

IN THE COUNTY OF RUSSELL

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

September 15, 2009

APPEARANCES:

BOARD MEMBERS:

PEGGY BARBER - PUBLIC
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

DIANE DAVIS - DGO STAFF

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**Approve minutes

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BUTCH LAMBERT: Ladies and Gentlemen, it's 9:00 o'clock. It's time to begin our hearing. I will remind you this morning if you have cell phones or paging devices or other electric devices to please turn those off or put them on vibrate. Those things do interfere with our recording of these hearings. At the beginning of our hearings this morning, I would like to ask the Board to please introduce themselves beginning with Ms. Barber.

PEGGY BARBER: I'm Peggy Barber, Southwest Virginia Community College, a public member.

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

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

BILL HARRIS: I'm Bill Harris, a public member from Wise County.

DONNIE RATLIFF: Donnie Ratliff with Alpha Natural Resources representing coal.

BRUCE PRATHER: I'm Bruce Prather representing the coal and gas.

BUTCH LAMBERT: Thank you. We'll begin this morning with the Board will receive public comments. I have a sign-up sheet and the first on the list is Ronnie Osborne. Good morning, Mr. Osborne. Would you state your

name for the record, please?

RONNIE OSBORNE: Ronnie Osborne. I was...had asked the Board about meters on underground wells. Well, it was explained to me that they done that by footage. If you can do that underground with footage, why don't they do that on top of the ground with footage instead of meters? You know, if you can do it to the wells that's drilled underground by footage, what's the difference on top of the ground? You've got meters on top of the ground and you've got footage underground. Well, I mean, you know---

BILL HARRIS: Well, I'm the first to admit I'm a little confused about what you're asking about.

RONNIE OSBORNE: I ask the Board that---

BILL HARRIS: When you say meters---

RONNIE OSBORNE: Yeah, on the wells.

BILL HARRIS: ---you're talking about meters in gas?

RONNIE OSBORNE: On the wells that you drill. Every well that you drill on top of the ground has got a meter, right? The one's underground don't have meters and I was told that they went by footage. I mean, how do you keep that accurate by footage?

BUTCH LAMBERT: Who told you that, Mr. Osborne?

RONNIE OSBORNE: Mr. Asbury.

BUTCH LAMBERT: Okay.

BRUCE PRATHER: Cubic footage.

RONNIE OSBORNE: Huh?

BRUCE PRATHER: It's mcf for cubic foot is the measurement.

RONNIE OSBORNE: You've got one side of your mines got gas wells. You've got another side of your mine you got gas wells and you run all of them pipes together and then you've got one meter on top of the ground at the mines. How do you keep that separated? How do you know whose is what with one meter? You've got so many thousand feet over here and you've got so many thousand feet over here, you run all of them together and you've got one meter on top of the ground, how do you know whose gas that you've got by footage?

BUTCH LAMBERT: I understand your question now, Mr. Osborne. I don't know. Mr. Asbury has he had a conversation with you?

DAVID ASBURY: He presented that same question before the Board, Mr. Chairman, and I think it's appropriate for his understanding the detail that we respond in writing to it. But it does involve, and he should understand, all underground mining operations, in particular longwall operations, are surveyed and they are surveyed probably

every week if not once a week and the mining operations know exactly where those operations are and the gas as far as allocations. But specifically to your question, there are thousands of feet in gob units for longwall mines that are all one unit and all of those are tied together depending on what you're speaking of specifically and the gas volume from all of that unit is shared amongst all operators.

RONNIE OSBORNE: Well, what about as you're driving up? You're sucking gas out of the coal seam as you're driving up. I ain't talking about gob. I'm talking about all of it.

DAVID ASBURY: Again---

RONNIE OSBORNE: The gob comes out as you're coming up, don't it?

DAVID ASBURY: ---as you know, as you're driving the sections up they are surveyed probably at least once a week sometimes.

RONNIE OSBORNE: Well, I worked underground---

DAVID ASBURY: Right.

RONNIE OSBORNE: They survey it and they've got spads---

DAVID ASBURY: Right.

RONNIE OSBORNE: They go by the spads, they don't go in and survey it all the time.

DAVID ASBURY: Right, and that's---.

RONNIE OSBORNE: They don't do that.

DAVID ASBURY: That's how they know exactly...upon the surface they do what's called a lube survey to know exactly where each section is and exactly where the gas is coming from.

RONNIE OSBORNE: Well, if you've got two acre thing here, right? What if one of these crooked wells goes to the corner of that two acre and up? And then you've got another one here and another one here, all of that goes...all of that's connected.

DAVID ASBURY: I think what's...to be specific, to answer your question thoroughly and in detail, if you would provide me with the question and be specific about what acreage you're talking about---.

RONNIE OSBORNE: Any acreage. Any acreage.

DAVID ASBURY: Again, if you'll be specific on your question of what acreage and what circumstances that you're referencing, I'll be more than happy to answer that in detail.

RONNIE OSBORNE: I mean, I would like to have it, you know, explained to me how and why that you would have meters on top of the ground, no meters underground and, I mean, it's still a well? You know, it's still a well. Any

way you look at it, it's a well. It's a gas well. It may be coming out of the coal seam but its still, I guess, considered a gas well, ain't it?

MR. CHAIRMAN: The longwall gas that you're...the horizontal wells are all metered into mine mouth and they know exactly where those holes are where the gas is coming from and they know---

RONNIE OSBORNE: Why don't they just put a---?

DAVID ASBURY: ---they know exactly by survey spad where that gas is coming from and who the owners of gas are.

RONNIE OSBORNE: And they know by footage, right? Is that what you're saying, they know by footage?

DAVID ASBURY: They know by underground survey where those horizontal gas wells are located.

RONNIE OSBORNE: Yeah, but how do they know how many square foot, cubic foot or whatever, how do they know whose it's coming from if you've got a two acre plot there?

DAVID ASBURY: Again, I would be more than happy to detail, if you'll give me a specific map or location of an acreage that you have concerns or something like that, I'll be more than...be happy to detail that and provide that answer to you.

BUTCH LAMBERT: Okay, Mr. Osborne, anything further?

RONNIE OSBORNE: Well, what about my...what about my four page contract and my sixteen page that I give the Board a copy for all of it?

BUTCH LAMBERT: Well, I don't know about the rest of the Board, but I reviewed those documents and to me it appeared something that...that's something you need to work with the gas company about. I don't know if the Board can help you with those situations. I mean, unless the Board has reviewed it and they have comments.

RONNIE OSBORNE: You asked me...you asked me one day if they would reword that would I be happy? I said, no, I won't. I want it off record. You've told me that twice. I've told you, no. I said I want it off record, the sixteen pages.

DAVID ASBURY: I don't remember saying that to you. I remember you providing the four page and the other sixteen page document. I also, like Mr. Lambert, have reviewed both documents. The four page document is related to a split agreement between you and Hurt McGuire, which I remember which was notarized and signed by you underneath a notary public. I also know that the sixteen page document is a separate document that would include the four pages that was notarized at the Buchanan County Courthouse by the notary there under your signature and as a gas operating lease

agreement with CNX Gas.

RONNIE OSBORNE: Have you looked at them dates on them contracts? I was supposed to sign the split agreement with Hurt McGuire the same day that I sold it to CNX. How do you do that?

DAVID ASBURY: Well, again, those are...as far as the notary public and I understand that the lady works at the Courthouse and she signed and certified with seal as a notary public for that document. Now, in most cases, there are two different agreements that are signed. There is a split agreement, which I agree with you is four pages. There also has to be a gas agreement. And those are two separate things.

RONNIE OSBORNE: Well, my sixteen page says coalbed methane. The four page one says coalbed methane.

DAVID ASBURY: Well, a split agreement is relative to your conflict as a gas owner and the coalbed coal operator. That split agreement with Hurt McGuire, you are the gas owner, Hurt McGuire the coal owner, is relative to that agreement. The sixteen page then applies to the gas operator and producer to give them the right with your consent and signature to produce the gas.

RONNIE OSBORNE: In other words, Hurt McGuire sold my four page one to the gas producer---.

DAVID ASBURY: No, sir. No, that's not correct. Hurt McGuire only was involved in their agreement to share the royalties with you on a 50/50 basis.

RONNIE OSBORNE: Well, you was up there the day we was talking to Charlie Green. How come he says he don't have a copy of no four page contract that I signed?

DAVID ASBURY: He has got a copy of the split agreement that Hurt McGuire signed.

RONNIE OSBORNE: He couldn't find it that day and he told me he didn't have one. He told me and my aunts, the ones that were up there, that he didn't have one that I had signed.

DAVID ASBURY: Well, again, addressing the four page to sixteen page, that's as best an explanation as we have in file and from what you've presented us. But that's how and there's two different agreements, the four page is relative to your conflict with Hurt McGuire and they're claim of coalbed methane gas in coal and then the sixteen page is a separate issue and an agreement between you and CNX Gas Company in order for them to produce the gas under the terms of the agreement.

RONNIE OSBORNE: Well, I don't know where the sixteen page one came from. I did not sign it. I don't know where it come from. I'm telling you and I've told you

and I've told everybody. I've told different people. I've told different agencies that I did not sign no sixteen page, I've signed the four page one. I've said that all along, I have not signed no sixteen page one. And you did...you did tell me if they would reword it, you did tell me that.

DAVID ASBURY: I don't remember telling you that, Mr. Osborne.

RONNIE OSBORNE: Well, you've told me that twice, and I would not lie about nothing.

DAVID ASBURY: I would not have any reason to ask them to reword anything.

RONNIE OSBORNE: Well, that's to be seen. I'm not going to argue and I don't want to argue.

BUTCH LAMBERT: Well, we're not here to make argument, Mr. Osborne. We're just here, Mr. Osborne, to provide you with the information the best that we have.

RONNIE OSBORNE: I'm just asking...I'm just telling you...I belong to church and I do not lie. I will not lie if they take my piece of property. I will not lie about it.

BUTCH LAMBERT: We're not accusing you of that, Mr. Osborne. We're just saying we're trying to get the information from you so that we can explain to you the best we can from the knowledge that we have.

RONNIE OSBORNE: Yes.

BUTCH LAMBERT: Now, from you're split agreement and your other agreement we're not a party to that split agreement so we can't comment on that.

RONNIE OSBORNE: Well, the day that we went up there to, another question, are they not supposed to present the heirship of all lands?

BUTCH LAMBERT: Yes.

RONNIE OSBORNE: Are we supposed to get paperwork? The day that we went up there, Mr. Asbury gave me the paper of the Stilwell heirs, Horne heirs and the Keen heirs. I've not got the first paper from the Stilwell heirs that I'm kin to. And some of the money has not been disbursed from the Stilwell heirship. How does that happen? They can't say they don't have my address. They can't say they don't know who I'm kin to, but I don't have no paperwork. I have not got no paperwork from nobody on the Stilwell heirship. But that day that they wanted us to sign a split agreement the Stilwell heirs were on that contract, the Horne heirs was on that contract, O. H. Keen heirs was on that contract. I've today not yet got the first paperwork on the Stilwell heirs, 143 acres or so?

DAVID ASBURY: Mr. Chairman, may I address a portion of that?

BUTCH LAMBERT: Mr. Asbury.

DAVID ASBURY: Mr. Osborne, in all those heirships paperwork that you would receive and the opportunity for you to do a split agreement that would lead into a disbursement of your monies associated with the acreage that you control would come specifically to you on the acreage that's representative to you. It's not common and we do not share the other heirs information because that's your ownership.

RONNIE OSBORNE: I'm asking for my paperwork. Where's my paperwork on the Stilwell heirs? I haven't gotten any paperwork that I was even included in the Stilwell heirs is what I'm saying. Where's mine? Where's my paperwork?

SHARON PIGEON: You've got some for your other heirship interest---

RONNIE OSBORNE: Yeah, both of them.

SHARON PIGEON: ---but not for that, right?

RONNIE OSBORNE: But not for the Stilwell heirs.

DAVID ASBURY: Was there a disbursement, Mr. Osborne, that you were part of that you refused to receive---

RONNIE OSBORNE: O. H. Keen.

DAVID ASBURY: And you refused to receive that disbursement based on what?

RONNIE OSBORNE: Based on the sixteen page

contract. The four page and the sixteen. I'm trying to clarify how four pages turned into sixteen pages. That's why I didn't want any money because, you know, I need to get that sixteen page contract cleared up. Something needs to be done with that. I've got a four page one that I did sign.

SHARON PIGEON: Didn't you tell the Board that you have an attorney handling that matter for you?

RONNIE OSBORNE: Well, he has got cancer and now we don't have no attorney at all right yet. But, no, he's got cancer.

SHARON PIGEON: Is anyone taking over his practice?

RONNIE OSBORNE: We're going to...we're getting together. No, no not him. We've got to find us another attorney, yes. But he come down with cancer. So, you know, that's just more bad luck on our part, but that's okay.

BRUCE LAMBERT: I'll ask Mr. Asbury if he'll look into the Stilwell heirs and this last issue that he has just brought up.

DAVID ASBURY: Right. And as you know, my office is trying to assist. It is of a voluminous issue that has been here for some many years.

RONNIE OSBORNE: Well, some of my kin people have done collected checks. I mean, they've done got their

checks, and I haven't, you know. Some of my family members haven't got any paperwork at all. I thought everybody is supposed to be notified before any money was disbursed.

DAVID ASBURY: That was during the original pooling of orders and the original...when you were escrowed you would have got papers. After that point in time, you have to deal based on your interest, your acreage interest.

RONNIE OSBORNE: If you don't get paperwork, how do you know, you know, what you're supposed to do?

DAVID ASBURY: Well, that would vary from the pooling order and the supplemental order that was received by you and your family. That supplemental order defined your ownership in each unit, each well and from that point forward, it was your responsibility and other heirs in your families responsibility to act in their own interest.

RONNIE OSBORNE: Yeah, but we was supposed to have paperwork to act with, wasn't we? Don't we have to have paperwork before we can come out here and say anything against, you know...if I don't have paperwork on the Stilwell heir how do I know to come and protest it? Ain't that what that's for?

BRUCE LAMBERT: Well, we will look into that concern, Mr. Osborne.

RONNIE OSBORNE: Okay, okay. I appreciate it. No,

I'm not trying to be smart or nothing. I just need questions answered.

DAVID ASBURY: And we want to work...and think you will at least agree, we've tried from our Division to try to work through these issues with you and other members of your family and we continue to want to do that for you.

SHARON PIGEON: Mr. Osborne, just so that we're clear, you have three heirship interests?

RONNIE OSBORNE: Yeah.

SHARON PIGEON: You did not receive your paperwork as a Stilwell heir?

RONNIE OSBORNE: That's right.

SHARON PIGEON: You did receive it for?

RONNIE OSBORNE: O. H. Keen and the Horn heirs.

SHARON PIGEON: And have you received any disbursements under any of those?

RONNIE OSBORNE: No. They sent me a little check, I've got and it will never be cashed until Court or whatever, for a dollar and something, you know.

SHARON PIGEON: Do you know which one of those---?

RONNIE OSBORNE: O. H. Keen.

SHARON PIGEON: O. H. Keen?

RONNIE OSBORNE: Uh-huh.

SHARON PIGEON: All right.

