 1 and 2?

A. That's correct. They're conflicting claims.

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

A. Equitable Production Company.

Q. The total depth of this well?

A. 2,286 feet.

Q. The estimated reserves?

A. 250 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 well costs?

A. It does.

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

A. Dry hole costs are \$164,844. Completed well costs are \$411,531.

Q. Do these costs anticipate a multiple completion?

A. It does.

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

A. It does.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

DAVID ASBURY: Mr. Chairman.

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: I may have written it down. I apologize if I wrote it down wrong. Would you repeat the control ownership for the gas, please?

RITA BARRETT: The coal?

DAVID ASBURY: No, the gas.

JIM KAISER: The gas.

RITA BARRETT: Oh, I'm sorry. It is 89.219889%
leased.

DAVID ASBURY: Okay. Is that different?

RITA BARRETT: That's what I was just getting ready
to check.

DAVID ASBURY: It's slightly different. It's like
a half an acre difference.

RITA BARRETT: Yes, the corrected exhibit that I
handed out, we actually leased Michael Tiller on Tract 2
subsequent to the application. We also changed his address.
I highlighted that in yellow.

DAVID ASBURY: Okay.

BUTCH LAMBERT: You leased Michael Tiller in Tract
2?

RITA BARRETT: Yes, sir.

BUTCH LAMBERT: And dismissed him from Tract 1?

RITA BARRETT: No, we didn't dismiss him from Tract
1. We changed his address in Tract 1. Then...I'm getting
to EE here.

JIM KAISER: This original exhibit shows him being
unleased in 1 and leased in 2.

RITA BARRETT: Let me see this.

BUTCH LAMBERT: And the revised exhibit shows him dismissed.

JIM KAISER: That's correct?

RITA BARRETT: We leased him Tract 1.

JIM KAISER: He has always been leased in Tract...do you want to come down here. Do you need him?

RITA BARRETT: Yeah, I do, because this thing is so...

JIM KAISER: If you'd raise your right hand, please.

(Mark Draper is duly sworn.)

COURT REPORTER: Please state your name.

MARK DRAPER: My name is Mark Draper, independent contractor for EQT Production Company.

MARK DRAPER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mark, could you explain kind of what is going on here? Is this your well?

A. Yes, it is, Jim. Originally, we had leased Michael Tiller in all tracts including the 50.15 acre tract and recently since the application we also leased him on the 49 acre tract.

Q. So, he has always been leased on Tract 2?

A. Yes.

Q. And then since the time of the filing of the application, you obtained a lease from him for Tract 1?

A. No, he has always been leased on Tract 1 and subsequent to the application, we leased him on Tract 2, the 49 acre tract.

RITA BARRETT: I think that Exhibit B-2 should say Tract 2 instead of Tract 1.

MARK DRAPER: And he also notified us of his correct address at Third Street, Bay City, Texas (inaudible).

BUTCH LAMBERT: On your revised Exhibit B-2 page one of one, you have him in Tract 1 and the gas estate dismissed, .2991 and unleased.

(Jim Kaiser, Mark Draper and Rita Barrett discuss among themselves.)

RITA BARRETT: We'll continue this one until we can

get our exhibit straight, so we don't waste any...hold everybody up here.

BUTCH LAMBERT: Okay.

JIM KAISER: Actually, I think Tract 1 is the 49 acre tract and Tract 2 is the 50.15 acre tract, according to our plats.

BUTCH LAMBERT: But that doesn't match the exhibit.

RITA BARRETT: Right. It doesn't...it doesn't match the exhibit. So, we'll just continue---

JIM KAISER: Just continue---

RITA BARRETT: ---this well until we can get out exhibits and figure out who we leased after the application.

BUTCH LAMBERT: Okay. Continued.

SHARON PIGEON: The percentages---

RITA BARRETT: Yeah, I don't want to waste any time so no other folks are waiting on to get stuff heard.

BUTCH LAMBERT: Continued until May.

RITA BARRETT: Until May.

BUTCH LAMBERT: Well, if that's when you would like for it to be continued. We'll do it until December if you want to.

JIM KAISER: No May is fine.

BUTCH LAMBERT: To May?

JIM KAISER: May is good.

RITA BARRETT: May is fine.

JIM KAISER: Thank you.

RITA BARRETT: That heirship is a bear.

