

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, December 16, 2003

Board members present: Mr. Brent, Mr. Garbis, Mr. McIntyre, Mr. Mitchell, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board received a quarterly report on the Board's escrow account as administered by Wachovia Bank, Escrow agent for the Board. At the end of the third calendar quarter, the escrow account showed a balance of \$7,294,412.59. During the quarter, deposits of \$473,829.14 and interest of \$16,336.88 were credited to the account while \$30,000.00 of accrued contract fees was debited. There were no disbursements during the third quarter.

2. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-120, New Garden District, Russell County, Virginia. VGOB-03-1118-1217. This item was continued from the November docket.

In the AV-120 unit, the applicant controls 100% of the coalbed methane interests and 96.1% of the gas interests, and seeks to pool the remaining 3.9% of the gas interests. Unleased gas acreage subject to pooling totals 1.93 net acres in two tracts with two unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/29/03 and a well has been drilled. Pooling was approved.

3. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-121, New Garden District, Russell County, Virginia. VGOB-03-1118-1218. This item was continued from the November docket.

In the AV-121 unit, the applicant controls 100% of the coalbed methane interests and 99.98% of the gas interests, and seeks to pool the remaining 0.02% of the gas interests. Unleased gas acreage subject to pooling totals 0.01 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 3/18/03 and a well has been drilled. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-122, New Garden District, Russell County, Virginia. VGOB-03-1118-1219. This item was continued from the November docket.

In the AV-122 unit, the applicant controls 100% of the coalbed methane interests and 97.1% of the gas interests, and seeks to pool the remaining 2.9% of the gas interests. Unleased gas acreage subject to pooling totals 1.45 net acres in four tracts with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/28/03 and a well has been drilled. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-112, New Garden District, Russell County, Virginia. VGOB-03-1118-1220. This item was continued from the November docket.

In the AX112 unit, the applicant controls 100% of the coalbed methane interests and 96.99% of the gas interests, and seeks to pool the remaining 3.01% of the gas interests. Unleased gas acreage subject to pooling totals 1.77 net acres in three tracts with up to nine unleased owners. There are conflicting claimants and unlocated owners subject to escrow. An application for a permit to drill the unit has been submitted. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-122, New Garden District, Russell County, Virginia. VGOB-03-1118-1221. This item was continued from the November docket.

In the AW-122 unit, the applicant controls 100% of the coalbed methane interests and 94.7% of the gas interests, and seeks to pool the remaining 5.2% of the gas interests. Unleased gas acreage subject to pooling totals 3.08 net acres in six tracts with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 3/28/03 and a well has been drilled. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-123, New Garden District, Russell County, Virginia. VGOB-03-1118-1222. This item was continued from the November docket.

In the AW-123 unit, the applicant controls 100% of the coalbed methane interests and 97.8% of the gas interests, and seeks to pool the remaining 2.2% of the gas interests. Unleased gas acreage subject to pooling totals 1.29 net acres in two tracts with two unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 3/28/03 and a well has been drilled. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-124, New Garden District, Russell County, Virginia. VGOB-03-1118-1223. This item was continued from the November docket.

In the AW-124 unit, the applicant controls 95.7% of the coalbed methane interests and 89.5% of the gas interests, and seeks to pool the remaining 4.3% of the coalbed methane interests and 10.5% of the gas interests. Unleased coalbed methane acreage subject to pooling totals 2.50 net acres in one tract with seven unknown owners, and gas acreage subject to pooling totals 6.3 net acres in ten tracts with over 60 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/27/03. Continued to January hearing.

9. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-120, New Garden District, Russell County, Virginia. VGOB-03-1118-1224. This item was continued from the November docket.

In the AX-120 unit, the applicant controls 100% of the coalbed methane interests and 96.4% of the gas interests, and seeks to pool the remaining 3.6% of the gas interests. Unleased gas acreage

subject to pooling totals 2.10 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 3/18/03 and a well has been drilled. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-122, New Garden District, Russell County, Virginia. VGOB-03-1118-1225. This item was continued from the November docket.