RONNIE OSBORNE: And that was before I brought the sixteen page contract...I had no idea the sixteen page contract was on record. You know, I didn't know it turned from four pages to sixteen. You know, I had no ideal until somebody told me and I went to look at the Courthouse and sure enough there it was.

BRUCE LAMBERT: Okay, we'll look into that matter on the Stilwell heirs.

RONNIE OSBORNE: Okay.

BRUCE LAMBERT: Anything else, Mr. Osborne?

RONNIE OSBORNE: And on my driveway, there's no way the Board can do anything about damages on broke concrete?

BRUCE LAMBERT: Well, I'll ask, again, Mr. Asbury if he will work with you.

RONNIE OSBORNE: Well, I've got an injunction against me on my driveway with it signed with a Judge and I have no way of knowing when to go to...when to go to Court to protect myself, to get me a lawyer and protect myself on my concrete but yet somehow they get an injunction against me without me knowing any Court date or any, you know, or even knowing I was going to have an injunction against me. Ain't I supposed to have some kind of civil rights here?

BRUCE LAMBERT: Well, that's the first I think this Board has heard of that matter.

RONNIE OSBORNE: Oh.

SHARON PIGEON: But that is a civil matter. It's signed by a Judge. That's where it's supposed to be.

RONNIE OSBORNE: Well, I mean, if you don't go to Court and your civil rights has been violated, is that not criminal?

SHARON PIGEON: I don't think it probably is criminal, but it's definitely something that needs to be handled. Did you get an attorney to address that for you?

RONNIE OSBORNE: I've talked to two or three, you know, in our area but it's to no avail so far. But I am going to because, you know...there was two different people told me that they were going through a piece of property that I owned on the mountain and I told the Board about selling it to them before, right? They told me, they said you don't have the money to fight us. We're going to do to you what we want to do and you can do whatever you can later. That's the very words that I was told. I sold them the piece of property to get away from them. They come over on the driveway and they started the same thing. They told me, "We're going to do what we want to to you. You do what you can later." That's exactly what I've been told by two of their land representatives.

BUTCH LAMBERT: Can I ask you, Mr. Osborne, who are

they?

RONNIE OSBORNE: It was Phillip Lowe and Jerry Crouse.

BUTCH LAMBERT: CNX?

RONNIE LAMBERT: Yes. I was told that two different times, you don't have the money to fight us. "We're going to do what we want to do. You do what you can later."

BUTCH LAMBERT: Well, we'll look into that matter for you. But as Ms. Pigeon stated that's a civil matter and the Board...this Board probably cannot help you with that. But we can...we will look into it for you.

RONNIE OSBORNE: Well, you know, it's like I...see, I told one of them that I didn't know that I was entitled to the O. H. Keen heirs. I guess, that's the reason I didn't get no papers from the Stilwell, you know. I mean, that's just my opinion. But, you know, more than likely the two people told me they're doing what they said they were going to do. Thank you all for your time.

BUTCH LAMBERT: Thank you, Mr. Osborne. Jeff Street. Please state your name for the record.

JEFF STREET: My name is Jeff Street. I've got a question for the Board. You know, me and my brother and I we live in a rural hollow you know over there in Buchanan

County and the PSA doesn't have the water, you know...county water coming to the end of our property. All right, they've drilled several wells here lately and when they go to fracking these wells and they go to busting the rock structure and the first thing that's going to happen is we're going to lose our water. You know, what's going to happen when we do lose our water and we ain't got nowhere's else to get it from? You know, and right now we both have well water is what we're using.

BUTCH LAMBERT: And specifically what was your question again?

JEFF STREET: I mean, what's going to happen whenever we lose our water? What's going to happen to us?

BUTCH LAMBERT: Well, if you...if that situation happens and you think that your well has been impacted then the remedy would be to contact our office, the Gas and Oil office, and file a formal complain and an investigation would be conducted to determine whether or not the well drilling did impact your water and then we'll proceed with whatever action needs to be taken.

JEFF STREET: And I've got another question. On these wells that they drill, they have these pit liners and the angle that those are put on, I mean, if someone did happen to get in them there's no way of getting out of them

and there's nothing around the outside edge of them. There's not a ladder or nothing through to help yourself get out. Just like us on our property, we do hunt that property and we coon hunt. And I've already gotten one of our dogs out of it and if I hadn't had my son there to get my hand, you know, I would have been in it, you know, until somebody came along and found me. But you know, that plastic is so slick there's no way that you can come back up out of it.

BUTCH LAMBERT: Do you want to address that?

DAVID ASBURY: I'll address both questions and I appreciate your question, we get this a lot about water damage. First of all, our State Law under Article 4, particularly for now gas and coalbed methane, has protections for water...water source wells. And prior to drilling there's an independent lab that comes and tests the water from each of the wells within 750 foot, mostly it's 1000 foot from the well drilling site. So, they would have pre-drilled flow quality, etc. The drilling itself for most of our wells and the fracing takes place thousands, more than two thousand feet, but thousands of feet below a water well level. And as they're drilling each operator is required to put a minimum of a 300 foot water protection string, which is like a dam of concrete outside of the gas well itself. The gas operators do not want water. It's a

nuisance and an extra expense for them so they don't want to interrupt the water supply or have to deal with the water itself. But in the permitting process as each gas operator drills, they put together a 300 foot water protection string and a coal protection string because in most Southwest Virginia, as you know water, comes from our coal seams and sometimes it is capture by...so there is protections by the gas operators in the drilling and in the cementing process to 1) prevent water from coming in; and 2)from preventing gas operations from contaminating or decreasing the water in a well location. But let's say everything fails, then Chairman Lambert is exactly right. Article 4 of our Statute under the Virginia Gas and Oil Act, allows you the opportunity to claim damages and requires the operator to replace your water source if that occurs and we investigate those. That's not something that's very common for water well loss in this part of the country. There is eight thousand there's less than a handful of incidents that we have had that would cause that type of an issue.

Regarding the pit liners, good question, we'll look into how we might do that. But...and I have good friends that are coon hunters as well and they go around different properties. It is real important not to be in a trespass situation around gas operations.

JEFF STREET: Well, I haven't been in no trespass situation. You know, I've---

BUTCH LAMBERT: I understand.

JEFF STREET: ---been...we've been hunting our property and other property that we have leased.

DAVID ASBURY: Sure. It is slick. It is steep.

JEFF STREET: And it's dangerous.

DAVID ASBURY: It's something we will look into it.

BUTCH LAMBERT: Mr. Osborne, let me also give you some advise on your well. Whenever a company comes by...or Mr. Street, whenever a company comes by to ask you about your well or even if you think your well needs to be inventoried and no one has contacted you, it's important that they have every bit of information about your well that you can provide them. The depth of the well, the amount of water it makes and the quality of water. So, if you have that kind of information or can get it, that's very important for them to have that when they inventory your well. It also helps if there is some kind of damage to or potential damage to your well that we have to come and investigate, that we have that as well so we can compare what you've given to the company to what we have found. So, if you can do that we would encourage you to keep good records on your well.

DAVID ASBURY: And if you or your family would get information that a well is going to be drilled on your property, your surface property, you also have a right to object. But first understand...and it's real important that you understand your rights and the gas loss rights that are afforded to you under that. So, it's something that you do need to ask the right questions and have people involved to make sure that you're comfortable with that there are over time and many years there's considerable protection for gas drilling operations as compared to water source water ways.

BUTCH LAMBERT: And if you need assistance from the Gas and Oil office in dealing with the inventory of your well, please call. We would encourage you to do that.

JEFF STREET: All right. Thank you.

BUTCH LAMBERT: Thank you, Mr. Street. Juanita Sneeuwaght.

JUANITA SNEEUWAGHT: I'll let Mr. Asbury pass these around or Diane. Thank you. You're welcome. I think I need to keep that last page. Never mind, I have more. Good morning. I'm Juanita Sneeuwaght, president of the committee for constitutional and environmental justice. And last month I handed out a two page questionnaire that may be...if you need more copies I have more. And I was hoping for some answers because I have some concerns because of the people

of Southwest Virginia having to do with escrow funds. Now, it has been approximately...not approximately, it has been a month and there's still no answers. So, if you could provide me with some would be very beneficial that I could pass on to folks. August 18th I presented a two page document, which expressed various questions and concerns pertaining to the escrow account of royalty payments belonging to the people of Southwest Virginia. The account should contain approximately twenty-five million dollars with roughly half a million having been lost to Wachovia/Wells Fargo for investment strategy. At this time none of my questions have been answered by oral or in statements. So, I'm asking again who, why, when and where and under whose authority is the person acting who handed over this escrow account money to Wachovia? Do you know who did this? The first records I have is 2005, it was fifteen million at that time. I understand now it's twenty-five million minus about half a million dollars.

BUTCH LAMBERT: I can't answer, Ms. Sneeuwaght. We'll have to research that for you. You can get your answer to that. I just read the transcripts from...as you know, I wasn't here last month. I just read this transcript last night of last month's meeting and saw your questions and we will do our best to get written answers back to you.

JUANITA SNEEUWAGHT: Yeah, I think it's very important for the people to know. I mean, this is a large sum of money. And, I guess, what I wanted to know also was what was the incentive to pass that money over to Wells Fargo...well, Wachovia at the time, as opposed to some other investment help facility? And, also, Wachovia has...or had at the time a two or three star rating. Other banks had higher ratings. So, why would you hand this money over to a bank that has a lower rating?

BILL HARRIS: Mr. Chairman, if I might comment. I don't remember everything that happened, but in the past, whenever we have gone to different banks to look at banks usually there was a proposal that goes out to a variety of banks asking if they want to serve as an escrow agent. So, we don't just go in and pick some...I mean, we do ultimately, but it's based on their responses as to what they will offer, what they will charge and what services they will offer. I can't tell exactly why we chose Wachovia, but it was...it is a competitive type of an exercise and usually we will weigh different factors. Again, we would have to go back to the minutes from three or four years ago, however long ago that has been.

PEGGY BARBER: Is there any particular reason why you've waited four years to propose this question and why

you didn't have some comment when this...that transaction in 2005 occurred?

JUANITA SNEEUWAGHT: I was only aware of it when Mr. Smith from Wachovia and where did I put the other names...three gentlemen came in month before last and they made a report and I'm supposing this Board invited them to come and make a report. That was the first time that I was aware of it. I was not aware of it in 2005. As a matter of fact, I was not aware that the Virginia Gas and Oil Board existed in 2005. So, what I'm thinking, too when the escrow fund comes due for bidding at the end of this year what criteria will be used to choose an investment house?

BUTCH LAMBERT: This Board is considering an RFD now that will be going out to the public and to the banking industries for their proposals that will come back to this Board and we will be making a decision based on those proposals.

JUANITA: Okay. And will you have any suggestions or input from the public?

BUTCH LAMBERT: No, ma'am, we will not.

JUANITA: None, okay. Although this money belongs to the people you will have no input from the public, that's what you're saying?

BUTCH LAMBERT: Yes, ma'am.

JUANITA: Okay. The full twenty-five million minus half a million now---.

BUTCH LAMBERT: Ms. Sneeuwaght, I have to call to your attention and ask you to explain how you arrived at half a million dollars has been lost out of that account when we track that account on a monthly basis. Why are you saying in the questions you just asked us, roughly half a million dollars being lost to Wachovia/Wells Fargo?

JUANITA SNEEUWAGHT: Due to an investment in Green Span. It was their comments when they were here, not mine.

DAVID ASBURY: Mr. Chairman. Mr. Sneeuwaght, there's two things in your questions that we'll try to address. But there's two things you need to provide us written proof of as well. We know of no money ever lost from principal or interest by Wachovia in their trust account with the Gas and Oil Board escrow. So, we would ask you to provide your evidence of that five million or five hundred thousand that you're asking. Also in your last sentence you say, was there a financial or favors kickback of investments to Wachovia?

JUANITA SNEEUWAGHT: It was a question not an accusation.

DAVID ASBURY: Well, I would like in writing, any proof or evidence that you have regarding such transactions

or anything in writing from you or your committee based on this question.

JUANITA SNEEUWJAGT: Okay.

DAVID ASBURY: And we will---.

BUTCH LAMBERT: I have to agree with Mr. Asbury. That's an implication on this Board and we don't take that very kindly. I'm sorry I have to address you in this manner, but you are making accusations that this Board is taking kickbacks and I can assure you that that is not the case.

JUANITA SNEEUWAGHT: Okay, well thank you for clarifying that.

DAVID ASBURY: And we would like to have written proof or evidence that you have for submitting.

JUANITA SNEEUWAGHT: I got this information from their handouts.

BUTCH LAMBERT: And their handout said they were giving kickbacks to this Board.

JUANITA SNEEUWAGHT: No. No, they said that---.

BUTCH LAMBERT: Well, why would you ask such a question of this Board then if they didn't specifically mention that.

JUANITA SNEEUWAGHT: I'm wondering why the account was given to Wachovia/Wells Fargo, as I said, over any other

financial institution? What kind of criteria there was? Was there anything at all being gained for the people of Southwest Virginia by giving---

BUTCH LAMBERT: Well, I still don't understand what that has to do with your question of kickbacks.

JUANITA SNEEUWAGHT: It's just a question. I mean, why them as opposed to anybody else? But it is not an accusation. I assure you it is not.

DAVID ASBURY: Mr. Chairman, one of the things that we will provide you, because it has been approved by the Board and it is public information, it is a request for proposal for the escrow agent. And within that request for proposal, which follows state guidelines, Department of Treasury guidelines and the other funding for State funds is criteria for the evaluation of the escrow agent. And those are evaluated and that criteria is plain and transparent the way that this Board will evaluate those institutions and their abilities to provide the best opportunity for this escrow account is in that document and we will provide the full copy of that document to you.

JUANITA SNEEUWJAGT: Thank you.

DAVID ASBURY: In addition to that, you keep saying that it's the peoples money?

JUANITA SNEEUWJAGHT: Yes, sir, I feel that it is.

DAVID ASBURY: Now, the money that is in escrow are individual land owners acreage owners that have a right or royalty or working interest in their property. This is not the peoples money. These are the money of those who are gas owners or oil owners or those individuals who are in conflict maybe or who are unknown and unlocateable. These monies are specific to those individuals and these are not monies for the peoples of Virginia. And that's specific to acreage ownership in Southwest Virginia for those who have acreage...gas acreage or mineral owners acreage.

JUANITA SNEEUWAGHT: Okay. In other words, it's...I understand that this is royalty money, right?

DAVID ASBURY: It's either working interest or royalty money due these individuals or the owner of gas in those particular acreage and it's not a con...I mean, when you say the peoples money, these are specific transactions to those who own gas acres in Virginia and that's what the Board is charged to protect their correlative rights and their monies in this escrow.

JUANITA SWEEUWAGHT: Yeah, I appreciate...yeah, I understand that has to do with royalty or participating interest. I do totally understand that. Now, I do not understand, and it was not made clear to me what amount of that money was FDIC insured. I thought it was two hundred

fifty thousand, which would not be nearly enough for that huge amount of money that twenty-four million and something.

BUTCH LAMBERT: We can provide you with transcripts of that meeting, Ms. Sneeuwaght, if you would like to review those?

JUANITA SNEEUWAGHT: I would. I would

BUTCH LAMBERT: Okay.

