

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

Minutes and results of hearing, June 19, 2007

Board members present (Quorum was established): Ms. Dye, Mr. Harris, Mr. Prather, Ms. Quillen, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units AV41 to AV52, AW41 to AW52, AX41 to AX47, AX50 to AX52, AY41 to AY47, AY50 to AY51, Ervinton District, Dickenson County, Virginia. Docket Number 89-0126-0009-08. Continued from May.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. The petition was withdrawn by the applicant.

2. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an addition well in units AZ67- AZ73, BA67 to BA73, BB67 to BB73, BC67 to BC72, BD67 to BD73, BE67 to BE68, BE70 to BE73, BF71 to BF73, BG71 to BG73, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 89-0126-0009-09. Continued from May.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. The petition was withdrawn by the applicant.

3. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2D, Unit T-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0625-05. Continued from May.

Owners in Tracts 2A and 2D with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

4. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units BJ79-BJ83, BK80-BK83, BL80-BL84, BM78-BM86, BN78-BN86, BO77-BO86, BP77, BP79-BP86, BQ78-BQ86, BR77-BR78, BR80-BR86, BS77-BS86, BT77-BT86, BU77-BU86, BV77-BV86, Hurricane District, Buchanan County, Ervinton District, Dickenson County, and Castlewood District, Russell County, Virginia. Docket Number VGOB-89-0126-0009-10. Continued from May.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to

allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. The petition was withdrawn by the applicant.

5. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units AV53-AV59, AW53-AW59, AX53, AX55, AX57, AY53-AY55, AZ41-AZ52, AZ56, BA40-BA52, BB40-BB50, BC40-BC51, BD41, BD42, BD46-BD48, BD50, BE40-BE43, BE47, BE48, BF41-BF44, BF47, BG41, BG42, BH40-BH42, Ervinton and Kenady District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-11. Continued from May.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. The petition was withdrawn by the applicant.

6. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 4, Unit PC-313, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-93-0119-0309-01. Continued from May.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

7. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 2, 4 and 5, Unit VC-502832, Castlewood District, Russell County, Virginia. Docket Number VGOB-02-1217-1109-01. Continued from May.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

8. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 1 and 5, Unit VC-1853, Castlewood District, Russell County, Virginia. Docket Number VGOB-00-0516-0815-01. Continued from May.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tracts 4A, 4D and 4E, Unit V-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0638-02. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an

agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to July.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 1B, Unit AA-8, Prater and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0032-03. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 3B, Unit AY-118, New Garden District, Russell County, Virginia. Docket Number VGOB-03-1216-1238-01. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2C, Unit AA-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0116-02. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2C, Unit BB-8, Prater and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0033-03. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2A and 2B, Unit X-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0636-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to July.

15. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 1B, 1E, a portion of 1G and 1H, Unit W-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0627-05.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to July.

16. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 1A and 1B, Unit X-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0628-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to July.

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 payments of royalties on Tract 1C and 1I, Unit W-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0629-02.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to July.

18. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit O-73, Rock Lick District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1939.

In the O-73 58.65-acre unit, the operator controls 100% of the coal and 99.0% gas interests, and seeks to pool the remaining 1.0% of the gas interests. Unleased gas acreage subject to pooling totals 0.6 net acres in four tracts having 10 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit Q-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1940.

In the Q-23 80-acre unit, the operator controls 99.4% of the coal and gas interests, and seeks to pool the remaining 0.6% of the interests. Unleased acreage subject to pooling totals 0.5 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 3/29/07. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-127, New Garden District and Maiden Springs District, Russell County and Tazewell County Virginia. Docket Number VGOB-07-0619-1941.

In the AX-127 58.74-acre unit, the operator controls 100% of the coal and 61.7% gas interests, and seeks to pool the remaining 38.3% of the gas interests. Unleased gas acreage subject to pooling totals 22.5 net acres in five tracts having six unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 1/9/07. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-121, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0619-1942.

