

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Appalachian Energy, Inc.

DIVISION OF GAS AND OIL
DOCKET NO. VGOB 93-0216-0325-20

RELIEF SOUGHT: MODIFICATION OF OAKWOOD No. 1 COALBED GAS UNIT NO.: 1-38
(AE-208/AE-209).

AFFECTED UNITS: (See Attached Exhibit A)

APPLICATION

1. **Applicant and its counsel:** Applicant is **Appalachian Energy, Inc.** P.O. Box 2406, Abingdon, Virginia, 24212-2406, (276) 619-4880. Applicant's Counsel is James E. Kaiser 220 Broad Street, Suite 202, Kingsport, TN 37660 (423) 578-3838.

2. **Relief sought:** (1) Modification of the Oakwood No. 1 Coalbed Methane Gas Field Rules, to allow more than one coalbed gas well to be drilled within each of the 80.00 acre Oakwood No. 1 Units identified above. (2) For an administrative order providing that additional well permits may be issued in the Oakwood No. 1 Field after this application is filed and while it is pending.

3. **Legal authority:** 4 VAC 25-160-50 and § 45.1-361.20 of the Code of Virginia.

4. **Proposed provisions of order sought:** That one additional coalbed methane gas well may be drilled in each of the above referenced Oakwood No. 1 Units; that the second well be located at least 600 feet from the nearest coalbed methane well; (and that production/royalties from each coalbed methane well drilled in the said Units shall continue to be allocated solely to the owners and claimants of and to the coalbed methane within the Unit in which the well is located.)

5. **Type of wells and field:** Coalbed methane frac wells within the portion of the Oakwood No. 1 Coalbed Gas Field described above.

6. **Formations subject to application:** All coal beds and coal seams including all Pennsylvania aged coals from the top of the Raven, but not limited to: Seaboard, Greasy Creek, Bandy, Horsepen, War Creek, Poca 9, Poca 8, Poca 6, Poca 5, Poca 4, Poca 3, Poca 2, Poca 1 and any unnamed coal seams and other associated formations known as the Oakwood Coalbed Gas Field.

7. **Description of interest/claim of persons being notified:** Coalbed methane.

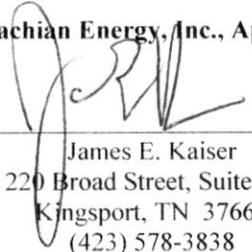
8. **Estimated reserves in each Oakwood No. 1 Unit identified above:** 375 MMcf

9. **Plat:** See Exhibit A annexed hereto.

10. The boundaries and acreage affected: see Exhibit A annexed hereto.

11. Attestation: The foregoing application to the best of my knowledge, information and belief is true and correct.

Appalachian Energy, Inc., Applicant

By: 