In the AX-122 unit, the applicant controls 100% of the coalbed methane interests and 97.3% of the gas interests, and seeks to pool the remaining 2.7% of the gas interests. Unleased gas acreage subject to pooling totals 1.6 net acres in two tracts with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 9/30/03. Pooling was approved.

11. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-124, New Garden District, Russell County, Virginia. VGOB-03-1118-1226. This item was continued from the November docket.

In the AX-124 unit, the applicant controls 100% of the coalbed methane interests and 93.5% of the gas interests, and seeks to pool the remaining 6.5% of the gas interests. Unleased gas acreage subject to pooling totals 3.8 net acres in one tract with 18 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/28/03. Pooling was approved.

12. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-109, New Garden District, Russell County, Virginia. VGOB-03-1118-1227. This item was continued from the November docket.

In the AZ-109 unit, the applicant controls 100% of the coalbed methane interests and 96.0% of the gas interests, and seeks to pool the remaining 4.0% of the gas interests. Unleased gas acreage subject to pooling totals 2.3 net acres in three tracts with five unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 9/5/02 and a well has been drilled. Pooling was approved.

13. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-118, New Garden District, Russell County, Virginia. VGOB-03-1118-1228. This item was continued from the November docket.

In the BC-118 unit, the applicant controls 92.2% of the coal and gas interests, and seeks to pool the remaining 7.8% of the interests. Acreage subject to pooling totals 4.6 net acres in three tracts with four unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 7/15/02. Pooling was approved.

14. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BC-119, New Garden District, Russell County, Virginia. VGOB-03-1118-

1229. This item was continued from the November docket.

In the BC-119 unit, the applicant controls 73.1% of the coalbed methane interests and 38.9% of the gas interests, and seeks to pool the remaining 26.9% of the coalbed methane interests and 61.1% of the gas interests. Unleased coalbed methane acreage subject to pooling totals 15.8 net acres in two tracts with three owners, and gas acreage subject to pooling totals 35.9 net acres in four tracts with five unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 7/15/02 and a well has been drilled. Pooling was approved.

15. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BD-118, New Garden District, Russell County, Virginia. VGOB-03-1118-1230. This item was continued from the November docket.

In the BD-118 unit, the applicant controls 99.99% of the coalbed methane interests and 81.2% of the gas interests, and seeks to pool the remaining 0.01% of the coalbed methane interests and 18.8% of the gas interests. Unleased coalbed methane acreage subject to pooling totals 0.006 net acres in two tracts with two unleased owners, and gas acreage subject to pooling totals 11.0 net acres in three tracts with 14 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 4/7/03 and a well has been drilled. Pooling was approved.

16. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-31, Garden District, Buchanan County, Virginia. VGOB-03-1118-1231. This item was continued from the November docket.

In the DD-31 unit, the applicant controls 100% of the coalbed methane interests and 92.4% of the gas interests, and seeks to pool the remaining 7.6% of the gas interests. Unleased gas acreage subject to pooling totals 6.05 net acres in one tract with one unleased owner. There are conflicting claimants subject to existing royalty split agreements, but no claimants or unlocated parties subject to escrow. A permit to drill the unit was issued on 11/22/02 and a well has been drilled. Pooling was approved.

17. A miscellaneous petition from Linkous Horn Heirs to appear before the Gas and Oil Board to address concerns regarding units S-35, S-36, S-37, T-36, and T-37 located in the Oakwood 1 and 2 coalbed methane fields. VGOB-03-1118-1232. This item was continued from the November docket.

Applicants wish to address the Board regarding discrepancies and issues affecting the units listed above. Their application lists 13 topics that they wish to discuss. Applicants are surface and Oil and gas royalty owners whose properties fall within the units. Continued to the January hearing.

18. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-502720, Lipps District, Wise County, Virginia. VGOB-03-1118-1233. This item was continued from the November docket.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 203 feet closer to existing gas well V-502355 and 248 feet closer to existing gas well V-2337 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been

submitted. The spacing exception was approved.

19. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-502720, Lipps District, Wise County, Virginia. VGOB-03-1118-1234. This item was continued from the November docket.