BUTCH LAMBERT: The next item is a petition from Equitable Production Company for pooling of horizontal coalbed unit VCH-531109, docket number VGOB-09-0421-2516. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Rita Barrett for Equitable.

BUTCH LAMBERT: You proceed, Mr. Kaiser.

JIM KAISER: Ms. Barrett has got a revised exhibit that she wants to hand out here.

BUTCH LAMBERT: All right.

(Off record discussion.)

RITA BARRETT: What happened on the exhibit, we started looking on the gas exhibit for the application and the percentage of the unit that was leased and unleased and the acreage in the unit that was leased and unleased was incorrect. So, corrected that.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application that Equitable filed seeking to pool any unleased interest in this unit?

A. I am.

Q. And we previously established this unit for purposes of a horizontal coalbed methane well?

A. Yes.

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

A. We do.

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

A. Yes.

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

A. 98...98.7125%.

Q. And the coal estate?

A. 100% leased.

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

A. They are.

Q. So, the only thing within this 320 acre unit that remains unleased is...I'm sorry, it's not a 320 acre unit, it is a...it's coalbed methane. So, it is a---

A. 235.23 acres.

Q. ---235.23 acre unit. Is...so probably the gas estate that remains unleased is 1.287500?

A. That's correct.

Q. And we don't have any unknowns?

A. We do not.

Q. And you're asking the Board to force pool all unleased interest as listed at Exhibit B-3?

A. I am.

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

A. I am.

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

A. Those are a twenty-five dollar paid up five year lease with a one-eighth royalty.

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

A. Yes. And I want to correct what I just said, twenty-five dollars per acre paid up.

JIM KAISER: Okay. Mr. Chairman, we'd ask that the testimony regarding the statutory election option first taken in item 2496 be incorporated for purposes of this hearing.

BUTCH LAMBERT: Accepted.

Q. In this particular case, Ms. Barrett, I think the Board needs to establish an escrow account for---?

A. 5.

Q. ---a portion of Tract 5?

A. Yes.

Q. Okay. Due to a conflicting claim?

A. Yes.

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

A. Equitable Production Company.

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

A. 5,190 feet.

Q. And that will include the lateral?

A. Yes.

Q. Okay. And what are the estimated reserves over the life of the unit?

A. 450 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs are \$867,252. Completed well costs are \$1,072,207.

Q. Do 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 interests of conservation, the prevention of waste---

A. Yes.

Q. ---and protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at

this time, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

DAVID ASBURY: Mr. Chairman.

DAVID ASBURY: Mr. Asbury. In the plat that's with this, it shows the Christmas tree horizontal direction type. Are all of those in the same horizon?

RITA BARRETT: I'm going to have to ask the geologist to come down here and testify to that.

DAVID ASBURY: Sorry.

JIM KAISER: That's all right.

TAYLOR VACTOR: I'm sworn in already, I guess.

JIM KAISER: You've been previously sworn, let me remind you of that.

SHARON PIGEON: State your name.

JIM KAISER: State your name, again.

TAYLOR VACTOR: Taylor Vactor. Yes, it will all be in the same horizon.

DAVID ASBURY: All of these will be in the same?

TAYLOR VACTOR: That is correct.

DAVID ASBURY: Thank you.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: Abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. The next item is a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit J-35 in the Oakwood Field to be served by wells AE-153 and AE-251, docket number VGOB-09-0412-2522. This would be docket item number sixty.

JIM KAISER: Mr. Chairman, if I may ask, could you go ahead and call sixty-one also and we'll kind of flip these. We need to modify the field rule first and then pool that second well. I don't know why they got put on

backwards.

BUTCH LAMBERT: Sixty and sixty-one?

JIM KAISER: Yes, sir.

BUTCH LAMBERT: Okay. Also calling a petition from Appalachian Energy, Inc. for modification of Oakwood Field unit...Field I..Oakwood I field order to allow for the drilling of additional well in unit J-35, docket number VGOB-93-0216-0325-18. All parties wishing to testify, please come forward.

JIM KAISER: In this particular case, Mr. Chairman, it will be Justin Phillips and Tom Blake. Mr. Blaker...well, I guess neither one of them have been sworn.

(Justin Phillips, Tom Blake and Frank Henderson are duly sworn.)

JIM KAISER: Way to go. All of you.

SHARON PIGEON: We want to get sworn to.