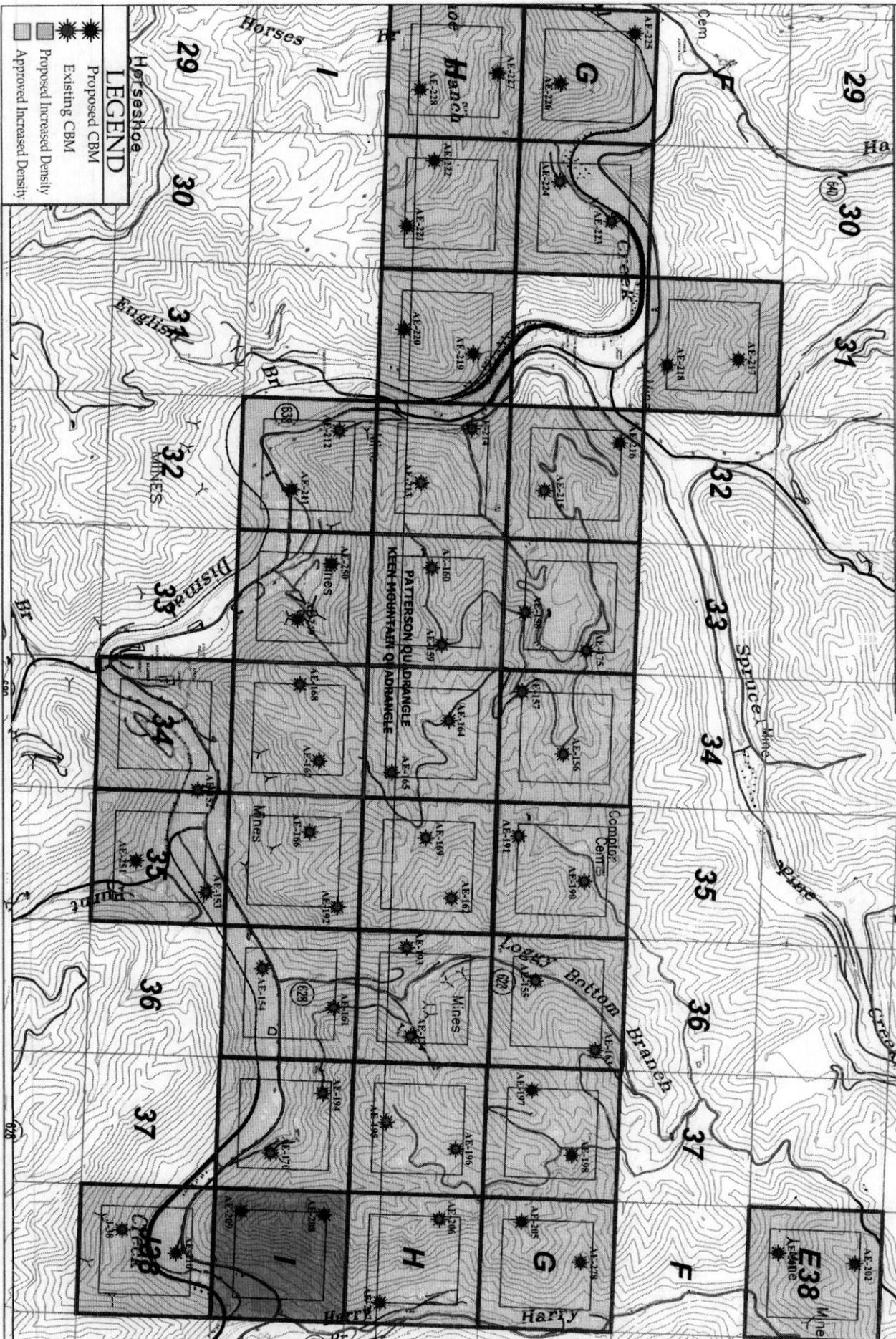
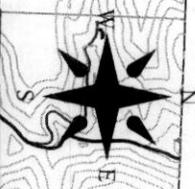
James E. Kaiser
220 Broad Street, Suite 210
Kingsport, TN 37660
(423) 578-3838

EXHIBIT A
WHITEWOOD PROSPECT
PROPOSED INCREASED DENSITY DRILLING
NOVEMBER 2009 DOCKET

DATE: 10-7-09
 SCALE: 1" = 1800'
 DRAWING NAME: Increased Density-2009.3.dwg



LBL & ASSOCIATES, PC
SURVEYORS - ENGINEERS
 BOUNDARY CONSTRUCTION - ENERGY ENVIRONMENTAL - MINING
 430 Virginia Avenue, Richlands, VA 24661
 276-596-9646 (FAX: 276-596-9736)



LEGEND

- Proposed CBM
- Existing CBM
- Proposed Increased Density
- Approved Increased Density

Exhibit "B"

