

VIRGINIA DEPARTMENT OF MINES, MINERALS & ENERGY

VIRGINIA GAS AND OIL BOARD

Minutes and results of hearing, October 17, 2006

Board Members Present: Ms. Barber, Mr. Harris, Ms. Quillen and Mr. Wampler

1. 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 September 2006.

In the O-76 58.65-acre unit, the applicant controls 93.5% of the coal interests and 58.5% of the gas interests, and seeks to pool the remaining 6.5% of the coal interests and 41.5% of the gas interests. Unleased coal acreage subject to pooling totals 3.8 net acres in two tracts with 29 unleased owner. Unleased gas acreage totals 24.3 net acres in four tracts having 44 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted and was subject to objection by royalty owners. The objections were referred to the Board. Pooling was approved

2. The Virginia Gas and Oil Board heard a petition from EOG Resources, Inc. for pooling of conventional gas unit PK M-24, well Plum Creek #40, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1715. Continued from September.

In the PK M-24 180-acre conventional gas unit, the applicant controls 71.6% of the oil and gas interests, and seeks to pool the remaining 28.4% of the interests. Unleased acreage subject to pooling totals 51.1 net acres in one tract with two unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Continued to November.

3. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-57, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1728.

In the O-57 80-acre unit, the operator controls 97.4% of the coal and gas interests, and seeks to pool the

remaining 2.6% of the interests. Unleased acreage subject to pooling totals 2.11 net acres in one tract with one unleased owners. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 7/23/04. The applicant withdrew the petition.

4. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit W-1, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1731

In the W-1 80-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 0.3 net acres in two tracts with 16 unleased owners. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 6/23/06. Pooling was approved.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit X-1, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1732.

In the X-1 80-acre unit, the operator controls 96.8% of the coal and gas interests, and seeks to pool the remaining 3.2% of the interests. Unleased acreage subject to pooling totals 2.5 net acres in one tract with 16 unleased owners. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 8/18/06. Pooling was approved. Pooling was approved.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BF-107, New Garden District, Russell County, Virginia. Docket Number VGOB-06-1017-1733.

In the BF-107 58.74-acre unit, the applicant controls 97.3% of the coal interests and 83.4% of the gas interests, and seeks to pool the remaining 2.7% of the coal interests and 16.6% of the gas interests. Unleased coal acreage totals 1.6 net acres in one tract with one unleased owner. Unleased gas acreage totals 3.92.9 net acres in six tracts having three unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued 7/5/06. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit YYY-20, North Grundy and South Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-06-1017-1734.

In the YYY-20 77.04-acre unit, the operator controls 79.4% of the coal and gas interests, and seeks to pool the remaining 20.6% of the interests. Unleased acreage subject to pooling totals 15.9 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 7/10/06. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Middle Ridge I Field Rules to allow drilling of an additional well in units BE106 to BH106, AV135 to AV140, AW135 to AW140, AX135 to AX140, AY135 to AY139, AZ135 to AZ137 and BA135 to BA137 in the New Garden District, Russell County and Maiden Spring District, Tazewell County, Virginia. Docket Number VGOB-00-1017-0835-01.

The Middle Ridge 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 each included unit. The Board has previously approved several similar requests for drilling of multiple wells in each unit in the Oakwood and Nora fields. This is the first application for increased density in the Middle Ridge field. The modification was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Nora Coalbed Gas Field Rules to allow drilling of an additional well in units BB101 to BB105, BC101 to BC105, BD102 to BD105, BE102 to BE105, BG104 to BG105 and BH104 to BH105 in the Hurricane District, Buchanan County and New Garden District, Russell County, Virginia. Docket Number VGOB-89-0126-0009-06.

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 each included unit. The Board has previously approved applications for increased density drilling in the Nora Field. The modification was approved.

10. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536506, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1735.

In the VC-536506 58.77-acre unit, the applicant controls 100% of the coal interests and 42.5% of the gas interests, and seeks to pool the remaining 57.5% of the gas interests. Unleased gas acreage totals

33.8 net acres in one tract having five unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted. The pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-502567, New Garden District, Russell County, Virginia. Docket Number VGOB-06-1017-1736.

In the VC-502567 58.77-acre unit, the applicant controls 100% of the coal interests and 99.2% of the gas interests, and seeks to pool the remaining 0.8% of the gas interests. Unleased gas acreage totals 0.5 net acres in one tract having five unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 6/5/06. Pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536507, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1737.

In the VC-536507 58.77-acre unit, the applicant controls 100% of the coal interests and 78.0% of the gas interests, and seeks to pool the remaining 13.0% of the gas interests. Unleased gas acreage totals 12.9 net acres in one tract having five unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536508, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1738.

In the VC-536508 58.77-acre unit, the applicant controls 100% of the coal interests and 99.2% of the gas interests, and seeks to pool the remaining 0.8% of the gas interests. Unleased gas acreage totals 0.5 net acres in one tract having five unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 9/21/06. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536448, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1739.

In the VC-536448 58.77-acre unit, the applicant controls 100% of the coal interests and 79.7% of the gas interests, and seeks to pool the remaining 20.3% of the gas interests. Unleased gas acreage totals 11.9 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536797, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1740.