In the proposed P-502720 conventional gas unit, the applicant controls 99.25% of the Oil and gas interests, and seeks to pool the remaining 0.75% of the interests. Unleased acreage subject to pooling totals 0.84 net acres in two tracts having two unleased owner. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

20. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-507921 North Grundy District, Buchanan County, Virginia. VGOB-03-1118-1235. This item was continued from the November docket.

In the proposed P-507921 conventional gas unit, the applicant controls 82.4% of the Oil and gas interests, and seeks to pool the remaining 17.6% of the interests. Unleased acreage subject to pooling totals 31.6 net acres in four tracts having four unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit P-550455, Lipps District, Wise County, Virginia. VGOB-03-1118-1236. This item was continued from the November docket.

In the proposed P-550455 conventional gas unit, the applicant controls 84.6% of the Oil and gas interests, and seeks to pool the remaining 115.4% of the interests. Unleased acreage subject to pooling totals 17.3 net acres in four tracts having five unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

22. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-509265, North Grundy District, Buchanan County, Virginia. VGOB-03-1118-1237. This item was continued from the November docket.

In the VC-509265 unit, the applicant controls 100% of the coalbed methane interests and 79.1% of the gas interests, and seeks to pool the remaining 20.9% of the gas interests. Unleased gas acreage subject to pooling totals 16.8 net acres in three tracts with seven unleased owner. There are conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

23. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit S-35, Garden District, Buchanan County, Virginia. VGOB-98-0915-0681-01.

The S-35 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the S-35 unit, the applicant controls 100% of the coalbed methane interests and 98.6% of the gas interests, and seeks to pool the remaining 1.4% of the gas interests. Unleased gas acreage subject to pooling totals 1.1 net acres in two tracts with 24 unleased owners. There are conflicting

claimants subject to escrow. The unit has been drilled and is producing. Pooling was approved.

24. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit S-36, Garden District, Buchanan County, Virginia. VGOB-98-0324-0626-03.

The S-36 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the S-36 unit, the applicant controls 100% of the coalbed methane interests and 58.8% of the gas interests, and seeks to pool the remaining 41.2% of the gas interests. Unleased gas acreage subject to pooling totals 32.97 net acres in four tracts with 26 unleased owners. There are conflicting claimants subject to escrow. The unit has been drilled and is producing. Continued to January hearing.

25. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit S-37, Garden District, Buchanan County, Virginia. Docket 98-0421-0649-02.

The S-37 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the S-37 unit, the applicant controls 100% of the coalbed methane interests and 98.9% of the gas interests, and seeks to pool the remaining 1.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.9 net acres in one tract with 23 unleased owners. There are conflicting claimants subject to escrow. The unit has been drilled and is producing. Continued to January hearing.

26. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit T-35, Garden District, Buchanan County, Virginia. VGOB-98-1020-0695-01.

The T-35 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the T-35 unit, the applicant controls 100% of the coalbed methane interests and 99.8% of the gas interests, and seeks to pool the remaining 0.2% of the gas interests. Unleased gas acreage subject to pooling totals 0.14 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. The unit has been drilled and is producing. Continued to January hearing.

27. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit T-36, Garden District, Buchanan County, Virginia. VGOB-98-0324-0625-03.

The T-36 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the T-36 unit, the applicant controls 100% of the coalbed methane interests and 54.5% of the gas interests, and seeks to pool the remaining 45.5% of the gas interests. Unleased gas acreage subject to pooling totals 36.4 net acres in 12 tracts with 34 unleased owners. There are conflicting claimants subject to escrow. The unit has been drilled and is producing. Continued to January hearing.

28. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-

pooling of coalbed methane unit T-37, Garden District, Buchanan County, Virginia. VGOB-98-0421-0650-02.

The T-37 unit was previously pooled under Oakwood I rules and is being re-pooled under Oakwood II. In the T-37 unit, the applicant controls 100% of the coalbed methane interests and 94.9% of the gas interests, and seeks to pool the remaining 5.1% of the gas interests. Unleased gas acreage subject to pooling totals 4.1 net acres in four tracts with 227 unleased owners. There are conflicting claimants subject to escrow. The unit has been drilled and is producing. Continued to January hearing.

29. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AY-118, New Garden District, Russell County, Virginia. VGOB-03-1216-1238.