Katherine B. Cole Estate
PO Box 85
Jewell Ridge, VA 24622

CAROLINE COLE ESTATE

Edith G. Street
P.O. Box 792
Grundy, VA 24614

Martha Combs
c/o A.G.Edwards & Co.
P.O. Box 1199
Bluefield, VA 24605-4199

Elene Combs
318 East Fincastle
Tazewell, VA 24651

Carol Irvin
4710 Hunterwood Circle
Richmond, TX 77469-7635

Nancy Cole
Box 2075
Beckley, WV 25802

James W. & Daisy Burress
22638 Aven Lane
Abingdon, VA 24211

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P.O. Box 10
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Timothy McDonald
P.O. Box 609
Prestonsburg, KY 41653

Tamala Williams
P.O. Box 82
Roaring Gap, NC 28668

Gregory B. McDonald
P.O. Box 727
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Greta Meek
177 Colvin Branch
Oil Springs, KY 41238

Exhibit "B"

William Byrd McDonald
513 NW 13th St. Suite 202
Portland, OR 97209

Larry Dean & Bridget Cole
14573 Lee Hwy
Bristol, VA 24202

Mary Francis Harris
4823 Basswood Drive
Columbus, GA 31904

Harold Cole
1436 Betana Avenue
Akron, OH 44310

Donald Stephen Cole
7583 Lakewater Drive
Cincinnati, OH 45242

Kenneth Edward Cole
12043 Windermere Crossing Circle
Winter Garden, FL 34787-5522

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Sharon & William Daniels
PO Drawer T
Gilbert, WV 25621

Melanie D. Cooper
P.O. Box 314
Hurley, VA 24620

Corey S. Cooper
P.O. Box 314
Hurley, VA 24620

Exhibit "B"

Byron D. Cooper
P.O. Box 314
Hurley, VA 24620

Yukon Pocahontas Coal Co,etal
Attn: Charles Hart
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Buchanan Coal Company, LLP
Attn: Charles Hart
312 West Main St
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Sayers-Pocahontas Coal Company, LLP
Attn: Charles Hart
312 West Main St
Tazewell, VA 24651

Attn: C. Dale Harman
615 Tuxedo Place
Atlanta, GA 30342

Plum Creek Timberlands, L.P.
Minerals Dept
One Concourse Parkway, Suite 755
Atlanta, GA 30328

Norfolk & Southern Railway
c/o Pocahontas Land Corp.
PO Box 1517
Bluefield, WV 24701

Lewis Keene
c/o Leonard Keene
1219 Thur Dr
Pounding Mill, VA 24637

Bill Wimmer & Lola Wimmer
HC 66, Box 69
Whitewood, VA 24657

Ducinia Stacy
PO Box 564
Grundy, VA 24614

Exhibit "B"

Archie White & Cathy White
PO Box 73
Whitewood, VA 24657

Jerry Brewster & Jaclyn Brewster
Box 3972
Pounding Mill, VA 24637

Danny Paul Justus
Rt 1, Box 257
Grundy, VA 24614

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Roger Sanders & Brenda Sanders
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W.B. Day & Martha Day
General Delivery
Whitewood, VA 24657

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Appalachian Energy Inc.

DIVISION OF GAS AND OIL
DOCKET NO. 93-0216-0325-20

RELIEF SOUGHT: MODIFICATION OF
OAKWOOD No. 1 COALBED GAS FIELD

AFFECTED UNITS: Multiple (See Attached Exhibit A)

NOTICE OF HEARING

HEARING DATE: November 17, 2009

PLACE: Conference Center at the Russell County Office Facility
Lebanon, Virginia

TIME: 9:00 a.m.

COMMONWEALTH OF VIRGINIA:

To: See Exhibit "B" attached hereto:

1. **Applicant and its counsel:** Applicant is Appalachian Energy Inc., P.O. Box 2406, Abingdon, Virginia, 24212, (276) 619-4880. Applicant's Counsel is James E. Kaiser, 220 Broad Street, Suite 202, Kingsport, TN 37660, (423) 578-3838.