PEGGY BARBER: That was clearly covered in that meeting in July. I wasn't here last month and I don't know if there was any further discussion. But Wachovia/Wells Fargo thoroughly covered that because I remember, Sharon, you grilled them a lot on a lot of things.

SHARON PIGEON: I specifically asked if there was some way they could insure the sub accounts and they said they would look into that. We haven't heard anything back from that. But that was discussed and you were here for that meeting. In fact, most of your questions were probably discussed.

JUANITA SNEEUWAGHT: Well, it was not made clear to me whether the sub accounts were insured, but I do know the figure---.

SHARON PIGEON: I addressed very specifically.

BUTCH LAMBERT: well, I will see that you have a copy of the transcript of that meeting so that you can read

those and I think that you will see that every one of your questions will be answered in that transcript.

JUANITA SNEEUWAGHT: Thank you. And I have no fiduciary interest. When people ask me I would like to know and that will help me tremendously. Thank you.

BUTCH LAMBERT: Thank you. Catherine Jewell.

CATHERINE JEWELL: Good morning. First, I do have a question. Are you planning to respond to my questions that I submitted back in May or June or not?

DAVID ASBURY: Yes, ma'am.

CATHERINE JEWELL: Okay.

BUTCH LAMBERT: Understand, Ms. Jewell, that was several pages of questions. It has taken a lot of research to get those answers that you were asking for.

DAVID ASBURY: To be specific, Mr. Chairman---

CATHERINE JEWELL: Oh, I just wanted to know yes or no if there was an intent to actually respond.

BUTCH LAMBERT: Oh, we are working on those and we should have those in the next couple three weeks.

CATHERINE JEWELL: A lot of the questions this gentleman asked over here was included in the questions there such as fencing pits.

BUTCH LAMBERT: Well, that's taking a lot of staff time, Ms. Jewell, and we are short staffed at our Division

of Gas and Oil---

CATHERINE JEWELL; I understand.

BUTCH LAMBERT: ---and we are working very hard to get you those answers.

CATHERINE JEWELL: I appreciate it. The questions I have is actually with respect to the escrow audit. I thought I would take the opportunity to provide a brief history of the escrow audit compiled from minutes from the past minute of this Board. The first draft RFP for this audit was prepared and distributed to the Board in November of 2008. At the February 2009 hearing, Mr. Asbury announced that the bids or RFP evaluation criteria had been performed by the Officers of General Service and DMME. He asked the Board to provide their selections to him via email and that the successful proposal would be awarded based on these recommendations. I assume that the Board did provide their selections. However, for some reason, it was decided that rather than award the proposal the Board would have further discussion. This was done in the form of closed session in March, 2009. After the closed session, the Board returned to record, that whereupon the minutes report that a motion was made and seconded and that all requests for proposals previously received in regards to the escrow audit be rejected and the scope of the audit further be refined and

revised, the RFP be readvertised. Comments by the Board...comments by the Board Members were to be submitted to Mr. Asbury's office, compiled and presented at the April, 2009 hearings. In May 2009, Mr. Asbury presented revised RFP to the Board and requested comments. I assume these were received. At the July 2009 hearings, the Board again entered into closed session. After the closed session the Board returned to report that another RFP was to be sent to the Board and comments were requested by August 10th to be considered at the August meeting. The August meeting consideration was postponed, which brings us two months later until now. I don't know, but it might just be me but it's beginning to look like DMME and perhaps the Board is deliberately postponing an audit. With all the revising and refining, about the only difference I see in the original RFP and the later version, which I obtained from DGO, was to eliminate any audit of the actual accounts, which makes me wonder about the purpose of the audit and it has not been traditionally designed to accomplished some of the goal. Why the closed meetings? Why the delay? What is DMME and the Board trying to hide? After observing these proceedings for eighteen months now, I am of opinion that the primary design and function is for is to provide a legal sanction to actions of DMME and certain gas operators. Every Board

Member...Member of this Board has intelligence to realize he's being used. I have spoken at lengths on the need from extensive audit what has been deposited in escrow accounts and what is in those accounts. The Board is charged with overseeing these accounts. The Board sanctioned the pooling of unleased owners and conflicting claimants and the escrowing of payments due to conflicting claimants and unknown unlocateable individuals based on applications and testimony of the gas representatives and/or their contractors that work for the gas companies. I imagine having an independent contractor testify as to due diligence, accuracy of payments into escrow and disbursements from and accuracy of plats may provide a level of insulation to the operator with respect to potential litigation resulting from said testimony. However, the AG representative has not objected, so she apparently has no problem with this. The pooling orders, which are recorded in the Courthouse and sent to the pooled individuals, and provide the elections options are sent by or were signed by Benny Wampler in the past and Butch Lambert currently as chair of the Board and on behalf of this Board. The supplemental orders, which provide the results of these elections and corrections are stamped and prepared by the Virginia Gas and Oil Board. I doubt the actual Board has

anything to do with preparing either the pooling orders or the supplemental orders. However, I have provided copies of the Board and by now it is also well aware that they have approved from the application...from what they've approved from the application testimonies and what is actually stated in the pooling orders are grossly different. The Board is also aware that there is large discrepancies with funds in accounts and the money that should be in the accounts. At the April 2008 hearing, Bob Wilson said that he had reviewed some royalty statements pertaining to escrow and that the post production deductions from these statements were as high as 94.9% an average 45%. I believe, that what he had attributed to the post production deductions in some case may have just been absence of deposits. Last November, I submitted a spread sheet on eight escrow accounts I have looked at. Of these, only one matched the account matched right on. Another account had only 31.6% of what should be in the account and six had only the bonus payments of five dollar an acre plus interest earned on it. All wells had been in production for at least thirty months. Recently I did a sample on a set of twenty accounts with escrows due to unknown unlocateable conflicting claimants. In all the amount in escrow was \$203,000, whereas the amount that should have been in escrow was \$939,000. The majority of

units only had bonus payments. Additionally, I did a sample on eleven accounts for conventional and coalbed methane wells belonging to Equitable and CNX. Only one had the correct amount in it. One had around 50% of what should have been in it, three had 26% to 41% of what should have been in the account and the rest had 0% to 7% of what should have been in the account. Calculations of the expected amount were based on percentages stated in the supplemental pooling order and no records of disbursements were found for any of these units. §45.1-361.21 of the Virginia Gas and Oil Act states, "The coalbed methane gas well operator shall deposit into escrow accounts one-eighth of all proceeds attributable to the conflicting interest plus all proceeds in excess of ongoing operational expenses as provided for 361.21 and the order of the Board attributable to non participating operators." According to the definition in the Code, a non-participating operator is the same as a carried interest operator. And I don't see how this could possibly be misinterpreted to allow for what has been stated in the pooling orders. Paragraph sixteen of the pooling order says, "A sum shall be deposited by unit operator in the escrow account commencing within 120 days of recording the order and continuing thereafter on a monthly basis with each deposit to be made by date which is no later than 60 days

after the last day of the month being recorded and/or for which funds are being deposited. Such funds shall be held for the exclusive use and sole benefit of the person entitled thereto until such funds can be paid to such person." The DGO and Board are charged with establishing, guarding, disbursing, and assuring the accuracy of these accounts in order to protect the interest of the gas owners whose gas is essentially seized by the Board acting under the authority of the State and given to private companies to produce. It was the State that allowed the force pooling of their interest. However, the Board is charged with making the ultimate decision concerning pooling and the escrowing of funds. These accounts need to be audited by a certified accountant with experience in Oil and Gas and who understands how to audit these accounts. I would like to see a forensic audit done and the accounts randomly selected with the audit going back from the date of a specific pooling order in the beginning of production. Petroleum in the county is very specialized. It is not clear from the RFP that the Board expects this audit to accomplish that. Unless the design is to limit the audit to account for deposits made to the accounts and disbursements from and I'm beginning to think that's what's done. If the Board, the DMME and DGO being aware of the gross discrepancies attempt

to publish an RFP that would be, by it's design, greatly limit the scope of the audit I don't believe it would be covered by the cloak of immunity. Thank you.

BUTCH LAMBERT: Jerry Grantham.

JERRY GRANTHAM: I have no comment at this time. Thank you.

BUTCH LAMBERT: At this time, I would like to call docket item number seven. It's a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1C, 1D, 1E, 1F, 1G, 1AZ, 10, docket number VGOB-01-0917-1070-02. All parties wishing to testify please come forward. Well, folks, it looks like Mr. Swartz stepped out. So, we'll continue on with item number sixteen on the docket. A petition from CNX Gas Company LLC for disbursement of funds from a portion of Tract 1B for unit BA-100 docket number VGOB-03-0916-1189-01. All parties wishing to testify please come forward.

MARK SWARTZ: Mark Swartz and possibly Anita. Sorry, I stepped out. I thought you were going to be at this a while.

BUTCH LAMBERT: I understand.

MARK SWARTZ: Is this---?

BUTCH LAMBERT: We're on item sixteen. We'll come

back to seven when we're finished with this one. I want to get these disbursements over with first.

MARK SWARTZ: Okay, well great. We're good to go on that one.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company

Q. And what do you do for CNX Gas Company that pertains to disbursements in this application?

A. I prepared the petition to release funds from escrow.

Q. And do you do any accounting work or any investigation with regard to escrow accounts to do that and to testify in front of the Board?

A. Yes. I compare the payments that we sent to Wachovia with Wachovia'S records to make sure everything

is reconciled.

Q. Okay, and that in this instance means the operator sends monthly payments of royalty pursuant to the Board orders that needs to be escrowed to the Board's designated escrow agent, correct?

A. Yes.

Q. And you as an operator or your agent that does this, makes those payments, keeps records of those monthly payments?

A. Yes.

Q. And do you have access to those monthly records?

A. Yes.

Q. And then do you get access to the banks records?

A. Yes, I do.

Q. And do you actually prepare what you think you...what you believe you sent to them to what they show as having received?

A. Yes.

Q. Did you do that with regard to this disbursement request?

A. Yes, I did.

Q. And when you made the comparison what did

you determine?

A. All of their deposits were accounted for.

Q. So, every dollar that the operator sent to Wachovia or its predecessors got there?

A. Yes.

Q. And did you do a spreadsheet to assist Mr. Asbury and the Board in making the disbursements?

A. I did.

Q. And is that the last page of the application?

A. Yes.

Q. Okay. How many tracts are we talking about here?

A. Just 1B.

Q. And if my memory serves me correctly from looking at this, it looks like 1B is probably the only tract in escrow?

A. No.

Q. Okay, why do we have an N/A in front of percent of escrow then?

A. Those people have already been paid out.

Q. Okay.

A. From the beginning of production.

Q. Okay, so they're not getting a disburse-

ment---?

A. They have a royalty split agreement but we put them on paying fines that go into escrow.

Q. Okay. So, the only people that need to be paid then coming out of this are---?

A. On tract 1B, it's Diana Booth and Herbert Simpson.

Q. Okay. And they're perc...they're acreage is set forth on your last page of the exhibit, correct?

A. Yes.

Q. And you've calculated they're percent of the escrow?

A. Yes.

Q. And that yields a dollar figure in the last column?

A. Yes.

Q. Does this spreadsheet that you've done for the accounting to compare the royalty payments to the bank deposits, is that through a date?

A. July 31, 2009.

Q. And as of that date, what was the total amount in escrow?

A. \$63,234.07.

Q. Okay. And then the percentage that should

be used to make the disbursements to Diana Booth and Herbert Sampson are what percentages?

A. 1.44413% to each owner.

Q. And does Harrison-Wyatt receive a disbursement here as well?

A. Yes. It will be 2.88825%.

Q. Those percentages should be, applied to not the total shown on this exhibit, but the total in the account at the time the disbursements were made, is that correct?

A. Yes.

Q. And then after those disbursements are made, are you requesting permission as operator to pay Diana Booth and Herbert Simpson directly rather than continuing to escrow their funds?

A. Yes.

Q. Will there be any...it looks like there is a 1A and a 1G, looks like there will be two tracts that remain in escrow at least?

A. Yes.

Q. And a portion of apparently 1B as well?

A. I believe that closes 1B.

Q. Okay, this should close 1B but then we've

got at least two other tracts in the escrow accounts. So, it needs to be maintained?

A. Yes.

Q. And these people, you've seen their split agreements?

A. Yes.

Q. And it's a 50/50 agreement?

A. Yes.

Q. And that's why you've made provision as you have here?

A. Yes. I do have address corrections for both of those owners.

Q. So, you've got updated address for the two people that are receiving payment?

A. Yes.

MARK SWARTZ: I think that's all I have.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do you have anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: Motion to approve.

BILL HARRIS: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: All opposed, say no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It has been approved.

MARK SWARTZ: Moving back to the first disbursements that you called, which I'm thinking is probably number seven.

BUTCH LAMBERT: Number seven.

MARK SWARTZ: That one is for...it's more for David, but I guess it's also for you. We have been unable to obtain records for the royalty accounting for ILM. So, we've go back through ILM storage for the royalty accounting and we have not been able to lay our hands on Conoco, who was the original accounting. I mean, obviously, we'll get that, but been having trouble running that down and so Anita cant go to the very beginning of the production at the moment to compare what we think what the payments we made to

the bank deposits. We've got all the other records except for that initial period of time. Do you have any sense, Anita, of how long? I assume you have been after them for a while, but where are we at this point?

ANITA DUTY: Well, I said one more month. But we will go for that.

MARK SWARTZ: Do you think you got a shot at it at least in the next month? Well if you don't, I mean, you know tell us.

BUTCH LAMBERT: Yeah. Well just....if you need until October...September, October or November, we can continue it.

ANITA DUTY: I guess in order to keep from continuing it again, just in case, we could go for...we could do a sixty day instead of a thirty just to make sure.

BUTCH LAMBERT: November, okay.

MARK SWARTZ: That would be great.

BUTCH LAMBERT: Item seven, a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties for Tracts 1C, 1D, 1E, 1F and 1G and unit AZ-100, docket number VGOB-01-0917-1070-02, will be continued until November.

MARK SWARTZ: Thank you, sir. Also, from a housekeeping standpoint, item three that you continued last

month because we had a notice issue, unfortunately, we still have a notice issue this month. Anita assures me that we will solve that problem by next month. Correct?

ANITA DUTY: Yes.

BUTCH LAMBERT: October?

ANITA DUTY: October.

BUTCH LAMBERT: Item number three, a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-90, docket number VGOB-09-0818-2576 will be continued till October.

MARK SWARTZ: And I don't suppose I could get you to skip to seventeen, huh, or eighteen?

(No audible response.)

MARK SWARTZ: Thank you. It was worth a try.

BUTCH LAMBERT: Now, ladies and gentlemen, we're going to take about a ten minute break. We will reconvene at fifteen after.

(Break.)

BUTCH LAMBERT: The next item on the agenda is item four, a petition from EQT Production Company for pooling of conventional gas unit V-502752, docket number VGOB-09-0818-2582. All parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser on behalf of Equitable Production Company. At this

time we'd like to ask that that petition be withdrawn. We have that unit 100% under voluntary lease.

BUTCH LAMBERT: Thank you, Mr. Kaiser. The next item is a petition from Range Resources-Pine Mountain, Inc for a well location exception for proposed well V-530203, docket number VGOB-09-0818-2585. All parties wishing to testify, please come forward.

TIM SCOTT: Tim Scott and Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

(Phil Horn and Gus Jansen is duly sworn.)

