

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

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Minutes and results of hearing, July 18, 2006

Board members present: Ms. Barber, Mr. Harris Mr. Ratliff, Ms. Quillen, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536616, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1532-01. Continued from June 2006.

In the VC-536616 58.77-acre unit, the applicant controls 99.5% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 0.5% of the coal interests and 100% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in one tract with one unleased owner. Unleased gas acreage totals 58.77 acres in three tracts having one unlocated owner (99.5%) and one owner leased to a third party. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 12/16/05. Continued to August.

2. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536474, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1533-01. Continued from June 2006.

In the VC-536474 58.77-acre unit, the operator controls 89.6% of the coal and gas interests, and seeks to pool the remaining 10.4% of the interests. Unleased acreage subject to pooling totals 6.1 net acres in one tract with one owner who is not leased to the applicant. There are no conflicting claimants or unknown owners subject to escrow. The unit was originally pooled in November, 2005. No permit application has been submitted. Continued to August.

3. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of coalbed methane unit VC-536475, Sandlick District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1537-01. Continued from June 2006.

In the VC-536475 58.77-acre unit, the operator controls 42.1% of the coal and gas interests, and seeks to pool the remaining 57.9% of the interests. Unleased acreage subject to pooling totals 34.0 net acres in two tracts with two owners who is not leased to the applicant. There are no conflicting claimants but there are unknown owners subject to escrow. The unit was originally pooled in November, 2005. No permit application has been submitted. Continued to August.

4. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536622, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0321-1608. Continued from June 2006.

In the VC-536622 58.77-acre unit, the applicant controls 94.1% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 5.9% of the coal interests and 100% of the gas interests. Unleased coal acreage subject to pooling totals 3.3 net acres in one tract with one unleased owner. Unleased gas acreage totals 58.77 acres in Two tracts having one unlocated owner (94.6%) and one owner leased to a third party. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted. Continued to August.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-76, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1647. Continued from June 2006.

In the O-76 58.65-acre unit, the applicant controls 93.2% of the coal interests and 32.4% of the gas interests, and seeks to pool the remaining 6.8% of the coal interests and 67.6% of the gas interests. Unleased coal acreage subject to pooling totals 4.0 net acres in two tracts with 29 unleased owner. Unleased gas acreage totals 39.6 net acres in five tracts having 47 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted. Continued to August.

6. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for pooling of conventional gas unit 825946, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1660. Continued from June 2006.

In the 855946 112.69-acre conventional gas unit, the applicant controls 95.2% of the oil and gas interests, and seeks to pool the remaining 4.8% of the interests. Unleased acreage subject to pooling totals 5.5 net acres in one tract having eight unleased owners. There are no unknown owners subject to escrow. No permit application has been submitted. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825946, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1662. Continued from June 2006.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 237 feet closer to existing Chesapeake gas well 25415 than the 2500 feet mandated by spacing. The exception is needed to minimize impact on future coal mining operations and to allow use of an existing bench. No application for permit to drill the unit has been submitted. The location exception was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit D-19, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-01-1120-0978-01

In the D-19 80-acre unit, the operator controls 96.7% of the coal and gas interests, and seeks to pool the remaining 3.3% of the interests. Unleased acreage subject to pooling totals 2.6 net acres in one tract having two unleased owners. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 6/2/05. The unit was originally pooled on 11/20/01. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Oakwood I Field Rules to allow drilling of an additional well in units H-24 to H-26, I-24 to I-25, J-23 to J-25, K-23 to K-25, L-23 to L-

25 in the Garden District of Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-09.

The Oakwood Field Order currently allows one fraced coalbed methane well in each 80-acre 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 included unit. The Board has previously approved several similar requests for drilling of multiple wells in each unit in other areas of the Oakwood field. The field rule modification was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit A-19, North & South Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-06-0718-1666.

In the A-19 106.48-acre unit, the operator controls 99.2% of the coal and gas interests, and seeks to pool the remaining 0.8% of the interests. Unleased acreage subject to pooling totals 0.9 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 3/7/05. Continued to August.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1667.

In the G-9 80-acre unit, the operator controls 98.2% of the coal and gas interests, and seeks to pool the remaining 1.8% of the interests. Unleased acreage subject to pooling totals 1.5 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. The application was subject to objections by the mineral owners who are respondents to this pooling application. Continued to August.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit P(-2), Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1668.

In the P(-2) 80-acre unit, the operator controls 99.1% of the coal and gas interests, and seeks to pool the remaining 0.9% of the interests. Unleased acreage subject to pooling totals 0.7 net acres in one tract having two unleased owner. There are no conflicting claimants or unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit P(-3), Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1669.

In the P(-3) 80-acre unit, the operator controls 89.9% of the coal and gas interests, and seeks to pool the remaining 10.1% of the interests. Unleased acreage subject to pooling totals 8.1 net acres in two tracts having three unleased owners. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit P(-4), Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1670.

In the P(-4) 80-acre unit, the operator controls 98.9% of the coal and gas interests, and seeks to pool the remaining 1.1% of the interests. Unleased acreage subject to pooling totals 0.9 net acres in one tract having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted.

Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-96, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1671.

In the AX-96 58.78-acre unit, the operator controls 53.6% of the coal and gas interests, and seeks to pool the remaining 46.4% of the interests. Unleased acreage subject to pooling totals 27.3 net acres in one tract having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 1/25/06. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BJ-109, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0718-1672.

In the BJ-109 58.74-acre unit, the operator controls 99.8% of the coal and gas interests, and seeks to pool the remaining 0.2% of the interests. Unleased acreage subject to pooling totals 0.1 net acres in one tract having 23 unleased owner. There are unknown owners subject to escrow. A permit to drill the unit was issued on 12/16/05. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 1C, 1D and 1F, Unit W-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0627-04.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

18. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2B, Unit FF-23, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-99-0216-0709-01.