2. **Relief sought:** (1) Modification of the Oakwood No. 1 Coalbed Methane Gas Field Rules, to allow more than one coalbed gas well to be drilled within each of the 80.00 acre Oakwood No. 1 Units identified above. (2) For an administrative order providing that additional well permits may be issued in the Oakwood No. 1 Field after this application is filed and while it is pending.

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9. **Plat:** See Exhibit A annexed hereto.

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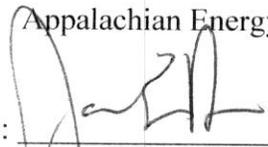
11. **Attestation:** The foregoing notice to the best of my knowledge, information and belief is true and correct.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence at the time and place first stated above and that notice will be published as required by law and the Rules of the Virginia Gas and Oil Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. For further information or a copy of the application and any exhibits thereto, you may contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. Box 159 Lebanon, Virginia 24266, (276) 415-9650 or the Applicant at the address shown below.

Appalachian Energy, Inc.

By: _____


James E. Kaiser
220 Broad Street, Suite 210
Kingsport, TN 37660
(423) 578-3838

BEFORE THE VIRGINIA GAS AND OIL BOARD

Applicant: Appalachian Energy, Inc.)

Relief Sought: Modification of the Oakwood No. 1 Coalbed) Docket No.
Methane Gas Field Rules, to allow more than one coalbed) VGOB-93-0216-0325-20
gas well to be drilled and an order providing additional well)
permits)

AFFIDAVIT OF MAILING
(CERTIFICATE OF SERVICE)

STATE OF TENNESSEE)

COUNTY OF SULLIVAN)



James E. Kaiser, of lawful age, being duly sworn, upon oath, deposes and says:

- (1) He is a partner with WILHOIT & KAISER, Agent for Equitable Production Company ("EPC") and makes this affidavit on behalf of EPC.
- (2) Based upon information and belief, the names and last-known addresses, where such addresses are known, of the parties owning an interest in the oil and gas in this cause are set forth and attached hereto.
- (3) On the 16th day of October, 2009, true and correct copies of the Application and the Notice of Hearing in this matter were placed in the United States mail in Kingsport, TN, certified mail, return receipt requested, postage prepaid, duly addressed to the unleased parties at their respective addresses as set forth in the attached Exhibit B which is hereby made a part of this Affidavit.
- (4) Notice of this cause has therefore been served by mail pursuant to the applicable statutes and rules of the Board.


James E. Kaiser

SUBSCRIBED AND SWORN TO before me this 10th day of November, 2009.


Susan Peterson, Notary Public


My commission expires: October 24, 2012.

Exhibit "B"

Katherine B. Cole Estate
PO Box 85
Jewell Ridge, VA 24622

59330977/10-21-09

CAROLINE COLE ESTATE

Edith G. Street
P.O. Box 792
Grundy, VA 24614

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59330953/10-21-09

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Tazewell, VA 24651

59330946/10-23-09

Carol Irvin
4710 Hunterwood Circle
Richmond, TX 77469-7635

59330939/10-23-09

Nancy Cole
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Beckley, WV 25802

59330922/10-24-09

James W. & Daisy Burress
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Abingdon, VA 24214

59330915/10-21-09

Margaret & Jerry Davis
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59330908/10-28-09

Timothy McDonald
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Prestonsburg, KY 41653

59330892/10-22-09

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Roaring Gap, NC 28668

59330885/10-23-09

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59330861/10-28-09

Exhibit "B"

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513 NW 13th St. Suite 202
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59330854/11-2-09/Unrel

Larry Dean & Bridget Cole
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59330847/10-20-09

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59330830/10-23-09

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59330823/10-26-09/Unrel

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59330816/10-21-09

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59330748/10-21-09

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59330731/10-21-09

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PO Box 73
Whitewood, VA 24657 593306257/10-23-09

