

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

Minutes and results of hearing, February 18, 2003

Board members present: Mr. Brent, Mr. Harris, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for the modification of Oakwood 1 Field Rules to allow for drilling of multiple wells in units DD-20 to DD-31, EE-20 to EE-31 and FF-20 to FF-31, Garden District, Buchanan Co. and New Garden District, Russell Co., and an administrative order providing that additional well permits may be issued in the Oakwood Field while modification is pending. VGOB-93-0216-0325-01.

The Oakwood Field Order currently allows one fraced coalbed methane well in each unit, and that well is to be drilled within the drilling window which is 300 feet inside the boundary of the unit. The applicant seeks to modify the order to allow for drilling of more than one frac well in each unit, with the second well allowed to be drilled outside the window and not subject to the current 600 feet minimum spacing from other wells. The applicant also seeks exception to § 45.1-361.20.F which states:

Unless otherwise provided for by the Board, after an application for a hearing to establish or modify drilling units or pool boundaries has been filed, no additional wells shall be permitted in the pool until the Board's order establishing or modifying the pool or units has been entered.

The Board approved the drilling of additional wells in each unit and granted an exception to § 45.1-361.20.F, but carried the petition forward to the March hearing for further consideration of correlative rights issues.

2. The Virginia Gas and Oil Board considered a petition from Consol Energy, Inc. for pooling of a coalbed methane unit BC-120, New Garden District, Russell County, Virginia. VGOB-03-0218-1115.

In the BC-120 unit, the applicant controls 97.5% of the coal interests and 81.29% of the gas interests, and seeks to pool the remaining 2.5% of the coal interests and 18.7% of the gas interests. Coal acreage subject to pooling totals 1.46 net acres in one tract with unknown owners; gas acreage subject to pooling totals 11.0 net acres in seven tracts with 16 unleased. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on April 29, 2002, but no well has been drilled. Pooling was approved.

3. The Virginia Gas and Oil Board considered a petition from Consol Energy, Inc. for pooling of a coalbed methane unit BC-121, New Garden District, Russell County, Virginia. VGOB-03-0218-1116.

In the BC-121 unit, the applicant controls 100% of the coal interests and 99% of the gas interests, and seeks to pool the remaining 1.0% of the gas interests. Acreage subject to pooling totals 0.591 net acres in two tracts with two unleased owner. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on April 29, 2002, but no well has been drilled. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from Consol Energy, Inc. for pooling of a coalbed methane unit BD-121, New Garden District, Russell County, Virginia. VGOB-03-0218-1117.

In the BD-121 unit, the applicant controls 100% of the coal interests and 93.1% of the gas interests, and seeks to pool the remaining 6.9% of the gas interests. Acreage subject to pooling totals 4.07 net acres in one tract with two unleased owner. There are conflicting claimants subject to escrow, and owners subject to existing royalty split agreements. A permit to drill the unit was issued on April 29, 2002, but no well has been drilled. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well P-550470, Kenady District, Dickenson County, Virginia. VGOB-03-0218-1118.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The well is to be 102 feet closer to gas well P-47, and 510 feet closer to gas well P-11 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been submitted. The location exception was approved.

6. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-502362, Lipps District, Wise County, Virginia. VGOB-03-0218-1119.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The well is to be 122 feet closer to gas well V-2351 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. The location exception was approved.

7. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of a conventional gas unit V-502362, Lipps District, Wise County, Virginia. VGOB-03-0218-1120.

In the V-502362 conventional gas unit, the applicant controls 99.5% of the oil and gas interests, and seeks to pool the remaining 0.5% of the interests. Unleased acreage subject to pooling totals 0.57 acres in one tract having one unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of a conventional gas unit V-535447, Lipps District, Wise County, Virginia. VGOB-03-0218-1121.

In the V-535447 conventional gas unit, the applicant controls 99.6% of the oil and gas interests, and seeks to pool the remaining 0.4% of the interests. Unleased acreage subject to pooling totals 0.46 net acres in two tracts having four unleased owners. There are unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of a conventional gas unit V-503193, Lipps District, Wise County, Virginia. VGOB-03-0218-1122.

In the V-503193 conventional gas unit, the applicant controls 93.1% of the oil and gas interests, and seeks to pool the remaining 6.9% of the interests. Unleased acreage subject to pooling totals 7.8 net acres in one tract with 1 unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

10. On the Board's own motion, the Board will consider adoption of standard form orders, which are also proposed to be submitted henceforth by the petitioner. Copies of the orders currently under consideration were distributed at the January Board meeting with a solicitation for review and comment. Copies are available at the Division of Gas and Oil, 230 Charwood, Drive, Abingdon, Virginia or by telephoning 276 676-5423. The Board received comments regarding the draft orders and carried forward consideration of adoption of the standard forms to the March hearing.

A citizen stake holder's request to address the Board regarding escrow account matters was honored. Questions concerning possible discrepancies between gas production and amounts deposited in escrow were raised but could not be addressed by the Board because no background data or information was available. The concerns were referred to Board staff with instructions to report outcome to Board at the March hearing.

The deadline for filing of petitions to the Board for the March 2003 hearing is 5 p.m., February 14, 2003 with the hearing scheduled for 9 a.m., Tuesday, March 18, 2003 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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