BUTCH LAMBERT: Seeing no others, Mr. Scott, you may proceed.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you tell us your name, by whom you're employed by and your job description?

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

Q. And did you assist in the preparation of this application?

A. Yes, I did.

Q. Now, this item was continued from last month, is that correct?

A. That's correct.

Q. Why did we continue it?

A. Initially, our surveyor left of V-536758 well off the plat and we didn't realize it until after we had applied. So, we've got a revised plat showing the well that's also closer to 2500 feet.

Q. So, we've revised the application and the notice of hearing as well as we filed these with the Board, is that correct?

A. Yes, that's correct.

Q. Now, a Notice of this hearing again was provided to the parties on Exhibit B, is that correct?

A. That's correct.

Q. And we've provided the proof of mailing to Mr. Asbury, is that right?

A. Yes, you have.

Q. Now, are you familiar with the ownership of the oil and gas underlying this unit?

A. Yes, I am.

Q. And who owns it?

A. Range Resources-Pine Mountain, Inc owns

100% of the oil and gas in this unit?

Q. And you also participated in the operation of this well, is that correct?

A. That's correct.

Q. Okay. What about the other wells that are depicted on the plat?

A. V-536758 and V-536759 are operated by Equitable Production Company and we also own an interest in those wells.

Q. Okay. So, we don't have any correlative rights issues here today, is that correct?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Gus Jansen, employed by Range Resources-Pine Mountain, Inc as manager of geology.

Q. And you also participate in the preparation of this application, is that correct?

A. That's correct.

Q. Now, would you please tell the Board why we're seeking a well location exception today?

A. Yes. If the Board will refer to Exhibit AA, which I've handed out. You will see the location of proposed well v-530203 located approximately in the center of the map. We picked this location based on topographic constraints to get a legal location to move the well to the northwest. There is also a major stream, a railroad in this area which requires to move the well further away which would leave additional stranded acreage. And also showing on the plat is a proposed development plan for additional drilling in the northwest area which will help to recover the maximized potential of resource out there in this area.

Q. How much acreage would be stranded?

A. 102.11 acres if we were unable to drill this location.

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

A. 4,957 feet.

Q. What's the potential loss of reserves?

A. 350 mcf.

Q. So, you're asking the Board to accept this application so we can promote conservation and prevent waste, is that correct?

A. That's correct.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Is that off that (inaudible)?

GUS JANSEN: It's Caney Creek.

BUTCH LAMBERT: Caney Creek.

GUS JANSEN: Crane's Nest.

BUTCH LAMBERT: Oh, okay.

SHARON PIGEON: What did you say the stranded acreage would be?

GUS JANSEN: 102.11 acres.

BUTCH LAMBERT: Other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: Motion to approve.

BILL HARRIS: I'll second that.

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 members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff.

TIM SCOTT: Thank you, Mr. Chairman. Mr. Chairman, I have one more item on the docket. It's the last one, number twenty-two. In order to get me off the clock, I'd ask that we hear that one next if there are no objections from CNX or Equitable.

BUTCH LAMBERT: We will be happy to accommodate you, Mr. Scott, if the other parties doesn't object.

TIM SCOTT: Thank you.

BUTCH LAMBERT: Next item is item twenty-two, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530009, docket number VGOB-09-0915-2600. All parties wishing to testify, please come forward.

TIM SCOTT: Again, Tim Scott, Phil Horn and Gus Jansen for Range Resources-Pine Mountain, Inc.

BUTCH LAMBERT: I see no others, Mr. Scott you may proceed.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, Range Resources-Pine Mountain, Inc. as land manager.

Q. And did you participate in the preparation of this application, is that correct?

A. Yes, I did.

Q. Now, when we filed this application and notice of hearing we had an incorrect designation of a well on the Exhibit A, is that correct?

A. That's correct.

Q. And what exactly happened with that?

A. If you look on the revised plat down in the southwest corner, P-358 was initially inadvertently listed as P-199.

Q. Now, with regard to the notice of the parties listed on Exhibit B, we did send by certified mail the revised Exhibit A, is that correct?

A. That's correct.

Q. And we've provided proof of both the original mailing and the revised mailing to Mr. Asbury, is that right?

A. Yes, you have.

Q. Okay. Could you tell me about the ownership of this unit?

A. This unit is also owned 100% by Range Resources-Pine Mountain, Inc..

Q. Who operates the reciprocal wells?

A. Equitable Production Company.

Q. Do you also participate in the operation of those wells?

A. Yes, we also own an interest in those wells.

Q. And, again, we've provided proof of mailing to Mr. Asbury, is that right?

A. That's correct.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, again, your name, by whom you're employed by and your job description.

A. Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. Have you participated in the preparation of this application as well is that right?

A. Yes, I did.

Q. And can you please tell the Board why we're seeking a well location today?

A. Again, referring to Exhibit AA, which I've handed out to the Board, you'll see the location of proposed well V-530009. It's basically a downsized down spacing location located...the reason I need a location in the center is to attempt to recover the stranded acreage in this area and it's also located on a ridge top there which is the only available space to locate the well.

Q. What's the stranded acreage?

A. 78.62 acres.

Q. And what would be the proposed depth of this well?

A. 5,470 feet.

Q. And the potential loss of reserves?

A. 500 mcf.

Q. Okay. So, if we...if the Board grants our application today, it will be to promote conservation and prevention of waste, is that right?

A. That's correct.

TIM SCOTT: That's all I have for Mr. Jansen.

BUTCH LAMBERT: Questions from members of the Board?

(No audible response.)

BUTCH LAMBERT: I know we passed this in the past, but how about those overlapping areas, what's the intent on that?

GUS JANSEN: On the payment of any royalties in those areas? There will be an overlapping payment if there is an overlap between those others offset, yes.

BUTCH LAMBERT: Any other questions?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Scott.

TIM SCOTT: Thank you very much.

PHIL HORN: Thank you.

BUTCH LAMBERT: The next item is a petition from GeoMet Operating Company for pooling of coalbed methane unit Rogers 281, Unit A-43, docket number VGOB-09-0616-2531. All parties wishing to testify, please come forward.

PEBBLES DEEL: Mr. Chairman, Pebbles Deel and Dallas Nestle on behalf of GeoMet Operating Company. And GeoMet has recently filed a handful of petitions to be heard on the October docket and with the Board's permission, we would like to continue this item along so they could be heard together.

BUTCH LAMBERT: Granted. Thank you. Continued until October.

PEBBLES DEEL: Thank you, Mr. Chairman.

BUTCH LAMBERT: The next item is item number eight. A petition from EQT Production Company for pooling of coalbed methane unit VC-536564, docket number VGOB-09-0915-

2587. All parties wishing to testify please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser and Rita Barrett on behalf of EQT Production Company. I'd ask that Ms. Barrett be sworn at this time.

(Rita Barrett is duly sworn.)

BUTCH LAMBERT: You may proceed.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Rita McGlothlin Barrett. I'm employed by EQT Corporation in Big Stone Gap, Virginia as regional land manager.

Q. And do your responsibilities include the land involved here and in the surrounding area?

A. They do.

Q. Are you familiar with EQT's application seeking a pooling order for this well?

A. Yes.

Q. Does Equitable own drilling rights in the

unit involved here?

A. Yes.

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

A. Yes.

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

A. 98.52%.

Q. You've got the wrong file.

A. I do?

Q. Okay, what's the interest under lease to Equitable within the gas estate of the unit?

A. 98.52%.

Q. So, the interest remains unleased in both the gas and coal estate is 1.48%?

A. That's correct.

Q. And that's represented by Tract 4, the unknown heirs of T. W. Sutherland?

A. That's correct.

Q. Were reasonable and diligent efforts made and sources checked to identify any unknown heirs including primary sources such as deed records, probate records,

Assessor's records, Treasurer's records and secondary sources such as telephone directories, city directories, family and friends?

A. That's correct.

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

A. Yes.

Q. Are the addresses set out in Exhibit B to the application the last unknown addresses of the respondents?

A. They are.

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

A. Yes.

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. Those are a twenty-five dollars per acre, bonus five year paid up term and a one-eighth royalty.

Q. In your opinion, do the terms you've just

testified to represent fair market value of and fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

Q. Could I ask that those respondents listed at B=3 remain unleased do you agree they be allowed the following statutory options with respect to their ownership interest within the unit: 1) Participation; 2) a cash bonus of twenty 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 Carrizo (Marcellus)LLC, 1000 Louisiana, Ste. 1500, Houston, Texas 77002, Attention: Mike Hinkin?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Should the unleased respondents be given 30 days from the date that they receive the recorded 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 their proportionate share of actual well costs?

A. Yes.

Q. Does the applicant expect any party

electing to participate to pay in advance that parties' share of actual completed 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 cash bonus or delay rental becoming due under the force pooling order?

A. Yes.

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

A. Yes.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults in regard to the payment of well costs any cash sum payable to that respondent be paid by the applicant within 60 days after the last date on which the respondent should have or could have paid for their payment of well costs?

A. Yes.

Q. And the Board does need to establish an escrow account for Tract 4, is that correct?

A. That's correct, yes. Coal and gas.

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

A. EQT Production Company.

Q. And Tract 4 is because it's a fee mineral tract and it's unknown?

A. Yes.

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

A. 2,853 feet.

Q. Estimated reserves over the life of the unit?

A. 250 mcf.

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. Yes.

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

A. Dry hole costs \$144,577. Completed well costs are \$348,879.

Q. Do these costs anticipate a multiple

completion?

A. Yes.

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

A. It does.

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

A. Yes.

Q. Is this well outside the anterior window?

A. Yes.

Q. And this is something you will deal with Mr. Asbury's office in the permitting process?

A. Yes.

JIM KAISER: I have no further questions of this witness at this time, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Barrett, I heard you testify that you've searched the Courthouse records for the Sutherland unlocateable, T. W. Sutherland. Was you able to find an address for T. W. Sutherland?

RITA BARRETT: No. We couldn't find any heirs for

T. W. Sutherland.

BUTCH LAMBERT: Was you able to find the last known address for T. W. Sutherland?

RITA BARRETT: I will have to get my landman who is responsible for that to testify to that.

(Mr. Wolford is duly sworn.)

COURT REPORTER: Please state your name.

JUSTIN WOLFORD: Justin Wolford.

BUTCH LAMBERT: Mr. Wolford, the question was, were you able to find in the Dickenson County courthouse records of the last known address for T. W. Sutherland?

JUSTIN WOLFORD: I went to the Dickenson County Treasurer's office and the last recorded tax record they had was in 1970 and it just had a P. O., Haysi and the zip and she said that I could research the manual records and go farther back. I took it back like 60 some and the taxes hadn't been paid since the 60s.

BUTCH LAMBERT: I did my own little search and found...I used coordinates of your well and had it plotted on a topo map. I was able to find a T. W. Sutherland estate with a Star Route with a Cleveland, Virginia address.

JUSTIN WOLFORD: Yeah.

BUTCH LAMBERT: Was you able to find that?

JUSTIN WOLFORD: No, sir.

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

RITA BARRETT: Mr. Chairman, do you have the box number on that address?

BUTCH LAMBERT: It did not. All the Commissioner of Revenue records had was Star Route, Cleveland, Virginia. And the acreage was off by three hundreds of an acre from the courthouse records from what is listed in your application. Would you like to go back and do some more research?

RITA BARRETT: Since you found it...I mean, if you don't have a mailbox...but yes, I would. So, we'll continue this until the October docket.

BUTCH LAMBERT: How often do you all use the Commissioner of Revenue's records and the mapping system that's online?

JUSTIN WOLFORD: Well, Dickenson County's their records are backwards and forwards all the time. I've looked at a lot of different properties and sometimes they are on the map, sometimes they're not. It's just a case by case basis...I pride myself by going above and beyond my due diligence to find some of this stuff.

BUTCH LAMBERT: I understand. Okay.

JIM KAISER: Mr. Chairman, if I may add to this

discussion, my law firm did the title on this tract and it stops at the T. W. Sutherland heirs. There's no heirs. I mean, if you find some P. O. Box and you still don't have the heirs you still haven't done any good.

BUTCH LAMBERT: Well, if I have an address in Cleveland, did you do any research in Cleveland for T. W. Sutherland?

JUSTIN WOLFORD: No, sir. No, sir.

RITA BARRETT: And that's why I'm saying, let's continue this until October and we will go that Cleveland route and see if we can find something. We've searched. We've searched white pages. We've searched internet. We've searched ancestry.com. We've searched the courthouse records. Maybe you need to teach us how to do some research.

BUTCH LAMBERT: I just had some time on my hands the other night. I mean, I found this at the Commissioner of Revenue's office with their attached records that's online.

RITA BARRETT: All right. We'll continue it.

BUTCH LAMBERT: Continued until October?

RITA BARRETT: Yes.

BUTCH LAMBERT: Okay. Thank you. One other thing, Ms. Barrett, I would ask the Board if they would like to

have this information as well, it would be helpful for me if we started seeing topo maps with well locations in addition to the plat map and also it would be helpful if we could get adjoining units on the maps so we could get a better ideal. I'll ask the Board if that information would be helpful. Do you think it would be helpful?

BILL HARRIS: I think it would. I think because I will look at this at see route 699 and still wonder where I am. So, even with the county listed I think it would be helpful if we saw something in addition to this, at least what town is this near. You know, I don't know enough about the geography of the state to know where 699 is but I'd like to know what part of 699 it is. That would be helpful.

BUTCH LAMBERT: So, that would be helpful just for us to see the location especially when I pulled this one up I found it interesting when we talked about well location exceptions of the abandoned surface mine areas. It will give us a better idea why we're moving these things. And I know we're not there yet, but I also think it would be helpful to start seeing underground mine works on these maps. I know that's available and that you provided it to David to do a permit across this but it would be helpful for the Board to start seeing some of these things.

RITA BARRETT: Okay.

BUTCH LAMBERT: And we're going to ask every company to start providing with a topo map with well locations in addition to the plat.

RITA BARRETT: Okay, so, we'll start providing topos, well locations, adjoining units and underground---

BRUCE PRATHER: Mr. Chairman.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Range Resources gives us one that's scale an inch to 1000. I think the scale you have there is an inch to 2000. And so I think if we're going to do this we should get up to scale.

BUTCH LAMBERT: Yes, this is an inch to 2000.

BRUCE PRATHER: And this is an inch to 1000. So, which scale does the Board think is reasonable?

BUTCH LAMBERT: Well, the bigger the better for me because of my eyesight. That's something that I would like to start seeing if you would.

RITA BARRETT: Mine too. We will provide that to the Board although we do provide it with our permit applications, but you can't---

BUTCH LAMBERT: I understand but we don't see those.

RITA BARRETT: We can provide that.

BUTCH LAMBERT: I appreciate it. Thank you. The

next item is number nine. A petition from EQT Production for pooling of coalbed methane unit VCI-531436 docket number VGOB-09-0915-2588. All parties who wish to testify please come forward.

JIM KAISER: Mr. Chairman, again Jim Kaiser and Rita Barrett. We have some revised exhibits on this unit.

DAVID ASBURY: Mr. Chairman, there are some people in the audience who are still having some trouble hearing, so if we can speak into the mic.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, do your responsibilities include the land involved here and in the surrounding area?