JIM KAISER: I affirm, but I don't swear.

(Laughs.)

JIM KAISER: All right. We'll start with Mr. Phillips.

JUSTIN PHILLIPS

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, has everybody been notified of the hearing to modify this order to allow for an increased density well as required by statute by notified return receipt requested?

A. Yes, they have.

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

BUTCH LAMBERT: Did you ask him that question in relation to item sixty-one?

JIM KAISER: Yes, sir.

BUTCH LAMBERT: Okay, thank you.

JIM KAISER: Sixty-one.

BUTCH LAMBERT: Thank you. Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may call your next witness, Mr. Kaiser.

TOM BLAKE

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Tom Blake. I'm engineering and geological consultant for Appalachian Energy.

Q. Okay. And you have on numerous occasions before testified before the Board on the economic viability of increased density drilling and why it works and why we want to continue to do this?

A. I have.

Q. And, I guess, you have prepared a handout for the Board today?

A. Yes.

JIM KAISER: We'll get that out.

(Off record discussion.)

Q. Mr. Blake, in conjunction with the handout that you're prepared, if you would go through that for the Board, and talk about why we want to drill this second well in this unit.

A. Okay. First of all, I'm going...I know time is of the enhance. So, I'm going to go kind of fast. So, if there's anything that you wanted to ask, just stop me right there. First of all, when we did this, I was the general manager for Equitable. We had field rules at 60

acres per unit on the Dickenson County side and it's 80 acres over in the Buchanan side. Our question was, are we drilling the right spacing or...we weren't actually looking for increased density or anything. We were just trying to figure out if the field rules were right. This was early in the process. So, I know you've heard some of these things like desorption isotherms. I've read some testimony from some things having to do with AEI in the last month or two. This is a gas desorption isotherm. It's an average. This particular one, it's an example. If you look at 600 pounds, you got 500 standard cubic feet per ton. If you have a lessor pressure, 200...like at 100 psi you have two hundred standard cubic feet per ton. So, if you can make your reservoir go from 600 to 100 it would release between 500 to 200 or 300 standard cubic feet per ton. The ton of coal is about a cubic yard. If you have an 80 acre unit, 43 times 4356 times 80 acres times the thickness of your coal times this and vlah lah you've got a volumetric estimate. So, I mean, I could do it in my head right...you know, right in front of you. But that doesn't answer very much because you can have a zero percent recovery factor. You can have a 100% and I've seen more than a 100%. So, that's a starting point. That's gas in place, okay. The second exhibit, which I didn't number them because I didn't---

Q. We'll go AA and BB. Do you want to go that way?

A. Yeah, I'm sorry, they didn't...yeah, I didn't know where to start. So, data really is important. Production data is more important than a lot of other things they can estimate. It's especially important if you can do what we were doing with this. What we did is we modeled this in a computer...with a computer simulation. We had a field that had a decent amount of development. It's called Frying Pan. It's in Dickenson County. What we did is we took the actual history of every well, the production, the pressures and everything and created a model for each well and then put all of the models together. What you see here is the result of all of the models together. I will say, we had a consultant S. A. Holdage, which is an excellent company, did our first simulation. They could not make the water come out right and we turned right around and did it with in-house people with a reservoir simulator. And made it work with the gas...you can see the dots are the actual data and the solid lines are the projections that came out of the model. The reason why we do this is so that we don't have to make mistakes that we wouldn't have...accidentally have to make. It's a lot easier to try something in the computer than it is to go out in the field and waste money

and do things that aren't appropriate. So, we wanted to know what was appropriate. So, you can see, there's a really good match...the red is the gas. The blue is the water. That was the hard part. We had to mess with a capillary pressure to make that happen. There's all kinds of variables in here. The most important ones are thickness, the gas isotherm that you saw and there's a number of other things. So, if you go to the next slide, we took that simulation...oh, by the way, simulation doesn't say I have ten seams and everyone has...we roll it all together, okay. A model is a simplification. So, the simplification is...in this case, we're looking at a 160 acres total. We have a little bit of different between the permeabilities. Do you see that KXKY at the beginning? There's 25 feet of coal. There's a 300 foot frac length here. So, it's a stimulated coal seam. That's the way all of the wells run. The red is 80 acres or two wells in a 160 acre unit. I'm going to look at the recovery of four of the 160 acre unit. Okay, here I'm looking for efficiency. 60 acres would be 2.7 wells per one 60 acre unit, which you really can't 2.7. But it's just dividing it up. Four wells in the unit would be 40 acres. As you would imagine, if you drilled more wells in the units, you would have more gas recovery as you go. So, in this particular case, four wells