In the V-536797 112.69-acre conventional gas unit, the applicant controls 98.0% of the oil and gas interests, and seeks to pool the remaining 2.0% of the interests. Unleased acreage subject to pooling totals 2.3 net acres in four tracts with seven unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-535962, Lipps District, Wise County, Virginia. Docket Number VGOB-06-1017-1741.

In the V-535962 112.69-acre conventional gas unit, the applicant controls 99.7% of the oil and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.3 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-502030, Clintwood District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1742.

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 378 feet closer to Equitable gas well V-2032, and 344 feet closer to existing Equitable gas well V-501828 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-502104, Lipps District, Wise County, Virginia. Docket Number VGOB-06-1017-1743.

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 300 feet closer to Equitable gas well V-505250 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-501828, Clintwood District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1744.

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 344 feet closer to Equitable gas well V-502030, and 230 feet closer to existing Equitable gas well P-446 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. No application for permit to drill the unit has been submitted. The location exception was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-537540, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-1017-1745.

The applicant seeks an exception in order to drill a conventional well closer to three existing wells than allowed under statewide spacing. The proposed well is to be 503 feet closer to Equitable gas well V-536712, 229 feet closer to Equitable well V536804, and 556 feet closer to Equitable gas well V-536803 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of conventional gas unit V-503180, Willis District, Dickenson County, Virginia. Docket Number VGOB-06-0620-1655-01.

In the V-503180 112.69-acre conventional gas unit, the applicant controls 93.9% of the oil and gas interests, and seeks to pool the remaining 6.1% of the interests. Unleased acreage subject to pooling totals 6.9 net acres in two tracts with two unleased owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The unit was originally pooled on 6/20/06 and no order has been issued. The pooling was approved.

22. The Virginia Gas and Oil Board heard petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826096, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1746.

In the 826096 112.69-acre conventional gas unit, the applicant controls 95.8% of the oil and gas interests, and seeks to pool the remaining 4.2% of the interests. Unleased acreage subject to pooling totals 4.7 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The applicant withdrew the petition.

23. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825839, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1747.

In the 825869 112.69-acre conventional gas unit, the applicant controls 60.5% of the oil and gas interests, and seeks to pool the remaining 39.5% of the interests. Unleased acreage subject to pooling totals 44.6 net acres in one tract with three owner who have not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The applicant withdrew the petition.

24. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826095, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1748.

In the 826095 112.69-acre conventional gas unit, the applicant controls 86.7% of the oil and gas interests, and seeks to pool the remaining 13.3% of the interests. Unleased acreage subject to pooling totals 15.0 net acres in two tracts with one unleased owner. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The applicant withdrew the petition.

25. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825694, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1749.

In the 825694 112.69-acre conventional gas unit, the applicant controls 50.4% of the oil and gas interests, and seeks to pool the remaining 49.6% of the interests. Unleased acreage subject to pooling

totals 55.9 net acres in three tracts with 23 unleased owners. There are unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

26. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825527, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1750.

In the 825527 112.69-acre conventional gas unit, the applicant controls 94.7% of the oil and gas interests, and seeks to pool the remaining 5.3% of the interests. Unleased acreage subject to pooling totals 5.9 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

27. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825808, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1751.

In the 825808 58.29-acre conventional gas unit, the applicant has leased 100% of the oil and gas interests but the leases do not contain pooling provisions, Applicant seeks to pool the 38.9% of the interests. Acreage subject to pooling totals 22.7 net acres in one tract with one owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The applicant withdrew the petition.

28. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 825522, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1752.

In the 825522 65.59-acre conventional gas unit, the applicant controls 92.9% of the oil and gas interests, and seeks to pool the remaining 7.1% of the interests. Unleased acreage subject to pooling totals 4.6 net acres in two tracts with 37 unleased owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

29. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825808, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1753.

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 560 feet closer to Chesapeake gas well 25092 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

30. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825681, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1754.

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 47 feet closer to Chesapeake gas well 825808 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and to accommodate coal operations. An application for permit to drill the unit has been submitted. The location exception was approved.

31. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825805, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1755.

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 317 feet closer to Chesapeake gas well 825681 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and to accommodate coal operations. An application for permit to drill the unit has been submitted. The location exception was approved.

32. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825807, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1756.

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 488 feet closer to Chesapeake gas well 825805 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and to accommodate coal operations. An application for permit to drill the unit has been submitted. The location exception was approved.

33. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825683, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1757.

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 335 feet closer to Chesapeake gas well 825807 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and to accommodate coal operations. An application for permit to drill the unit has been submitted. The location exception was approved.

34. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for a well location exception for proposed well 825527, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1017-1758.

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 421 feet closer to Chesapeake gas well 24539 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. No application for permit to drill the unit has been submitted. The location exception was approved.

The deadline for filing of petitions to the Board for the November 2006 hearing is 5 p.m., Friday, October 13, 2006 with the hearing scheduled for 9 a.m. on Tuesday, November 14, 2006 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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