A. It does.

Q. And did you submit the application we filed seeking any unleased interests in this unit?

A. Yes.

Q. Is that for drilling rights in the unit involved here?

A. Yes.

Q. And prior to filing of the application, were efforts made to contact each of respondents and an

attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What's the lease under lease to Equitable within the gas estate?

A. 94.61%.

Q. And the coal estate?

A. 100%.

Q. And are all unleased parties set out at Exhibit B-3?

A. Yes.

Q. So, what remains unleased is 5.390% of the gas estate?

A. That's correct.

Q. And it's represented by Tract 2?

A. That's correct.

Q. And that's the Nancy A. Hale Heirs, unknown unlocateable?

A. That's correct.

Q. And, again, did you make all reasonable and diligent efforts to locate the Nancy A. Hale Heirs?

A. We did.

Q. In your professional opinion, was due diligence exercised to locate each of the respondents named

herein?

A. Yes.

Q. Are the addresses set out in Exhibit B the last known addresses of the respondents?

A. They are.

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

A. Yes.

Q. What does your revised exhibit reflect?

A. The revised Exhibit E reflects the addition of Tracts 1, 6, 7 and 8.

Q. That is tracts that proceeds need to be escrowed?

A. That is correct.

Q. And that's all due to conflicting claims?

A. Yes.

Q. Okay. What about...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 advised the Board as to what those are?

A. Yes. Twenty-five paid up bonus for five year term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Chairman, at this time I'd ask that the testimony regarding statutory election options afforded any unleased parties in this case it would be the Nancy A. Hale heirs should they be located in the time frames in which they made those elections be incorporated for purposes of this hearing.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, the Board does need to establish an escrow account, correct?

A. Yes.

Q. And in accordance with our revised Exhibit E, that would be proceeds that are attributable to Tracts 1, 2, 6 7 and 8?

A. That's correct.

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

A. EQT Production Company.

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

A. 2,537 feet.

Q. And the estimated reserves over the life of the unit?

A. 280 million cubic feet.

Q. Now, are you familiar with the AFE?

A. I am.

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

A. Dry hole costs are \$171,425. Completed well costs are \$364,140.

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---?

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.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: We'd ask that the application be approved with the revised Exhibit E.

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: Motion for approval.

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank

you, Mr. Kaiser.

JIM KAISER: Thank you.

PEGGY BARBER: Thank you.

BUTCH LAMBERT: Next item number ten, a petition from EQT Production Company for pooling of coalbed methane unit VC-536473, docket number VGOB-09-0915-2589. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett on behalf of EQT Production.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, do your responsibilities include the land involved here and in the surrounding area?

A. Yes.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. Yes.

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

A. We do.

Q. Prior to the filing fo 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. What percentage of the gas estate is under lease to Equitable in this unit?

A. 85.60%.

Q. And the coal estate?

A. 85.60%.

Q. The unleased parties are set out in B-3?

A. They are.

Q. So, 14.40% of the gas estate and coal estate remains unleased?

A. Correct.

Q. And that's represented...it's Pobst-Combs and Levisa?

A. Yes.

Q. And those tracts are under lease to CNX?

A. That's correct.

Q. Okay. There's no unknown and unlocatables?

A. No.

Q. 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 B-3?

A. Yes.

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

A. Yes.

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

A. Twenty-five dollar per acre bonus, five year term and one-eighth royalty.

Q. In your opinion, do the terms that you've 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 again ask that the statutory election option testimony taken earlier in item 2587 be incorporated for purposes of this hearing.

BUTCH LAMBERT: Accepted.

Q. Because there is a royalty split agreement between the Pobst-Combs and Levisa, there is no need for

escrow in this case?

A. That's correct.

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

A. EQT Production Company.

Q. The total depth of this proposed well?

A. 2,937 feet.

Q. Estimated reserves?

A. 400 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. Yes.

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

A. Dry hole costs are \$184,031 and completed well costs are \$526,954.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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: Ms. Barrett, this one is outside the interior window, is that correct?

RITA BARRETT: It is. And we will address that with our permit application.

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: Can you tell me why this well is costing about \$125,000 more than the previous two?

RITA BARRETT: I'll have to get Mr. Hinte to answer that question for me.

(Chris Hinte is duly sworn.)

JIM KAISER: Could you repeat that question, Mr. Prather?

BRUCE PRATHER: The first two CBM wells that we

looked at, one of them 2853 and it cost \$348,000. The second one was 2537 TD and it cost \$364,000. This one was 2937 and it cost \$526,000.

CHRIS HINTE: Part of that cost is the surface casing they're expecting to mine 972 feet. So, we're adding more costs there. This area has a lot of coal. If you see, our frac costs are pretty high. So, we plan on putting a bigger frac due to all of the coal that is expected. So, that's where the extra costs come into.

BUTCH LAMBERT: I swear a topo map with the mine works would help us with those.

PEGGY BARBER: Yeah, I agree. I agree.

BUTCH LAMBERT: Any further 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?

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert and Donnie Ratliff.)

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser.

PEGGY BARBER: Thank you.

BUTCH LAMBERT: The next item is number eleven, a petition from EQT Production Company for pooling of coalbed methane unit BC-536163, docket number VGOB-09-0915-2590. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, Ms. Barrett, before we start your testimony, could you explain what your revised exhibits reflect?

A. The plat was revised in Tract 1. On the initial application we had the coal company as lessee. That coal company is no longer in existence and there is no coal

lease on that Bonnie Ball tract, so we removed that. And on Exhibit B, on the application we didn't have an address for the Francis E. Bee Heirs, so we corrected that to add the address.

Q. Okay. And do your responsibilities include the land involved in this unit and in the surrounding areas?

A. Yes.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. Yes.

Q. Now, does Equitable own drilling rights in this unit?

A. We do.

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

A. Yes.

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

A. 98.81%.

Q. And in the coal estate?

A. 98.81%.

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

A. They are.

Q. So, 1.19% of both the gas and coal estate remain unleased?

A. Yes.

Q. Any unknowns in this unit?

A. No.

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

A. Yes.

Q. And are your addresses set out in your revised Exhibit B the last known addresses for the respondents?

A. Yes.

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

A. Yes.

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

A. Twenty-five dollar per acre, paid up...I'm sorry, twenty-five dollar per acre bonus, five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Mr. Chairman, I'd ask that the statutory election options afforded any unleased parties testimony taken earlier be incorporated for purposes of this hearing.

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, do we need...does the Board need to establish an escrow account in this case...for this unit?

A. No.

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

A. EQT Production Company.

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

A. 2,148 feet.

Q. Estimated reserves?

A. 300 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. State both the dry hole costs and completed

well costs for this well?

A. Dry hole costs are \$141,782. Completed well costs are \$349,107.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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. Now, wait a minute.

Q. Is this well also being drilled outside the interior window?

A. It is. And we will address that location exception and correlative rights with Mr. Asbury at the time of permit.

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, Mr. Chairman, with the revised exhibits.

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert, but Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

BUTCH LAMBERT: One abstention, Mr. Ratliff. The next item is item twelve. A petition from EQT Production Company for pooling of coalbed methane unit VC-531127, docket number VGOB-09-0915-2591. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Rita Barrett and

Jim Kaiser and possibly Chris Hinte.

BUTCH LAMBERT: You may proceed, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. Yes.

Q. Does Equitable own drilling rights in this unit?

A. Yes.

Q. Prior to the filing of the application, were efforts made to contact each respondent owning an interest in the unit 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?

A. 81.350%.

Q. And in the coal estate?

A. 100%.

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

A. They are.

Q. So, that means 18.65% of the gas estate remains unleased?

A. That's correct.

Q. Okay. And here again in Tract 1, we have the unknown Joseph Kiser Heirs?

A. That's correct.

Q. And, again, you made reasonable and diligent efforts to attempt to identify and locate these unknown heirs?

A. We did.

Q. Okay. In your professional opinion, was due diligence exercised to locate all of the respondents named herein?

A. Yes.

Q. Are the addresses set out in Exhibit B to the application, to your knowledge, is the last known addresses for the respondents?

A. Yes.

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

A. Yes.

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

A. I am.

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

A. Twenty-five dollar per acre bonus, five year paid up term and one-eighth royalty.

Q. In your opinion, do the terms that you've test...just testified to represent the fair and reasonable compensation for drilling rights in this unit?

A. Yes.

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

BUTCH LAMBERT: Accepted.

Q. Ms. Barrett, the Board will need to establish an escrow account for proceeds attributable to Tract 1?

A. Yes.

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

A. EQT Production Company.

Q. The total depth of this proposed well?

A. This well is going to be 3,177 feet.

Q. Estimated reserves of the unit?

A. 200 million cubic feet.

CHRIS HINTE

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hinte, have you been sworn?

A. Yes.

Q. I'm going to switch now to Mr. Hinte. Mr. Hinte, 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. Could you state the dry hole costs and completed well costs for this well?

A. Dry hole costs \$183,560 and completed well costs \$414,669.

Q. Okay. And, again, that's a little bit higher than some of the early ones today. I do see that this well is a little deeper. Are there any other factors

that you can illuminate for the Board to tell them why this is about \$50,000 higher than some of the other ones?

A. Well, as you said, it is a little deeper. We're counting two deeper mines, which accounts for more cementing and more casing.

JIM KAISER: Okay, thank you.

RITA BARRETT

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Does your AFE anticipate a multiple completion?

A. Yes.

Q. Does it include a reasonable charge for supervision?

CHRIS HINTE: Yes.

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

A. Yes.

JIM KAISER: We're actually inside the window. Nothing further of these witnesses at this time, Mr. Chairman.

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: A couple of comments and then a question.

RITA BARRETT: Okay.

BUTCH LAMBERT: I find it hard to believe that you can't locate the Joseph Kiser Heirs in this area. That's all that's up there on that mountain is the Kisers. Just a comment. Another comment is a good reason for us to have that topo map with underground mine works showing. Now the question, on your plat...well location plat, just east of Tract 1, there's an area that's carved out that says "School House Spot". Can you explain what that is?

RITA BARRETT: I would imagine that that is a surface of...I'm not sure. I think that it's probably an old surface where a school was intended to be because if there was indeed a school building there that building would be depicting on the plat. A lot of times when we're doing our research, we find deeds into the School Board or people carve out parts of their surface and say, you know, if there's ever a school intended here, you can have this property.

JIM KAISER: So, in other words, it's your testimony that it's a surface exception---?

RITA BARRETT: Yes.

JIM KAISER: ---from the minerals?

RITA BARRETT: I am.

JIM KAISER: Okay.

BUTCH LAMBERT: Okay.

BRUCE PRATHER: (Inaudible). In other words, they extend the term of these things.

JIM KAISER: A lot of times there's reversion and if you don't use it for a school it reverts to the grantor.

RITA BARRETT: Uh-huh.

BUTCH LAMBERT: So, you don't know who the surface owner is in that area?

RITA BARRETT: No, not on that particular lot, I do not.

BUTCH LAMBERT: Okay. Any further 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.

RITA BARRETT: Mr. Chairman, I would say, if our operations were going to affect that schoolhouse lot, the surface owner would be identified.

JIM KAISER: Would it be your testimony that there

won't be any surface operations on that lot?

RITA BARRETT: Yes.

BUTCH LAMBERT: Okay. I'll ask Mr. Kaiser to...Mr. Asbury to have his inspectors to watch that.

RITA BARRETT: That's fine. We have no problem with that.

BUTCH LAMBERT: Okay. Anything further, Mr. Kaiser?

JIM KAISER: Again, we'd ask that the application be approved as submitted.

BUTCH LAMBERT: Any further discussion from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: Motion for approval.

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser.

PEGGY BARBER: Thank you.

JIM KAISER: Thank you.

BUTCH LAMBERT: The next item is thirteen. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit of 320 acres for the drilling of horizontal conventional gas well RR-2593, docket number VGOB-09-0915-2593. All parties wishing to testify, please come forward.

JIM KAISER: Mr. Chairman, Jim Kaiser, Phil Horn and Gus Jansen for Range Resources-Pine Mountain. We'd ask the Board to call the next item too and ask that we be allowed to combine those two.

BUTCH LAMBERT: Okay. I'm also calling item number fourteen, 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 RR-2594, docket number VGOB-09-0915-2594. You may proceed, Mr. Kaiser.

JIM KAISER: I guess, my witnesses have been previously sworn. We'll start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

Q. Mr. Horn, let's start the unit for 2593. Have all parties as required by statute been notified of this hearing---

A. Yes, they have.

Q. ---being all oil, gas and coal owners?

A. Yes, they have.

Q. Okay. Now, let's move to 2594, and the same question, have all parties entitled to notice under the statute required to receive notice under the statute, in this case all coal, oil and gas owners, been notified of the hearing for this unit?

A. Yes. We have some unknowns up in the northwest corner of the unit that we had to get by publication.

Q. Right. Did we put...did we actually publish a notice of this hearing in the coalfield progress?

A. Yes.

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

BUTCH LAMBERT: Where is this well?

PHIL HORN: Right outside of Clintwood.

BUTCH LAMBERT: Okay. That was...the reason the question that I asked, was it published in the Dickenson Star?

PHIL HORN: Did you say the Dickenson Star or the Coalfield in Dickenson County?

JIM KAISER: I'm sorry, Dickenson Star.

BUTCH LAMBERT: Okay. Thank you.

SHARON PIGEON: Not in the Coalfield?

JIM KAISER: Right.

BUTCH LAMBERT: Any further questions from the Board?

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: It says on the information that I have here that all zones in communication. I assume you're going to put a packer on top of that. That packer in the Devonian Shale. Then the other zones are all going to be in communication and probably produced out the (inaudible), is that correct?

GUS JANSEN: We'll cover that on the second part of my testimony.

BRUCE PRATHER: Oh, okay.

GUS JANSEN: Are you asking Mr. Horn a question or myself?

BRUCE PRATHER: Okay. As far as I'm concerned, you know, if these pressures are different you have some of these higher pressures feeding back into the lower pressure zones if you've got them all in communication, which is what my information says here.

GUS JANSEN: Are you referring to the handout that I haven't gone over yet?

BRUCE PRATHER: No, it's the one that we get. It says, "All zones in communication therewith and all productive extensions of the underlying areas." It says, "Formations such as the Weir, Big Lime, Berra, Devonian Shale and all zones in communication."

BILL HARRIS: Should there be a respectively in there. I'm just wondering if this says one thing, but means something else. I'm not trying to answer the question for them, but it almost appears...your question is are all of these going to be in communication with each other.

BRUCE PRATHER: Yeah. Yeah.

BILL HARRIS: And I'm not sure that's what this

meant.

BRUCE PRATHER: But I'm just trying to find out.

BILL HARRIS: But I can't answer it.

JIM KAISER: What's your question?

BRUCE PRATHER: I assume that in order to frac that Lower Huron you're going to have to have a packer up at the top there that you're probably going to cement in. So, then all of these other zones, the Weir, Big Lime and Berra will be in communications up above that packer and above where that thing is cemented.

GUS JANSEN: In communication, how do you mean by communication?

BRUCE PRATHER: Well, that's what I have here. It says, "All zones in communication therewith."

GUS JANSEN: We will drill through those zones. I think they intended this was that we could drill horizontally in any formation within this unit with other wells individually...each individual horizontal would be targeted in one individual formation?