Owners of conflicting claims to coalbed methane have entered into a split agreement allowing for the disbursement of escrowed funds and direct payment of future revenues. Disbursement of funds was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-502915, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1674.

In the VC-502915 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool 100% of the gas interests. Unleased gas acreage totals 58.77 acres in one tract having one unleased and unlocated owner. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-535685, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1675.

In the VC-535685 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas

interests, and seeks to pool 100% of the gas interests. Unleased gas acreage totals 58.77 acres in one tract having one unleased and unlocated owner. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-535684, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1676.

In the VC-535684 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool 100% of the gas interests. Unleased gas acreage totals 58.77 acres in one tract having one unleased and unlocated owner. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 6/26/06. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537059, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1677.

In the VC-537059 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool 100% of the gas interests. Unleased gas acreage totals 58.77 acres in one tract having one unleased and unlocated owner. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

23. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536596, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0718-1678.

In the VC-536593 58.77-acre unit, the applicant controls 100% of the coal interests and 96.5% of the gas interests, and seeks to pool 3.5% of the gas interests. Unleased gas acreage totals 2.1 acres in four tracts having 14 unleased owners. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Continued to August.

24. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536260, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-0718-1679.

In the VC-536260 58.77-acre unit, the applicant controls 100% of the coal interests and 99.6% of the gas interests, and seeks to pool 0.4% of the gas interests. Unleased gas acreage totals 0.2 acres in five tracts having four unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

25. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Field Rules to allow drilling of an additional well in units BS-44, BQ-44, BS-43, BS-45, BS-46, BR-43, BP-47, BS-41, B-P42, BR-42, BP-43, BQ-48, BQ-43, BR-41, BQ-42, BQ-47, BR-47, BQ-41, BR-46, BR-45, BR-44 in the Kenady District of Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-05.

The Nora Field Order currently allows one fraced coalbed methane well in each 60-acre 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 the listed units. In May and June, 2006, the Board approved similar requests for drilling of multiple wells in each unit for units in another area of the Nora field. Modification of the field rule was approved.

26. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for modification of the Oakwood I Field Rules to allow drilling of an additional well in units G-33, G-34, H-33, H-34, I-34 in the Garden District of Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-08.

The Oakwood Field Order currently allows one fraced coalbed methane well in each 80-acre 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 included unit. The Board has previously approved several similar requests for drilling of multiple wells in each unit in other areas of the Oakwood field. Modification of the field rule was approved.

27. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for pooling of conventional gas unit 825692, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1680.

In the 825692 112.69-acre conventional gas unit, the applicant controls 68.95% of the oil and gas interests, and seeks to pool the remaining 31.05% of the interests. Unleased acreage subject to pooling totals 35.0 net acres in four tracts with 10 unleased owners. There are unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

28. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825692, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1681.

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 198 feet closer to proposed Chesapeake gas well 825834, and 128 feet closer to existing Chesapeake gas well 24654 than the 2500 feet mandated by spacing. The exception is needed to minimize impact on future coal mining operations. An application for permit to drill the unit has been submitted. The location exception was approved.

29. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for pooling of conventional gas unit 825834, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1682.

In the 825834 112.69-acre conventional gas unit, the applicant controls 90.4% of the oil and gas interests, and seeks to pool the remaining 9.6% of the interests. Unleased acreage subject to pooling totals 10.9 net acres in two tracts with 18 unleased owners. There are unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved.

30. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit I-34, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1683.

In the I-34 80.19-acre unit, the operator controls 33.9% of the coal and gas interests, and seeks to pool the remaining 66.1% of the interests. Unleased acreage subject to pooling totals 53.0 net acres in one tract having four owners who are leased to other operators. There are no conflicting claimants or unknown owners subject to escrow. No application for permit to drill the unit has been submitted. The petition was withdrawn by the applicant.

31. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit H-33, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1684.

In the H-33 80.14-acre unit, the operator controls 93.5% of the coal and gas interests, and seeks to pool the remaining 6.5% of the interests. Unleased acreage subject to pooling totals 5.2 net acres in one tract having four owners who are leased to other operators. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. The petition was withdrawn by the applicant.

32. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536302, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0718-1685.

In the VC-536302 58.77-acre unit, the applicant controls 100% of the coal interests and 89.2% of the gas interests, and seeks to pool 10.8% of the gas interests. Unleased gas acreage totals 6.3 acres in four tracts having nine unleased owners. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

33. The Virginia Gas and Oil Board heard a petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Haysi-6 CBM Unit 71-AC, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1686.

In the 71-AC 58.77-acre unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.2 net acres in two tracts having seven owners who are leased to other operators. There are no conflicting claimants or unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

34. The Virginia Gas and Oil Board heard a petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Haysi-31 CBM Unit 71-AD, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1687.

In the 71-AD 58.77-acre unit, the operator controls 98.4% of the coal and gas interests, and seeks to pool the remaining 1.6% of the interests. Unleased acreage subject to pooling totals 0.9 net acres in two tracts having seven owners who are leased to other operators. There are no conflicting claimants or unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

35. The Virginia Gas and Oil Board heard a petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit Lovers Gap 42 CBM Unit 78-Y, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0718-1688.

In the 78-Y 48.84-acre unit, the applicant controls 100% of the coal interests and 98.6% of the gas interests, and seeks to pool 1.4% of the gas interests. Unleased gas acreage totals 0.7 acres in one tract having one unleased owner. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

No public comments were offered.

The deadline for filing of petitions to the Board for the August 2006 hearing is 5 p.m., Friday, July 14, 2006 with the hearing scheduled for 9 a.m. on Tuesday, August 15, 2006 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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