would have been sixteen hundred and something 1.7
bs...that's about 430 a well. For 60 acres it would have
511 a well. For 80 acres or two wells it would have been
550 a well. So, the wells as you increase the number of
wells, the reserves go down, but the overall recovery from
the unit goes up. So, there's an interplay here. The
reason why you have a significant amount of gas being
recovered is because coal is a storing type of a reservoir.
There's gas in the pore space in it, (inaudible) water, but
the gas is occupied on the coal and so it's really critical
that you get the pressures down, which is why I showed the
isotherm at the beginning. The low pressure throughout the
80 acres is what you're trying to do, okay. So, you get
more gas, but that doesn't say it's the right thing to do,
okay. The next curve exhibit, it's just one red line. What
we did is we took the different well spacings and reserves
for the number of wells all the way to the extremes. All of
the way from zero to 160 acres. With the reserves that we
got out of the simulator and just ran economics, for the
cost of a well and in this case you can see how old this
was, \$2.25. We're going back there evidently.

SHARON PIGEON: I hope not.

A. You know, our question was, is 60 or 80
right? It turns out, if you look at the optimal net present

value in thousands of dollars is around 40 acres. In this case maybe slightly more than 40, but that's where it peaks, okay. So, this is saying the economically optimal thing to do is to do it on 40 acres. So, why do we come to you with 80 acre units and say 40, this is the reason. It's economically optimal. Do we get the same reserves if we had drilled one well or drilled two? No. We get slightly less. But overall we get more reserves and it's economically optimal. That's the best for the state and that's the best for the county and that's the best for the land owner. It's best for the operator and our partners and everybody else. So, just summarizing...oh, this is interesting. Two things, higher gas prices will push that curve to the left toward tighter spacing actually. One of the things that was interesting about it is one of the real drivers in making it more optimal was if when you put wells in like that, the per well road costs per well, power line costs and those kinds of things, per well pipeline costs all go down. So, a big part of this was a the fact that the per well costs were also going down aside from the fact from a reservoir standpoint is the right...is the right thing to do. So, higher gas prices would lend you toward smaller spacing. Two wells in the unit is going to allow you to stimulate every zone better because you don't necessarily get a

stimulation on every zone. I mean, we usually do, but sometimes we don't. If you see it in an offsetting well, you can probably get it stimulated there. Sometimes we'll see some in one well and we don't see it in the other. So, you're getting all new reserves in that case. So, that's encountering work holes with lateral variations. As I said, it's only partially inter-communicating. What we're really doing here is getting that pressure down so that the gas is released from the coals. So, that...I just wanted to give you, you know, just an idea really quick here. It's not an arbitrary thing. It's something that people figured out. We...Equitable figured it out first and see CNX now doing it and you see Equitable doing it. This is very common. Therefore, it works in practice too.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Call your next witness.

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

BUTCH LAMBERT: Do I have a motion on sixty-one?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying
yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's
approved.

JIM KAISER: Thank you.

DAVID ASBURY: A nice exhibit.

TOM BLAKE: Thank you.

JIM KAISER: Thank you, Tom.

BUTCH LAMBERT: And we've already called sixty.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, do your responsibilities
include the land involved here and in the surrounding area?

A. Yes, they do.

Q. Okay. Can you explain what we're really

doing here is the first well that we drilled in this unit we force pooled and it was AE-153, right?

A. That's correct.

Q. And then now we've just got this unit approved for an increased density well, a second well, and that is going to be AE-251?

A. That's correct.

Q. But we are really going to be repooling the entire unit because when we pooled 153...since the time we've pooled 153 we've found some---?

A. We've found another property owner that we missed in the pooling of AE-153 and also some track identification on the BG-07 was incorrect. So, we have the opportunity to get that straightened out before we're producing any gas.

Q. Right. And so we're going to be kind of repooling 153 and pooling 251 and everybody will get an election on---?

A. On both wells.

Q. ---the total unit, right?

A. That's correct.

Q. Okay. So, the correlative rights will be protected?

A. Yes, they will.

Q. Okay. Does Appalachian Energy own drilling rights in the unit involved here?

A. Yes, we do.

Q. And 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. Okay, what is the percentage under lease to Appalachian Energy of the gas estate?