BRUCE PRATHER: Oh, I see. In other words, you're talking about drilling a horizontal in each one of these formations?

GUS JANSEN: We're asking for the permission to do that if we so desire to explore for gas and other

formations.

BRUCE PRATHER: Yeah. Is your casing program big enough to handle that?

GUS JANSEN: That will be addressed individually in each individual well permit as we put those in.

BRUCE PRATHER: Okay. Okay. I mean, I just misconstrued what you were talking about here, the way it's on our sheet here, it looks like you're...everything is going to be commingling.

GUS JANSEN: Well, I think the intent is that we are forming a unit that allows us to explore for any conventional gas formation.

BRUCE PRATHER: Okay. From a horizontal---?

GUS JANSEN: From the horizontal standpoint.

BRUCE PRATHER: Yeah, okay. I gotcha.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue, Mr. Kaiser.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jansen, if you'd go through your handout.

A. If the Board will refer to the handout Exhibit AA, it's a schematic of Dickenson County showing the location of the two new proposed units Range 2593 and Range 2594. Again, we're offsetting existing units that have been previously approved by the Board as we continue development and the exploration of the horizontal program. Exhibit BB is another schematic, which gives you the basic dimensions of the unit we plan to form, 3,733 feet by 3,733 feet a 320 acre square unit, which again allows for no leaving out of any mineral owners as we build these units and browse for a maximum lateral length of 4,431 feet.

Exhibit CC, again, stating the units and the dimensions there. Again, we're having a 300 foot interior window with a 600 foot standoff from adjacent grid. Horizontal wellbore is producing from the same horizon. We also have a requirement for a 600 foot distance between the horizontal wellbore and any vertical wellbore producing from the same formation. And the unit will also allow for multiple wells and/or laterals for maximum drainage and all conventional reservoirs, which I think that is addressing what Mr. Prather's question was there. And we'd also be able to drill from the surface location inside or outside of the unit so long as production is within the unit that we've established.

Exhibit DD is just a typical horizontal well plan. In this case, it is showing a Lower Huron type of well. Again, we're placing casing streams in this well here to the requirements of a vertical wellbore. We'll have a surface casing, which will produce the fresh water zones and we'll also be required to have a coal production casing to protect any coal seams in those area where we develop horizontal wells. This will vary depending on which formation you're in your depths and we also will be evaluating areas on an ongoing basis based on offset wells to develop those casing plans as we proceed.

Exhibit EE is simply benefits of the horizontal drilling. Again, we're a working interest owner and royalty owners and the county will likely benefit from maximizing production. We're trying to promote the conservation of gas resource and prevent waste by more effectively extracting the resource. The laterals can drill underneath the areas otherwise inaccessible for coal. We have less impact on the coal by situating many wells on one pad. We have...the square units again have no stranded acreage in them. We have less potential impact to the surface.

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Mr. Chairman, let me ask a question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: This is sort of a follow up of Mr. Prather's question. If you'll look at Exhibit DD, I know this is typical and this goes into the Lower Huron, but you're saying that...what you're asking is for permission even...like at the Big Lime to actually have a horizontal string that goes out there. Are these multiple horizontals in like a...I mean, I'm not sure if I understand the---

GUS JANSEN: This exhibit...Exhibit DD is simply a schematic of single well...single horizontal---

BILL HARRIS: Single?

GUS JANSEN: ---in the Lower Huron. If we provided a similar schematic of the Big Lime you would see the same vertical section going down and the well horizontally into the Big Lime. There would be a separate wellbore...completely separate wellbore. It would not be one wellbore at this point commingling horiz---

BILL HARRIS: Horizontals off of that well, like a comb or something.

GUS JANSEN: Right. Yeah, we may end up...we have done this in the past. We have drilled multiple wells on a single pad, which are in different formations. They're separate wells that have packers set in there that do not communicate with the other formations as we do our completion part of the well.

BILL HARRIS: But that's an entirely differently drilling...I mean, not operation...I mean, the operation is pretty much the same, but it's separate hole?

GUS JANSEN: It's an entirely separate well, correct.

BILL HARRIS: Okay.

BRUCE PRATHER: The only thing I wondered about it was can you do this and run seven inch casing?

GUS JANSEN: Yes, our seven inch casing is typically our plan for our coal protection zone.

BRUCE PRATHER: Yeah, but what I'm talking about would be the, you know...the only way that I would know that you could drill a horizontal if the horizontal well in a Lower Huron and you decide to use that same casing and you come down and put another horizontal out in the Big Lime, pretty soon you're going to run (inaudible). How are you going to---?

GUS JANSEN: So, you're saying if we wanted to convert this to a---?

BRUCE PRATHER: Yeah.

GUS JANSEN: I think that would be another technical issue that would be addressed in permitting if we wanted to abandon a part of the well and then convert to another formation. We would address that on the permitting

side. And it would be a separate string still.

BRUCE PRATHER: See, when I look at this, it looks like this is what you're doing when I'm reading the sheet that I was given.

GUS JANSEN: What this typical schematic gives us a flexibility to do is if we do...if we drill this and for some reason we've sat our seven inch through our coal protection string, that's set, that gives us the flexibility to drill other formations if for some reason the Lower Huron...if we had an issue there or it was non-productive, we could come back up and drill out that same horizontal into another formation.

BRUCE PRATHER: And you've got enough space below your casing to where you can bend it?

GUS JANSEN: Make the turn.

BRUCE PRATHER: Yeah.

GUS JANSEN: Correct.

BUTCH LAMBERT: Mr. Prather, item 2.3 in the application, is that the confusion?

BRUCE PRATHER: Pardon me?

BUTCH LAMBERT: The item 2.3 in the application, is that what's confusing?

BRUCE PRATHER: No.

DONNIE RATLIFF: He's looking at...he's looking at

the agenda.

BUTCH LAMBERT: Well, that wording is taken out of item 2.3 in the application.

BRUCE PRATHER: Oh, okay. No, the only thing that bothered me about it was it looked as if we were going to drill all of these zones horizontal because it says, "All zones in communication." We're going to drill all the zones and most of them is going to be on a vertical basis. They can't all be in communication if you're going to do a nitrogen job on a Lower Huron. You've going to have to put a packer in there and cement it. So, what I'm given here isn't exactly correct. All zones are not in communication. I mean, it's not their information that is wrong. It's what we got on here.

DONNIE RATLIFF: That's what in the permit application.

BRUCE PRATHER: Yeah. Is that what's in the permit application?

BUTCH LAMBERT: Do you have the application, Mr. Prather?

BRUCE PRATHER: No, I don't.

BUTCH LAMBERT: Item thirteen.

BRUCE PRATHER: Yeah.

BILL HARRIS: Yeah, we...you know, we have a

summary sheet that is given to us and the summary sheet has that paragraph that anticipate exploration and development of production of conventional natural gas from the pool defined as the top of the Mississippi, Devonian Age formations, such as the Weir, Big Lime, Berra, Devonian Shale and all zones in communications therewith and productive extensions thereof underlying the area. So, it almost sounds like this is like a shotgun approach for all of those. I mean, from just reading that paragraph and I think that may be confusion here.

GUS JANSEN: Yeah, I think what the intent of the unit is is to be able to produce any productive zone that it is maybe encountered while you're drilling. There are some areas of the field where...for instance, the Cleveland Shale is not specifically indicated on there. There are areas of the field where the Cleveland may be productive. To list every single formation and every formation named that may be used in the current time or in the past is probably not realistic to list every single one of those. I think that's why we're saying that any productive zone that comes into communication during the drilling so that we can have that option as we define that unit. We may drill one well and produce the shale and while drilling out find that we've passed through another zone that may be productive and at a

later date come back and want to produce that formation also with another horizontal.

JIM KAISER: Yeah. The wording was designed to be broad based and allow for the flexibility of being able to do that.

BILL HARRIS: When you read this it almost...I can understand his confusion. It almost looks like we're going to do all of this at one time and all of these zones all of a sudden are going to be in communication with each other.

GUS JANSEN: And, again, I think we addressed those issues during the permitting process and we specified that individual formation with a specific well plan individually for each horizontal well.

BRUCE PRATHER: That will take care of it.

DAVID ASBURY: Good question.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Kaiser?

JIM KAISER: I think Mr. Jansen, before we went to our next item, wanted to give an update on...do you want to give the update before they vote?

GUS JANSEN: Either way or you can do it before.

JIM KAISER: Yeah, we'd ask that the applications

be approved as submitted and he'll give you an update before we get to the next item.

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: I'll make the motion. But I do have a...for approval. I do have a question. Should I get that answered first. The front Exhibit AA...AA shows the wells in green, adjacent range approved units. Have those been drilled yet or produced? Are you all producing some of those?

GUS JANSEN: Yes, we've drilled on horizontal in each of those units at this point.

BILL HARRIS: I'm just curious as to the production that you're seeing there.

GUS JANSEN: In those areas, we are pleased with the production that's find in that particular area and that's why we would like to continue to extend that to further define the reservoir in that area.

BILL HARRIS: Mr. Chairman, I do make a motion to approve the petition as amended or as supplemented by the exhibits.

BUTCH LAMBERT: Is that thirteen and fourteen?

BILL HARRIS: Yes, for both thirteen and fourteen.

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert and Donnie Ratliff.)

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Thank you, Mr. Kaiser.

JIM KAISER: Thank you. Mr. Jansen, if you want to give an update before we go to the next item.

GUS JANSEN: Right. Just as an update to the Board on our horizontal drilling program. We haven't done one for several months, I don't think. We haven't had any units recently. But to date, in 2009, we have drilled or drilling our sixteenth horizontal well. Again, we're testing multiple formations with individual wells. At this point, we've tested three formations, the Big Lime, Berra and the Lower Huron. At this point in the year, we've got about six of those wells have gone inline for the production. We have another five wells that have been completed that are flowing back at this point in time. We'll got in production shortly and we'll have additional information that would help us do our evaluations. We've got five wells that we still have

not completed at this point. We're going to talk about two of those in this next item we're coming up here. We've held off on completion of these until we go through this process. Again, we're continuing to develop multiple wells on similar pads to hopefully reduce the surface impact and coal impact and recovery resource by doing horizontals. We're also getting additional units that we've gotten through the year. We're drilling offset units to help us further define our reservoir characteristic should a potential for productivity out of those individual formations. Again, there are many variables involved with the drilling and completion of these horizontal units. We're still early on in the learning curve. We've tried different drilling rigs to get different drilling depths. We're finding we're having issues with how far a rig...certain rigs can drill and other rigs can also drill. We're also trying different completion methods, which hopefully will increase our productivity out of the wells, which again will enhance the successful progression of the horizontal development. That's sort of the quick update. I'll try to answer any other questions that you have at this point that we've been doing in the horizontals.

BUTCH LAMBERT: Are you doing any comparisons, versus vertical versus horizontal and how the...the differences in the curves as far as production, something

that we can look at?

GUS JANSEN: Something you...something I can present to the Board?

BUTCH LAMBERT: Yeah, you know, pictures are worth a thousand words.

GUS JANSEN: I understand. That...we could do that. We could show. I think we'll see that in a general sense and we could put something together along those lines that production that we're seeing out of the vertical well is going to exceed...or out of the horizontal well will exceed a vertical well in a similar area.

BUTCH LAMBERT: Yeah. Yeah. If you could see something like that, then it would be very helpful to us.

GUS JANSEN: I think we could put something together like that.

BUTCH LAMBERT: Okay.

BILL HARRIS: Let me ask another question also. I don't know how often this is done, but you were talking about different drilling rigs. I don't know if I fully understand what's happening there. Well, this probably doesn't happen either. I shouldn't preference that. But do you all share information with other companies as to this particular rig. Again, I don't know the...I don't know the differences in rigs. But his rig works better for

horizontal than another. I mean, if somebody else has gone through the same thing, can you benefit from their findings or is this not done.

GUS JANSEN: In our specific case, we are partners on this...in this adventure with Equitable Production and we have had many conversations with Equitable where their drilling history in Kentucky as well as in Virginia and we have shared, internally amongst ourselves.

BILL HARRIS: Okay. You can benefit from that. Yeah, okay. Well, yeah...exchange that. I didn't know how much of that was done industry wide because I don't know---

GUS JANSEN: I think there is...there are lots of symposiums forums that a lot of these things are discussed--
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BILL HARRIS: Okay.

GUS JANSEN: ---and those issues are aired out in public. A lot of people are gaining future knowledge from all of those.

BILL HARRIS: Okay. Thank you. I was just curious.

BRUCE PRATHER: I've got a statement. I know a lot of the horsepower...the more horsepower you have the easier it would be to drill on a lot of these things. So, if you've got a rig that you thought could drill one of these

wells and it was low horsepower it would take you a long time to do it. That's the difference in the rigs is really the horsepower.

GUS JANSEN: We've found some...yeah, there are issues there. Along with that horsepower, there are issues with...again, the new technology has been implied. We're using this area...as we're drilling on air, which a lot of horizontal work in other parts of the company are done Mud Fluids. So, drilling on air, we have the issue of being able to clean the hole and get the cuttings out of the hole as we advance the well. So, that's where that horsepower comes.

BUTCH LAMBERT: Any other questions or comments?

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Jansen. I appreciate that update. The next item is item fifteen, a petition from Range Resources-Pine Mountain, Inc. for the modification of a previously established provisional drilling unit consisting of 320 acres for the drilling of a horizontal conventional well RR-2283, docket number VGOB-08-0715-2283-01. All parties wishing to testify, please come forward.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser, Phil Horn and Gus Jansen for Range Resources-Pine Mountain. I'm

going to start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Phil Horn, Range Resources-Pine Mountain, Inc. and land manager.

Q. And did we previously establish the unit for RR-2283?

A. Yes, we did.

Q. And we are seeking a modification of the order for that provisional unit. And have we notified everyone of this hearing to seek this modification as required by statute?

A. Yes, we have.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: You may continue.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jansen, okay, we're doing something...we're asking for something a little bit different here. We have...I guess, we're...what we're seeking is to be allowed to produce gas from the setback area in this unit that has already been established, is that correct?

A. That's correct.

Q. And, I guess, we're not actually modifying a previous order because we don't actually have any orders. But we're asking to modify the...what we're allowed to do in this provisional unit, is that correct?

A. Correct.

Q. And can you explain to the Board, in conjunction with your exhibits, why we're seeking this?

A. Yes. Exhibit AA is sort of summary some of the issues that are involved with drilling the horizontal. We've talked about several of those in the previous item. Again, we're...the intent of the interior window is a protection of correlative rights and Mr. Horn has addressed that issue at his point. If you'll look at Exhibit BB, if you'll a schematic---

JIM KAISER: Well, timeout. Let's go back to Mr.

Horn.

GUS JANSEN: Okay.

PHIL HORN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, when you look at Mr. Jansen's Exhibit BB, can you explain what the mineral ownership situation is there in those two units?

A. The unit RR-2283 we're trying to modify this provisional unit. As you can see, 70% of the oil and gas is owned by Range Resources-Pine Mountain, Inc. and approximately 30% of the gas is owned by Steinman Development Company, Inc. The unit to the west, the 300 foot offset will...adjoin Range Resources-Pine Mountain owns 100% if the oil and gas.