Jerry Brewster & Jaclyn Brewster
Box 3972
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593306181/10-20-09/Unclaimed

Danny Paul Justus
Rt 1, Box 257
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Freddie Lester & Geraldine Lester
PO Box 33
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Wanda White
PO Box 208
Whitewood, VA 24657 59330588/10-23-09

Ricky K. Goodman & Betty Jo Goodman
HC 66, Box 2
Whitewood, VA 24657 59330571/10-26-09

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Whitewood, VA 24657 59330564/10-21-09

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59330526/10-26-09

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59330519/10-21-09

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Whitewood, VA 24657

59330502/10-20-09/Unclaimed

Exhibit "B"

Sandra L. Coleman
HCR 66, Box 74-A 59330496/10-21-09
Whitewood, VA 24657

Freddie Horn & Sheila Sharon Horn
31300 Old Stage Rd 59330489/10-21-09
Glade Spring, VA 24340

Jewell Smokeless
PO Box 70 59330472/10-21-09
Vansant, VA 24656

Island Creek Coal Co.
Drawer L 59330465/10-21-09
Oakwood, VA 24631

EQT Production Company
1710 Pennsylvania Avenue 59330458/10-21-09
Charleston, WV 25302

CNX Gas Co., LLC
2481 John Nash Blvd. 59330441/10-21-09
Bluefield, WV 24701

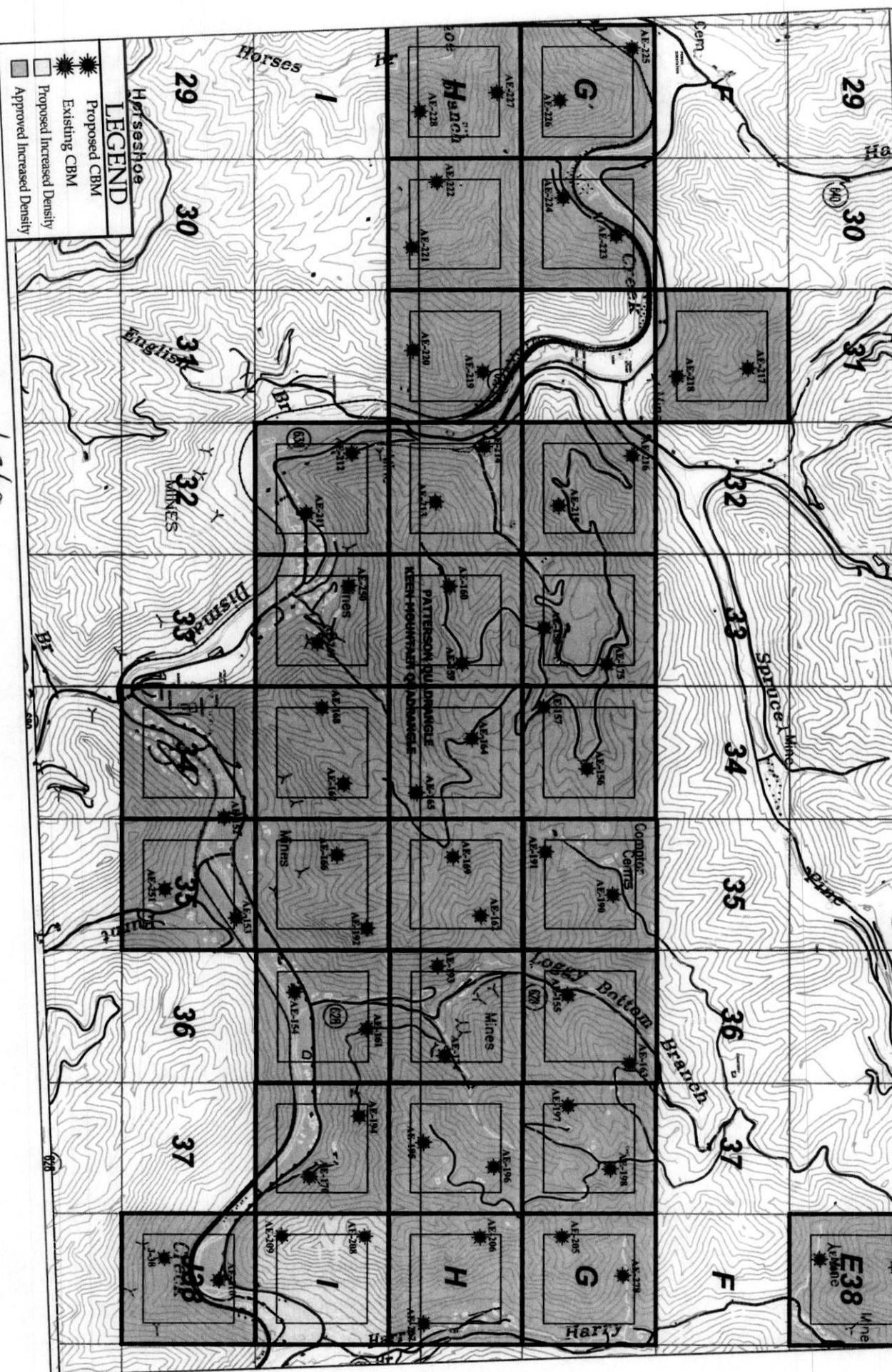
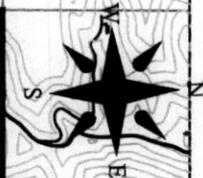
AA