A. 82.51%.

Q. And the coal estate?

A. 78.79%,

Q. And all unleased parties are set out at Exhibit B-3?

A. Yes, they are.

Q. And so what percentage of the gas estate remains unleased?

A. 17.49%.

Q. And the coal estate?

A. 21.21%.

Q. Okay. We do not have any unknowns?

A. No, we do not.

Q. Okay. Are you asking the Board to force

pool all unleased interest listed at Exhibit B-3?

A. Yes, we are.

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. Twenty-five dollars an acre for a five year lease and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, we'd ask at this time to incorporate the statutory election option testimony first taken in 2493 earlier today.

BUTCH LAMBERT: Do you accept them?

JUSTIN PHILLIPS: I accept those terms.

Q. And let's see, Mr. Phillips, do we need... does the Board need to establish an escrow account here?___

A. No, we do not.

Q. So, we've got a fee mineral tracts and no conflicting claims?

A. No.

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

A. Appalachian Energy, Inc.

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

BUTCH LAMBERT: Questions from the Board?

MARY QUILLEN: Mr. Chairman, could Mr. Phillips---?

BUTCH LAMBERT: Ms. Quillen.

MARY QUILLEN: ---repeat the unleased coal...excuse me, gas estate.

JUSTIN PHILLIPS: 21.21%. Did you have a revised exhibit?

JIM KAISER: I don't know. Yeah, I do.

JUSTIN PHILLIPS: Does that not reflect the same as to what you have?

JIM KAISER: I'm sorry, here. Here's revised exhibits and revised plat.

SHARON PIGEON: That's good because this wasn't working too well.

JIM KAISER: It's my fault.

(Pass out exhibits.)

SHARON PIGEON: It's Mr. Henderson's fault. That's his job right here.

JIM KAISER: Yeah, we need to go back over those figures. It's actually...the unleased percentage is less.

Q. I'm sorry, Mr. Phillips. Could you...in accordance with the revised exhibits that we just passed out, could you state the unleased portion of the gas estate?

A. 17.49% of the gas and 21.21% of the coal.

JIM KAISER: Okay. Thank you. Does everybody got that?

(No audible response.)

JIM KAISER: At this point, nothing further of this witness, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

JIM KAISER: No, I still I've got another witness.

BUTCH LAMBERT: Oh, I'm sorry.

JIM KAISER: Oh, you could go ahead.

SHARON PIGEON: We need a little more information. You didn't really come just to handout---

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Frank Henderson, Appalachian Energy.

Q. And what is the total depth of the proposed wells under this plan of development?

A. AE-153 1350 feet. Well AE-251 1525 feet.

Q. Estimated reserves for the unit?

A. 375 million cubic feet.

Q. Have two separate AFEs been reviewed, signed and submitted to the Board?

A. Yes, they have.

Q. In your opinion, do they represent reasonable estimates of well costs?

A. Yes.

Q. Could you state first the completed well costs and dry hole costs for AE-153?

A. \$131,630 and completed costs of \$356,669.

Q. And for AE-251?

A. \$159,401 and completed costs of \$416,589.

Q. And do all of these costs anticipate multiple completions?

A. Yes, 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.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

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

BUTCH LAMBERT: Do I have a motion?

DONNIE RATLIFF: So moved, Mr. Chairman.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any further discussion?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser. It's approved.

JIM KAISER: Thank you.

BUTCH LAMBERT: At this time, it's a quarter till five and we need to be out of this room by 5:00 o'clock. So, we're going to adjourn after I ask the Board if you have had a chance to review the minutes from the last meeting.

DONNIE RATLIFF: I move to approve as submitted, Mr. Chairman.

MARY QUILLEN: Second.

BUTCH LAMBERT: I have a motion and a second. Any discussion on the minutes?

(No audible response.)

BUTCH LAMBERT: All in favor, signify by saying yes.

(All Board members signify by saying yes.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. We'll see everyone in Lebanon on May the 12th.

JIM KAISER: Thank you.

STATE OF VIRGINIA,

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 in this the 18th day of May, 2009.

NOTARY PUBLIC

My commission expires: August 31, 2009.