Q. Okay. So, why aren't there any correlative rights issues?

A. Because it's our oil and gas and we would want produce up to the edge of the unit.

Q. Okay. Thank you.

GUS JANSEN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. I'm sorry, Mr. Jansen. If you'd continue with your testimony.

A. Okay. Again, after we've cleared that up and if you'll refer back to our schematic of the two horizontal units, you'll see at this point we've drilled a total of four horizontal wells in these units. All four wells originated in the unit RR-2108 off the same pad. So, we drilled two wells in the Berra in then opposing directions and then drilled two wells in the Lower Huron in opposing directions. And also you see on here is the location exception area for better...lack of a better term that we're seeking to produce today. The circles with the P inside indicate the upper most packer setting these horizontal wells, which would limit production from the top of the well or the end of the well back to that packer setting. So, the production in these wells would be from the further most extent back to those...where those packers are set. In the case of the two wells that are drilled in RR-283, you can see that we have the packer set just on the eastern side of the unit boundary, but within the location exception area.

Q. The area that we're seeking to modify to be

allowed...to be allowed to produce gas---?

A. To allow production from that area. And the reason for this, again, the main thing we found at this point that our initial drilling has indicated a direct correlation between the width of your lateral and the well's production. So, in other words, if we leave that 300 feet behind and do not complete that, that is within our formation and the blue well would be within the Lower Huron and the red well would be within the Berra. We feel like that is going to reduce the production of the well and it's going to strand reserves that are otherwise not be recovered out of this horizontal lateral.

Q. So, actually resulting in waste.

A. Again, we...the reason we have that situation in this case is because we've tried to utilize a single pad to drill the multiple wells, which gets us further away from the adjacent unit as we drill horizontally if you go back to our schematic and visualize those. As we landed that curve, that's going to be closer to...it will be within the formation after we've landed and laterally away from the surface location. So, again, there's a formation that we feel will be productive that we would like to complete.

Q. And so your bottom holes are at least 600

feet apart?

A. Yes. Then, again, we're staying within the 600 foot boundary. The packers, the placement on the two horizontal shale wells are 870 feet apart. The packer placements on the two Berra wells are 660 feet apart.

Q. Would any existing vertical wells be impacted?

A. Again, there would be no impact on any vertical wells.

Q. This would maximize your resource recovery?

A. That's correct.

Q. Again, you're reducing surface and coal impact?

A. That's correct.

BILL HARRIS: Let me ask a question, Mr. Chairman.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: Do you have one?

BUTCH LAMBERT: No, I'm still trying to think.

BILL HARRIS: Well, I'm...let me...I'm not sure...and this is just due to my ignorance of this packet. Now, what...can someone just explain in simple terms, layman terms what that does because I know we've talked about it before and I thought, okay, but...now, that I see this inline this way, I'm not sure if I understand what its

function is and what it's doing.

GUS JANSEN: The typical completion method in the horizontal wells to date that has been employed by Range and other companies in the area is a system called Packers Plus. That's where the name Packers come from. What it is a mechanical device, which goes down inside your wellbore. It's hooked on your four and a half inch casing. As that packer system is put in the ground, there are multiple packers. I just showed the...to simplify the drawing, I just showed the upper most packers. So, there can be as many eight, ten, twelve or sixteen separate packers, which will be laying out in the horizontal part of the well. Those packers are inflated by pressure as you pressure up the well, which seals it against the well, which isolates a section of your horizontal. Then you are able to complete that as you put nitrogen or whatever other stimulates your were using to fracture the rock. So, as you fracture that rock, you'll fracture say a 200 or 300 foot section. You would go in and drop another ball...you set all of the packers at one time and then you can---

BILL HARRIS: But they're not all inflated at one time?

GUS JANSEN: Yeah, they're all inflated at one time.

BILL HARRIS: At one time, okay.

GUS JANSEN: It's a ball that goes in sits in that individual packer isolating each section. You have different size of balls that correspond to the opening of each of those packers. So, you work your way out of that hole completing sections of it. So, you have a 4,000 foot lateral and you may divide it into 300 foot sections per 10 stages...10 stages of completion.

BILL HARRIS: So, these are to be inflated for production though, is that correct?

GUS JANSEN: No, the production then comes through a port that's in the packer system itself in the indication itself. There are ports similar to a preformation that would be in the vertical well. Those ports are also opened by the pressures.

BILL HARRIS: Another question related to that is, I'm looking at your Exhibit DD...well, I don't need to refer to that. But a typical well...and, of course, there's 600 foot radius that it curves at the bottom to go from the vertical to the horizontal. Are you telling us that with the exhibit in front of us BB that where the drilling pad that we've already accomplished the horizontal part before we've got to the...we accomplished the horizontal part in that 300 foot exception area, is that what

I'm---?

GUS JANSEN: Correct.

BILL HARRIS: So, we've gone down and we've made our curve. So, what you're asking is if we can produce in that 300...even though this now curves through it, there's no production from that and that you're asking if we can produce from that, is that---?

GUS JANSEN: That's correct. The wellbore does go through the formation as landed or maybe part of the lay in the curve.

BILL HARRIS: So, if I were to project this location exception area just straight down, you know, here is the boundary and here is the end of that 300 foot straight down, it will...you will see that it will intersect with part of a horizontal that has been drilled for production?

GUS JANSEN: Correct.

BILL HARRIS: Okay. And so what you're asking for to allow you to back up and do production within that 300 foot section, is that---?

GUS JANSEN: From within that 300 foot section and within the limits of the formation itself.

BILL HARRIS: Okay.

GUS JANSEN: And in other words, the Lower Huron in

this case is 200 plus or minus---

BILL HARRIS: So, that may be part of your vertical and curvature to horizontal. Yeah, okay.

GUS JANSEN: Yeah. Depending on where you define your horizontal and we define it basically internally as something that after we get 45°, you know, that's when they think we're at a horizontal position.

BILL HARRIS: So, the distance away from the actual vertical hole is not going to be 600 feet then necessarily for your production because even looking DD you could actually produce in the curve assuming that weren't in an exception area? But you're saying that your exception area may be in the curve or is in that curve?

GUS JANSEN: Right. With the location of the packers, for example, on the two Lower Huron wells, the two blue wells---

BILL HARRIS: Yes.

GUS JANSEN: ---those two packers are 870 feet apart. That will be the upper most extent in the horizontal well that could be completed whether it be in the lateral itself or partially in that curve. It will be within the formation still of the Lower Huron. In other words, we were a good...typically, it only takes us 752 feet laterally from a surface location to land the curve. So, we've drilled

down and made that curve. So, we're further away than that in this particular case between the...you know, we're 300...we're a little bit over 300 feet. So, we do have curve that's in that well in the formation at a high angle curve. Probably in the 90° to 80° to 70° type of curve of that well.

BILL HARRIS: But you're asking to produce---?

GUS JANSEN: From that section of it.

BILL HARRIS: ---from that section because that section happens to be under the location exception where you traditionally wouldn't be allowed to produce?

GUS JANSEN: Yes.

BILL HARRIS: I just wanted to make sure I understood what you were asking for.

JIM KAISER: And, again, let me remind the Board that these provisional units were set up with that 300 foot setback for the purpose of protecting correlative rights and we don't have that issue here.

GUS JANSEN: Just as an addition to your question there, the surface location cannot always be located perfectly so that you land the well exactly within that interior window and within your preferred distance to maximize that production. That's the reason that we're asking...seeking this exception in this area because we do

want to give the well the best opportunity to succeed and
the maximize that resource potential.

BILL HARRIS: Thank you.

BRUCE PRATHER: I have a question.

BUTCH LAMBERT: Mr. Prather.

BRUCE PRATHER: On your map here, you show both of
these lateral on this particular part of it is not going
into the green at all. Is the green going to...the Steinman
Heirs, are they going to share in the royalty from these two
wells?

GUS JANSEN: Yes, they will.

BRUCE PRATHER: Okay. Now---.

GUS JANSEN: They will share a portion of it based
on a 320 acre unit.

BRUCE PRATHER: Okay. Now, the other thing that I
wanted to know, in your experience has anytime that you've
experienced interference between these frac jobs? In other
words, you're 660 feet between packers. You're going into
the same formation. Have you experienced any interference
in your operations to date?

GUS JANSEN: Between horizontal and laterals?

BRUCE PRATHER: Yeah. Yeah.

GUS JANSEN: Where we have seen interference in
most cases, we've been closer than this 660 feet. We

drilled two wells maybe within the same unit that have heel area of the well or the curve section of where you've landed the well closer together. But, again, we've been within the productive window when that's happened.

BRUCE PRATHER: Yeah, I mean, I realize some place in here the spaces are going to be where you are going to get interference.

GUS JANSEN: Right. And interference is...typically in stimulation of the rock is a good thing. We want as much interference and stimulation of the rock as we can to enhance with (inaudible).

BRUCE PRATHER: But you don't want to frac the same zone twice.

GUS JANSEN: Right. Okay.

BUTCH LAMBERT: Who is Steinman Development?

PHIL HORN: They're a company out of Lancaster, Pennsylvania and they own scattered...well, not scattered. They own several thousands of acres of mineral rights through the coalfields. Do you know Jim Sykes? He's their representative over in Blackwood or Norton. He's who we deal with for Steinman.

BUTCH LAMBERT: Okay. Thank you.

PHIL HORN: You're welcome.

BUTCH LAMBERT: Any other 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: Any further discussion from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BILL HARRIS: Motion for approval.

PEGGY BARBER: Second.

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

(No audible response.)

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

(All members signify by saying yes, but Butch Lambert and Donnie Ratliff.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Kaiser.

JIM KAISER: Thank you.

DONNIE RATLIFF: I abstain.

BUTCH LAMBERT: One abstention, Mr. Ratliff. Ladies and gentlemen, at this time, we're going to break for

lunch. We will resume at 1:00 o'clock.

(Lunch.)

BUTCH LAMBERT: Okay. We'll call this meeting back to order. The next item on the docket is seventeen. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-93, docket number VGOB-09-0915-2595. All parties wishing to testify, please come forward.

MARK SWARTZ: It will be 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. Anita, this is our first pooling hearing today. So, let's go through the information about the operator and the applicant and so forth. First of all, I need your name.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And with regard to the pooling applications that we're going to be talking about this afternoon, what

are you job responsibilities?

A. I'm the pooling supervisor.

Q. And with regard to this application concerning AX-93, did you sign both the notice and the application?

A. Yes.

Q. And did you also either prepare the notice and application and the related exhibits or supervise their preparation?

A. Yes.

Q. Okay. What kind of a unit is AX-93?

A. A Nora 58.78 acre unit.

Q. And how many wells are proposed in this?

A. One.

Q. And is the well that's proposed in or outside of the drilling window?

A. Inside.

Q. Okay. Have you provided the Board with a cost estimate?

A. It's \$290,171.35.

Q. It does not as of yet have a permit number, I think.

A. No.

Q. What is the estimated or target depth?

A. 2,502 feet.

Q. What did you do to notify the respondents and other people that there was going to be a pooling hearing today?

A. Mailed by certified mail return receipt requested on August the 14th, 2009. Published in the Bluefield Daily Telegraph August the 25th, 2009.

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

A. The notice and location exhibits.

Q. Okay. Have you provided your certificates with regard to mailing and the proof of publication to the Director?

A. Yes.

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

A. No.

Q. Do you want to dismiss any people?

A. No.

Q. The applicant is CNX Gas Company, LLC, is that correct?

A. Yes.

Q. And if the application is approved, who is it that is requested to function as operator?

A. CNX Gas Company.

Q. And is CNX Gas Company, LLC a Virginia Limited Liability Company?

A. Yes.

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

A. Yes.

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

A. It has.

Q. Has it provided the bond that's required by law with regard to reclamation and other activities?

A. Yes.

Q. And has filed that bond with the DMME as well?

A. Yes.

Q. Okay. With regard to this particular unit, what is the interest that you're seeking to...that you've acquired and that you're seeking to pool?

A. We've acquired 39.8265% of the coal, oil and gas claim. We're seeking to pool 60.1735% of the coal, oil and gas claim.

Q. Okay. And in that regard, the forty...roughly 40% of this unit that you're been able to

reach an agreement concerning, what were the standard lease terms that you were offering?

A. Five dollars per acre per year with a five year paid up term and a one-eighth royalty.

Q. And would you recommend those terms to the Board to be inserted in any order that might be entered pooling this unit with regard to people who were deemed to have been pooled?

A. Yes.

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

A. Yes.

Q. Is it your further opinion that if you combined a pooling order with the leasing and acquisition activities that CNX has been successful in that the correlative rights of all owners and claimants would be protected?

A. Yes.

Q. And this is a unit in which you've been able to identify everyone so that we don't have any unknowns or unlocateables?

A. Correct.

Q. And this is also a unit where there's no

escrow requirement, everybody can be paid?

A. That's right.

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

BUTCH LAMBERT: Questions from the Board?

(No audible response.)

BUTCH LAMBERT: Ms. Duty, for the record, there won't be any surface disturbance in Tract 2 will there?

ANITA DUTY: No.

BUTCH LAMBERT: You have Tract 2 the surface listed as unknown.

ANITA DUTY: We always make sure we identify any of the surface owners on tracts that we will cross.

BUTCH LAMBERT: Okay. I just wanted to make sure that there will be no-

ANITA DUTY: No.

BUTCH LAMBERT: Thank you. Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do we have anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Any discussions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is eighteen. It's a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-107, docket number VGOB-09-0915-2596. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

BUTCH LAMBERT: You may proceed.

MARK SWARTZ: Thank you. I'd like to incorporate Anita's testimony from the previous hearing with regard to the applicant and operator, her employment and standard lease terms if I could.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to tell us your name again though.

A. Anita Duty.

Q. And you work for whom?

A. CNX Land Resources.

Q. And with regard to this application concerning BB-107, did you sign both the notice of hearing and the application?

A. Yes.

Q. And did you either prepare yourself or supervise the preparation of the notice and the application and the related exhibits?

A. Yes.

Q. What did you do to notify people that we were going to have a hearing today?

A. Mailed by certified mail return receipt requested on August the 14th, 2009. Published the notice and location exhibit in the Bluefield Daily Telegraph on

August the 25th, 2009.

Q. And have you provided the Director with copies of your certificates concerning mailing and the proof of publication that you got from the newspaper?

A. Yes.

Q. Do you want to add any people as respondents?

A. No.

Q. Do you want to dismiss anyone?

A. No.

Q. What...what type of unit is this?

A. It is a Middle Ridge.

Q. How many acres?

A. 58.78 acre unit.

Q. And how many wells are proposed?

A. Two.

Q. Are the both frac wells?

A. Yes.

Q. Have you provided with information concerning those proposed wells?

A. Yes.

Q. Okay. And the combined costs, which is stated, I think in the notice and the application is \$605,302.07, is that correct?

A. Yes.

Q. Could you then give the Board specific by well information?

A. BB-107 has an estimated cost of \$295,852.33 with an estimated depth of 2,519 feet. BB-107A has an estimated cost of \$309,449.31 with an estimated depth of 2,739 feet.

Q. What interest have you been able to acquire in this unit and what are you seeking to pool?

A. We required 96.264% of the coal, oil and gas claim. We're seeking to pool 3.736% of the coal, oil and gas claim.

Q. There's no escrow requirement here, is that correct?

A. That's right.

Q. And there's no folks that we haven't been able to locate or identify either?

A. No.

Q. With regard to the plat, the well plat the two wells that are shown, one of them is in sort of the northeast quadrant of the drilling window, correct?