EXHIBIT A
WHITEWOOD PROSPECT
PROPOSED INCREASED DENSITY DRILLING
NOVEMBER 2009 DOCKET

DATE: 10-7-09
SCALE: 1" = 1800'
DRAWING NAME: Increased Density-2009-3.dwg

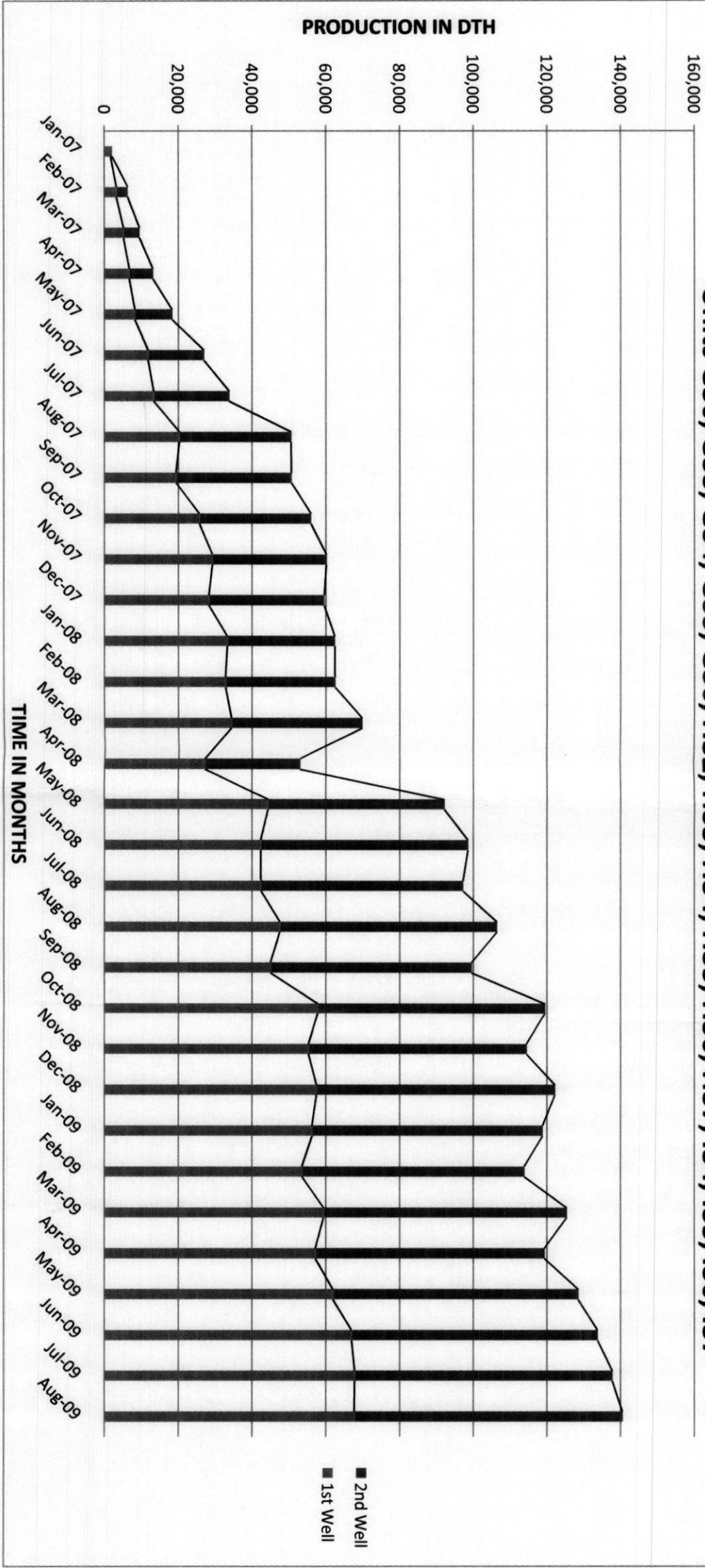


LEI & ASSOCIATES, PC
SURVEYORS - ENGINEERS
LANDING - CONSTRUCTION - ENERGY ENVIRONMENTAL - MINING
430 Virginia Avenue, Richlands, VA 24661
276-596-9646 (FAX: 276-596-9736)



VGOR 11/17/09

Graph Depicting The Benefits of Increased Density Drilling Oakwood #1 Coalbed Gas Field Units G30, G33, G34, G35, G36, H32, H33, H34, H35, H36, H37, 134, 135, 136, 137



UNIT NUMBER	WELL NUMBER	TURN IN LINE (TIL) DATE	CUMULATIVE PRODUCTION AS OF AUGUST 2009
H-34	AE-165	1/11/2007	88,310
H-35	AE-169	1/17/2007	98,112
H-34	AE-164	1/24/2007	142,738
I-34	AE-167	2/13/2007	139,370