In the BA-121 58.74-acre unit, the applicant controls 99.3% of the coal interests and 51.5% of the gas interests, and seeks to pool the remaining 0.7% of the coal interests and 48.5% of the gas interests. Unleased coal acreage subject to pooling totals 0.4 net acres in one tracts with one unleased owner. Unleased gas acreage totals 28.7 net acres in 11 tracts having 35 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 1/5/07. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-123, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0619-1943.

In the BB-123 58.74-acre unit, the operator controls 93.2% of the coal and gas interests, and seeks to pool the remaining 6.8% of the interests. Unleased acreage subject to pooling totals 4.0 net acres in four tracts having seven 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 2/14/07. Pooling was approved.

23. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-122, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0619-1944.

In the BE-122 58.74-acre unit, the operator controls 100% of the coal and 25.9% of the gas interests, and seeks to pool the remaining 74.1% of the gas interests. Unleased gas acreage subject to pooling totals 43.6 net acres in five tracts having three unleased claimants. 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 1/9/07. Pooling was approved.

24. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-123, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0619-1945.

In the BE-123 58.74-acre unit, the applicant controls 96.4% of the coal interests and 64.7% of the gas interests, and seeks to pool the remaining 3.6% of the coal interests and 35.3% of the gas interests. Unleased coal acreage subject to pooling totals 2.1 net acres in two tracts with six unleased owner. Unleased gas acreage totals 20.7 net acres in 10 tracts having 67 unleased owners. There are

conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 1/5/07. Pooling was approved.

25. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for modification of the Oakwood 1 Coalbed Gas Field Rules to allow drilling of an additional well in Units G-30, G-32, G-35, G-36, H-32, H-35, H-36 and I-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-12.

The applicant seeks to modify a portion of the Oakwood Coalbed Field rules to allow for drilling of multiple wells in each 80-acre unit named in the application. The original field rule allows for one well per 80-acre unit. Several areas of the Oakwood Field have previously been approved for multiple wells. The field rule modification was approved.

26. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for re-pooling of conventional gas unit HRVAE #10, N. Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0419-1441-01.

In the HRVAE #10 180-acre conventional gas unit, the applicant controls 64.5% of the oil and gas interests, and seeks to pool the remaining 35.5% of the interests. Unleased acreage subject to pooling totals 63.8 net acres in four tracts having 14 unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 6/9/05. Continued to July.

27. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for re-pooling of coalbed methane unit H-34, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0620-1664-01.

In the H-34 80.19-acre unit, the applicant controls 92.3% of the coal interests and 99.95% of the gas interests, and seeks to pool the remaining 7.7% of the coal interests and 0.05% of the gas interests. Unleased coal acreage subject to pooling totals 6.2 net acres in three tracts with eight unleased owners. Unleased gas acreage totals 0.03 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. Two permits to drill the unit were issued on 8/3/06 and 10/12/06. Pooling was approved.

28. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit I-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1946.

In the I-35 80.24-acre unit, the applicant controls 88.8% of the coal interests and 98.5% of the gas interests, and seeks to pool the remaining 11.2% of the coal interests and 1.5% of the gas interests. Unleased coal acreage subject to pooling totals 8.9 net acres in ten tracts with nine unleased owners. Unleased gas acreage totals 1.2 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 9/11/06. Pooling was approved.

29. 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-07-0619-1947.

In the I-34 80.19-acre unit, the operator controls 99.98% of the coal and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased acreage subject to pooling totals 0.02 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 9/22/06. An application for a second well 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 G-32, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1948.

In the G-32 80.14-acre unit, the operator controls 100% of the gas and 99.95% of the coal interests, and seeks to pool the remaining 0.05% of the coal interests. Unleased coal acreage subject to pooling totals 0.04 net acres in one tract having 12 unleased claimants. There are no conflicting claimants but there are unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

31. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation of unit and pooling of conventional gas unit 826377, Knox District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1949.