A. Yes.

Q. And then the other one is located just within the southwest corner of the unit?

A. Yes.

Q. Can you explain to the Board why the location is...proposed location of the second well is where it is?

A. There is steep terrain there and then were an issue with safety, people traveling on Highway 624.

Q. Okay.

A. And I think that issue was taken care of at the...well, a letter was sent to David explaining that with the map and the permit process.

Q. Okay. And you sent...when was that letter sent to Mr. Asbury?

A. June...July the 10th, 2009.

Q. And there was a topo map provided in the letter explaining the two reasons?

A. Yes.

Q. And as yet, you don't have a permit?

A. No.

Q. Okay. But that's the explanation?

A. Yes.

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

A. Yes.

Q. Is it your opinion that a pooling order pooling 3.7360% of the claimants combined the leases that we've obtain from roughly 97% of the folks in this unit will 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?

BILL HARRIS: Mr. Chairman, just a quick question about adjacent units. And I'm just...I guess I'm curious about the 107 being down at that lower left corner. Do we have anything that would show us how close that is to wells? I'm not sure if the other units have been drilled. Okay, I see that listed now. Thank you. Okay, the plat has the distances at the top.

ANITA DUTY: Yes.

BILL HARRIS: Thank you then.

BUTCH LAMBERT: Just a request, the same that we have EQT. Could you start providing us topo maps with your application showing well location on the topo map for reference?

ANITA DUTY: Yes, we can do that.

BUTCH LAMBERT: Thank you.

MARK SWARTZ: Just a point of clarification in that regard, can we bring those to the hearing because the cost

of mailing colored maps and so forth is really---?

BUTCH LAMBERT: Oh, absolutely.

MARK SWARTZ: Okay. I just wanted to make sure that we clear on that, so that they're available when you all addressing it at the hearing. Cool.

BUTCH LAMBERT: If the other Board members are fine with that, I am.

MARK SWARTZ: Okay, great. Thank you.

BUTCH LAMBERT: Any other questions from the Board?

(No audible response.)

BUTCH LAMBERT: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: 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 members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BILL HARRIS: Mr. Chairman, let me just ask you a question. Mark just brought up a point there. I know that earlier we said...asked for tope maps and we didn't clarify that it's at the hearing or when these are sent as people are noticed. Do we need to maybe talk about that?

SHARON PIGEON: I think our Regs specifies what has to go out in the notice. Obviously, when you add something on that's not in the Reg you can't do that ad hoc here. You'd have to amend the Regs. So---

BILL HARRIS: So, it's okay to ask them for us---?

SHARON PIGEON: As a hand out.

MARK SWARTZ: Right. And we talked about it at lunch, but you weren't with us, you know, so---

SHARON PIGEON: I wasn't with you. I didn't talk to you about it at lunch. Let me clarify that.

MARK SWARTZ: But, yeah, there are...I mean, what we...what comes with the package that we provide is really detailed in pretty specific terms in the Regs. I would agree that you can ask for additional information, but we don't have to...I just want to make sure you understood that we weren't going to be mailing this stuff.

SHARON PIGEON: We only need four, right? Mr.

Asbury or Diane could clarify that for the others.

BILL HARRIS: I guess, that's what I was...that's why I raised that point because they're not here now to hear---.

SHARON PIGEON: Right. They have gone on. So, they need to advise that that's how we expect it to be handled.

DAVID ASBURY: We will do that.

BUTCH LAMBERT: The next item is number nineteen. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-18, docket number VGOB-09-0915-2597. 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 would like to, if I could, incorporate Anita's testimony from the first case we've heard after lunch today about the applicant and operator, her employment and the standard lease terms.

BUTCH LAMBERT: Accepted.

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. Who do you work for?

A. CNX Land Resources.

Q. Did you sign the notice of hearing and the application with regard to the...with regard to unit DD-18?

A. Yes.

Q. And did you either prepare the notice and application and related exhibits or supervise their preparation?

A. Yes.

Q. Okay. What kind of unit is this?

A. An Oakwood 80 acre unit.

Q. How many wells are proposed?

A. Two.

Q. And where are they located in relation to the window?

A. Within the window.

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

A. Mailed by certified mail return receipt requested on August the 14th, 2009 and published in the notice and the location exhibit in the Bluefield Daily

Telegraph on August the 26th.

Q. Okay. And have you provided copies of your certificates of mailing and the proof of publication that you got from the newspaper to Mr. Asbury?

A. Yes.

Q. In this unit, what interest have you acquired and what are you seeking to pool?

A. We've acquired 100% of the coal claim and 95.5625% of the oil and gas claim. We're seeking to pool 4.4375% of the oil and gas claim.

Q. Have you accounted for everyone here in terms of being able to identify the owners and claimants and then by name and find addresses for them?

A. Yes.

Q. Okay. And then would it be true that you don't need to add any respondents today?

A. No.

Q. And you don't want to dismiss any?

A. No.

Q. Okay. There is an escrow requirement in this unit thought, I think.

A. Yes. 4A...oh, no. 4B, 4C, 4D and 4E.

Q. And the escrow requirement is because of what conflicts?

A. Yes.

Q. Okay. Did you provide the Board with well cost information?

A. Yes.

Q. And the combined cost of the two wells is that \$673,280.45?

A. Yes.

Q. Now, would you provide the Board with the specific information on a per well basis?

A. For well DD-18 the estimated cost is \$389,902.79. Estimated depth is 2,439 feet. The permit number is 7303 drilled 12/12/06. Well DD-18A the estimated cost is \$283,377.66. Estimated depth is 2,439 feet. The permit number is 10,403.

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

A. Yes.

Q. Is it your further opinion that if you combine the leasing and acquisition efforts that the applicant has been successful in with a pooling order pooling 4.4375% of the oil and gas interest that the claims...that the ownership interest and the claims of all parties interested in coalbed methane would be protected?

A. Yes.

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

BUTCH LAMBERT: Questions from the Board?

BILL HARRIS: Let me ask a question.

BUTCH LAMBERT: Mr. Harris.

BILL HARRIS: I'm sure this has been answered before and this is just to refresh my memory. If I'm making an election, if I'm in the folks here, it's all or nothing, is that correct? In other words, I can't decide, oh, I think I want to buy into one but not both?

MARK SWARTZ: One what?

BILL HARRIS: Well. I'm sorry, there are two wells. Can I---?

MARK SWARTZ: No. The way it's framed, at least in the initial development, you're either in or out. So, you need to buy into both or not.

BILL HARRIS: Okay.

MARK SWARTZ: No, subsequent, you know...if you had one well you would get another election is what you've made us do.

BILL HARRIS: Okay.

MARK SWARTZ: But in this particular---.

BILL HARRIS: Well---.

MARK SWARTZ: Well, it's true.

BILL HARRIS: It's true, yes, okay.

MARK SWARTZ: I mean, we wouldn't want to do that. You've made us do it. It's okay. We forgive you, you know. But if we come here day one and we're looking for two wells--
--.

BILL HARRIS: Okay.

MARK SWARTZ: It's an all or...as the order is drafted, it's an all or nothing. Yeah, fair enough.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Let me refer you to your AFE.

ANITA DUTY: Okay.

BUTCH LAMBERT: You---.

ANITA DUTY: I said estimated. I just noticed that. That well is already drilled.

BUTCH LAMBERT: What about the permit number? What was the permit---?

ANITA DUTY: Well 7303, but I think it has been modified once.

MARK SWARTZ: Right. Yeah, it's the same as the---

BUTCH LAMBERT: Okay.

SHARON PIGEON: So, now it's 01?

MARK SWARTZ: Correct.

ANITA DUTY: Yeah, I usually don't say...I guess, you guys want to hear if it's...the modification number on the end. I usually don't put that on there, but I can.

SHARON PIGEON: But that's the number.

MARK SWARTZ: Because that's what it means.

SHARON PIGEON: That's what it is.

BUTCH LAMBERT: Any further questions from the Board?

(No audible response.)

BUTCH LAMBERT: Do I have a motion?

BRUCE PRATHER: 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 members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz. It's

approved.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: The next item is item twenty. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-90, docket number VGOB-09-0915-2598. All parties wishing to testify, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty. Mr. Chairman, the next item on the docket twenty-one is it also a Nora unit and has the same respondents and has one well on it. I mean, it will save us a tiny bit of time, but it might make sense to combine them.

BUTCH LAMBERT: Okay. Also, calling item twenty-one, a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-90, docket number VGOB-09-0915-2599. You may proceed, Mr. Swartz.

MARK SWARTZ: Thank you. I'd like to incorporate Anita's prior testimony today with regard to the applicant and operator, her employment and standard lease terms.

BUTCH LAMBERT: Accepted.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Did you sign both of the notices and the applications pertaining to BA-90 and BB-90?

A. Yes.

Q. Did you either prepare notices, applications and exhibits yourself or supervise their preparation?

A. Yes.

Q. Are both of the units in question Nora units?

A. Yes.

Q. What's the size of the unit BB-90?

A. BB-90 is 58.75 acre unit.

Q. And what's the size of the unit in BA-90?

A. 58.77 acres.

Q. How many wells are proposed in each of these units?

A. One in each.

Q. Okay. With regard to both of the proposed wells, are they both located in the drilling windows?

A. Yes.

Q. Are the people that are named as

respondents on both of these pooling applications the same folks?

A. Yes.

Q. What did you do to tell them that there were going to be hearings in this two cases today?

A. Mailed by certified mail return receipt requested on August the 14th, 2009. Published in the Bluefield Daily Telegraph on August the 26th, 2009.

Q. And when you published in the telegraph, what appeared?

A. The notice and the location exhibit.

Q. And have you filed your certificates with regard to mailing and your proofs of publication with Mr. Asbury today?

A. Yes.

Q. Okay. Is it true that in both of these units there will be no escrow requirement?

A. That's correct.

Q. And so that means that you've identified all of the owners and claimants and you know how to find them?

A. Yes.

Q. Okay. So, can I assume then that you don't want to dismiss any of your respondents?

A. No.

Q. And you don't want to...you don't need to add any?

A. No.

Q. Okay. With regard to item twenty on the docket, which is BA-90 unit, have you provided a well cost estimate?

A. Yes. \$295,599.71. An estimated depth of 2,344 feet, the permit number 10,434 and it has been drilled.

Q. Okay. And you've got a date of July the 9th, right, for drilling?

A. Yes.

Q. Staying again with BA-90, what interests have you been able to acquire in that unit and what are you seeking to pooling by pooling order?

A. We've acquired 88.4975% of the coal, oil and gas claim. We are seeking to pool 11.5025% of the coal, oil and gas claim.

Q. And with regard to...you've passed out a revised exhibit today with regard to BA-90, right?

A. Yes.

Q. And is the only thing that got revised is that you got rid of an asterisks in front of Martha E.

Combs?

A. Yes.

Q. She's in Tract 3 F, correct?

A. Yes.

Q. And that was because it was unnecessary?

A. Right.

Q. So, the only change from what the Board got when this was filed and what they have today is that little asterisks has disappeared?

A. Yes.

Q. Okay. Moving on to BB-90 then. What interest have you acquired in BB-90 and what are you seeking to pool?

A. We've acquired 77.1064% of the coal, oil and gas claim. We're seeking to pool 22.8936% of the coal, oil and gas claim.

Q. Okay. And have you provided the Board with a cost estimate for the well that you propose in BB-90?

A. \$296,710.24 with an estimated depth of 2,035 feet.

Q. And you don't have a permit for that yet?

A. No.

Q. Okay. Is it your opinion that drilling the wells in the drilling windows of each of these units is a

reasonable way to develop the coalbed methane resource?

A. Yes.

Q. Is it your opinion that if the Board enters an order pooling the interest of the respondents that are named in each of these units that if you combine that pooling order with the acquisition efforts that CNX has been successful with, either leasing or acquiring the interest, 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: Anything further, Mr. Swartz?

MARK SWARTZ: No.

BUTCH LAMBERT: Do I have a motion?

PEGGY BARBER: Motion to approve.

BILL HARRIS: I'll second that.

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

(All members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you, Mr. Swartz.

MARK SWARTZ: Thank you.

BUTCH LAMBERT: And that motion did include items twenty and twenty-one?

PEGGY BARBER: Yes.

BILL HARRIS: Yes.

BUTCH LAMBERT: Okay, ladies and gentlemen, the next item of business, the Board will now go into closed session to discuss the RFP. I'll ask Mr. Harris if you'll read the motion to take us into close session.

BILL HARRIS: Mr. Chairman, pursuant to Session 2.2-3711(A)(7) and (29) of the Code of Virginia, I move that the Virginia Gas and Oil Board convene closed session for 1) consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel; and 2) discussion of the award of a public contract involving the expenditure of public funds, namely, the Board's outstanding request for proposals for an audit of the Board's escrow account.

BUTCH LAMBERT: A motion has been made. Do I have a second?

DONNIE RATLIFF AND PEGGY BARBER: Second.

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

(All members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. Ladies and gentlemen, at this time, we're in closed session. I'll ask if you'll kindly leave the room. Thank you.

(Closed session.)

BUTCH LAMBERT: At this time, we're ready to go back on the record. I'll ask Mr. Harris if he'll read the certifications of our closed meeting.

BILL HARRIS: Yes, thank you. Whereas, the Board has convened a closed meeting on this date of September the 15th, 2009. Pursuant to affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and, whereas, Session 2.2-3712(D) of the Code of Virginia requires certification by the Board that such closed meeting was conducted in conformity with Virginia Law. Now, therefore, the Virginia Gas and Oil Board hereby certifies that to the best of each members knowledge, only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the closed meeting to which this certification applies and only such public business matters as were

identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

BUTCH LAMBERT: I'll ask Madam Recorder to pole the Board.

COURT REPORTER: Bruce Prather?

BRUCE PRATHER: Yes.

COURT REPORTER: Bill Harris?

BILL HARRIS: Yes.

COURT REPORTER: Peggy Barber?

BILL HARRIS: Yea.

COURT REPORTER: And Butch Lambert?

BUTCH LAMBERT: Yes. Okay, thank you. The next order of business, I'll ask---

(Butch Lambert and Sharon Pigeon confer.)

BUTCH LAMBERT: Also, at this time, we'll need a motion to affirm that---

SHARON PIGEON: That the action taken---

BUTCH LAMBERT: ---the action taken in closed business was what we did.

PEGGY BARBER: I move to affirm.

BILL HARRIS: Second.

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

(All members signify by saying yes, but Butch

Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. The next item on the agenda is approval of last month's minutes. I hope everyone has had a copy of those minutes and a chance to review. Are there any changes?

(No audible response.)

BUTCH LAMBERT: Those in favor of accepting those minutes...oh, do I have a motion to accept?

BILL HARRIS: Mr. Chairman, I move that we accept the minutes as presented.

BRUCE PRATHER: Second.

PEGGY BARBER: I'll second that.

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

(All members signify by saying yes, but Butch Lambert.)

BUTCH LAMBERT: Opposed, no.

(No audible response.)

BUTCH LAMBERT: Thank you. This meeting is hereby adjourned.

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 on this the 29th day of September, 2009.

NOTARY PUBLIC

My commission expires: August 31, 2013.