H-33	AE-160	2/23/2007	97,466
H-33	AE-159	3/22/2007	76,315
G-33	AE-158	4/16/2007	70,560
G-34	AE-156	4/26/2007	91,152
G-34	AE-157	5/11/2007	175,537
I-35	AE-166	5/30/2007	115,482
G-33	AE-175	6/13/2007	159,283
G-35	AE-191	10/4/2007	78,632
H-32	AE-213	10/11/2007	67,346
I-34	AE-168	12/21/2007	100,864
I-35	AE-192	1/27/2008	98,524
G-36	AE-163	2/27/2008	83,117
H-35	AE-162	3/7/2008	76,087
G-35	AE-190	4/16/2008	42,051
H-36	AE-193	4/22/2008	96,411
G-36	AE-155	5/20/2008	97,473
H-36	AE-174	5/30/2008	100,249
H-32	AE-214	5/2/2008	71,066
G-30	AE-223	5/19/2008	67,256
G-30	AE-224	5/29/2008	38,136
I-36	AE-154	10/7/2008	75,982
I-37	AE-170	10/9/2008	28,718
I-36	AE-161	10/20/2008	51,785
I-37	AE-194	10/21/2008	39,516
H-37	AE-195	5/7/2009	25,981
H-37	AE-196	5/7/2009	10,435
TOTAL PRODUCTION			2,503,954