In the AY-118 unit, the applicant controls 99.6% of the coalbed methane interests and 94.6% of the gas interests, and seeks to pool the remaining 0.4% of the coalbed methane interests and 5.4% of the gas interests. Unleased coalbed methane acreage subject to pooling totals 0.26 net acres in one tract with one owner, and gas acreage subject to pooling totals 3.2 net acres in six tracts with five unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 7/29/02 and a well has been drilled. Pooling was approved.

30. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-102, Hurricane District, Buchanan County, Virginia. VGOB-03-1216-1239.

In the AZ-102 unit, the applicant controls 100% of the coalbed methane interests and 45.3% of the gas interests, and seeks to pool the remaining 54.7% of the gas interests. Unleased gas acreage subject to pooling totals 39.6 net acres in six tracts with 13 unleased owners. There are conflicting claimants and unknown owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 7/23/02 and a well has been drilled. Pooling was approved.

31. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-112, New Garden District, Russell County, Virginia. VGOB-03-1216-1240.

In the AZ-112 unit, the applicant controls 100% of the coalbed methane interests and 66.0% of the gas interests, and seeks to pool the remaining 34.0% of the gas interests. Unleased gas acreage subject to pooling totals 19.9 net acres in 11 tracts with 71 unleased owners. There are conflicting claimants and unknown owners subject to escrow and conflicting claimants subject to existing royalty split agreements. An application for permit to drill the unit has been submitted. Pooling was approved.

32. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-103, Hurricane District, Buchanan County, Virginia. VGOB-03-1216-1241.

In the BA-103 unit, the applicant controls 100% of the coalbed methane interests and 74.3% of the

gas interests, and seeks to pool the remaining 25.7% of the gas interests. Unleased gas acreage subject to pooling totals 15.13 net acres in two tracts with one unleased owner. There are conflicting claimants and unknown owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 6/3/02 and a well has been drilled. Pooling was approved.

33. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-109, New Garden District, Russell County, Virginia. VGOB-03-1216-1242.

In the BA-109 unit, the applicant controls 100% of the coalbed methane interests and 99.97% of the gas interests, and seeks to pool the remaining 0.03% of the gas interests. Unleased gas acreage subject to pooling totals 0.02 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 10/18/02 and a well has been drilled. Pooling was approved.

34. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-114, New Garden District, Russell County, Virginia. VGOB-03-1216-1243.

In the BA-114 unit, the applicant controls 98.8% of the coal and gas interests, and seeks to pool the remaining 1.2% of the interests. Acreage subject to pooling totals 0.7 net acres in two tracts with three unleased and unlocated owners. There are unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/8/02 and a well has been drilled. Pooling was approved.

35. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-32, Garden District, Buchanan County, Virginia. VGOB-03-1216-1244.

In the DD-32 unit, the applicant controls 100% of the coalbed methane interests and 98.6% of the gas interests, and seeks to pool the remaining 1.4% of the gas interests. Unleased gas acreage subject to pooling totals 1.16 net acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. There are conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 10/28/02 and a well has been drilled. Pooling was approved.

36. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-504610, Lipps District, Wise County, Virginia. VGOB-03-1216-1245.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 46 feet closer to existing gas well V-1835 and 32 feet closer to proposed gas well V-505251 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.

37. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for

pooling of conventional gas unit V-504610, Lipps District, Wise County, Virginia. VGOB-03-1216-1246.

In the proposed P-504610 conventional gas unit, the applicant controls 48.2% of the Oil and gas interests, and seeks to pool the remaining 51.8% of the interests. Unleased acreage subject to pooling totals 58.4 net acres in 16 tracts having 20 unleased owner. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

38. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-501825, Ervinton District, Dickenson County, Virginia. VGOB-03-216-1247.

In the VC-501825 unit, the applicant controls 100% of the coalbed methane interests and 98.8% of the gas interests, and seeks to pool the remaining 1.2% of the gas interests. Unleased gas acreage subject to pooling totals 0.7 net acres in one tract with one unleased and unlocated owner. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

The deadline for filing of petitions to the Board for the January 2004 hearing is 5 p.m., December 19, 2003 with the hearing scheduled for 9 a.m. on Tuesday, January 20, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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