In the 826377 112.69-acre conventional gas unit, the applicant controls 70.3% of the oil and gas interests, and seeks to pool the remaining 29.7% of the interests. Unleased acreage subject to pooling totals 33.5 net acres in one tract having one unleased owner. There are no unlocated 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 creation of unit and pooling of conventional gas unit V-537721, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0619-1950.

In the V-537721 112.69-acre conventional gas unit, the applicant controls 88.2% of the oil and gas interests, and seeks to pool the remaining 11.8% of the interests. Unleased acreage subject to pooling totals 13.4 net acres in five tracts having 23 unleased owners. There are unlocated 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 Equitable Production Company for creation of unit and pooling of conventional gas unit V-536020, Lipps District, Wise County, Virginia. Docket Number VGOB-07-0619-1951.

In the V-536020 112.69-acre conventional gas unit, the applicant controls 67.3% of the oil and gas interests, and seeks to pool the remaining 32.7% of the interests. Unleased acreage subject to pooling totals 36.8 net acres in six tracts

having four unleased owners. There are unlocated 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 Equitable Production Company for creation of unit and pooling of conventional gas unit V-505253, Lipps District, Wise County, Virginia. Docket Number VGOB-07-0619-1952.

In the V-535253 112.69-acre conventional gas unit, the applicant controls 85.6% of the oil and gas interests, and seeks to pool the remaining 14.4% of the interests. Unleased acreage subject to pooling totals 16.2 net acres in five tracts having 10 unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

35. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537111, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0619-1953.

In the VC-537111 58.77-acre unit, the operator controls 100% of the coal and , depending on final determination of ownership, 72.2% or 68.9% of the gas interests, and seeks to pool the remaining gas interests. Unleased gas acreage subject to pooling totals 18.3 +/- net acres in nine tracts having 18 unleased claimants. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

36. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation of unit and pooling of conventional gas unit P-550485, Sand Lick District, Dickenson County, Virginia. Docket Number VGOB-07-0619-1954.

In the P-550485 112.69-acre conventional gas unit, the applicant controls 81.3% of the oil and gas interests, and seeks to pool the remaining 18.7% of the interests. Unleased acreage subject to pooling totals 21.0 net acres in 11 tracts having 19 unleased owners. There are unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Continued to July.

37. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well P-550485, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-07-0619-1955.

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 241 feet closer to existing Equitable gas well P-487, 304 feet closer to existing Equitable gas well V-503179, and 131 feet closer to existing Equitable well P-395 than the 2500 feet mandated by spacing. The exception is needed because of topographic and safety constraints. No application for permit to drill the unit has been submitted. Continued to July.

38. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536852, Lipps District, Wise County, Virginia. Docket Number VGOB-07-0619-1956.

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 175 feet closer to existing Equitable gas well V-502345 than the 2500 feet mandated by spacing. The exception is needed to comply with a USFS environmental impact study. An application for permit to drill the unit has been submitted. The location exception was approved.

39. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well P-550291, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-07-0619-1957.

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 246 feet closer to existing Equitable gas well V-536099, and 44 feet closer to existing Equitable well V-1999 than the 2500 feet mandated by spacing. The exception is needed to accommodate a surface owner. An application for permit to drill the unit has been submitted. The location exception was approved.

40. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia LLC for a well location exception for proposed well 826377, Knox District, Buchanan County, Virginia. Docket Number VGOB-07-0619-1958.

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 409 feet closer to existing Chesapeake gas well 825688 than the 2500 feet mandated by spacing. The exception is needed to for topographic reasons and to comply with coal-owner approved locations. An application for permit to drill the unit has been submitted. The location exception was approved.

No public comments regarding Board matters were heard.

The deadline for filing of petitions to the Board for the July 2007 hearing is 5 p.m., Friday, June 15, 2007 with the hearing scheduled for 9 a.m. on Tuesday, July 17, 2007 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.