

**VIRGINIA DEPARTMENT OF MINES, MINERALS & ENERGY
VIRGINIA GAS AND OIL BOARD**

Minutes and results of hearing, March 18, 2008

The Virginia Gas and Oil Board conducted a hearing commencing at 9 a.m. on Tuesday, March 18, 2008 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

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

1. The Virginia Gas and Oil Board heard a request from CNX Gas Company LLC to withdraw their petition for the creation and pooling of conventional gas unit T2(CV) Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0219-2129. This item had been continued from the February, 2008 meeting.

In the T2(CV) 112.69-acre conventional unit, the applicant controls 86.4% of the oil and gas interests, and seeks to pool the remaining 13.6% of the interests. Unleased acreage subject to pooling totals 15.4 net acres in one tract having nine claimants who are leased to another operator. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The application was withdrawn.

2. The Virginia Gas and Oil Board heard a petition from CNX Gas Company for modification of the Middle Ridge 1 Field Rules for units AV106 to AV109, AW106 to AW109, AX106 to AX109, AY106 to AY109, AZ106 to AZ109, BA106 to BA109, BB106 to BB109, BC106 to BC109, BD106 to BD109, GF106 to BF109 and BF107 in the New Garden district, Russell County. and the Hurricane District, Buchanan County, Virginia. Docket Number 00-1017-0835-02. Continued from February.

The applicant seeks to modify a portion of the Middle Ridge Coalbed Methane Field Rule to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. One area of the Middle Ridge Field has previously been approved for multiple wells. The modification was approved.

3. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Gas Field to allow for drilling of an additional well in unit BT41, Kenady District, Dickenson County, Virginia. Docket Number 89-0126-0009-21. This item was continued from February.

The applicant seeks to modify a unit within the Nora Coalbed Methane Field Rule to allow for drilling of multiple wells. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. The modification was approved.

4. The Virginia Gas and Oil Board heard testimony from Equitable Production Company regarding discrepancies between gas production reported to the state and that reported to royalty owners of certain properties in the Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0219-2154. This item was continued from February.

In response to public comments received at its January hearing, the Board instructed Equitable to appear and explain why gas production reported to royalty owners is different than that reported to the state. The issue was resolved.

5. The Virginia Gas and Oil Board, on its own motion, considered a proposal to define the boundary and unit configurations at the juncture of the Oakwood and Nora Coalbed Methane Fields and to modify Field Rules under Docket numbers 89-0126-0009 and 93-0216-0325, as previously modified, to include that boundary definition. This item was continued from February.

The boundary of the Oakwood Coalbed Methane Field has been modified several times so as to overlap or adjoin the Nora Coalbed Methane Field. Neither the exact boundary between the two fields nor the size and shape of units at the boundary has been defined. The modification was approved.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC to amend notice and pooling of coalbed methane unit YYY24(CV), North Grundy and Garden Districts, Buchanan County, Virginia. Pooling of the unit was originally approved on February 19, 2008. Docket Number VGOB-08-0219-2133.

The board approved the amended notice, dismissing Chesapeake Appalachia LLC, and the petition for pooling.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit J-36, Garden District, and Buchanan County, Virginia. Docket Number VGOB-08-0318-2159.

In the J-36 80-acre unit, the applicant controls 96.9% of the coal interests and 94.3% of the gas interests, and seeks to pool the remaining 3.1% of the coal interests and 5.7% of the gas interests. Unleased coal acreage subject to pooling totals 2.5 net acres in three tracts having five unleased claimants. Unleased gas acreage subject to pooling totals 4.5 net acres in three tracts having six unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 11/27/07. The pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit R(-1), Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0318-2160.

In the R(-1) 80-acre unit, the applicant 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 15 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit R(-2), Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0318-2161.

In the R(-2) 80-acre unit, the applicant controls 98.0% of the coal and gas interests, and seeks to pool the remaining 2.0% of the interests. Unleased acreage subject to pooling totals 1.6 net acres in one tract having 15 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit X-4, Prater District, Buchanan County, Virginia.

Docket Number VGOB-08-0318-2162.

In the X-4 80-acre unit, the applicant controls 98.7% of the coal and gas interests, and seeks to pool the remaining 1.3% of the interests. Unleased acreage subject to pooling totals 1.1 net acres in one tract having 15 unleased claimants. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 4/12/01. The pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-133, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-0318-2163.

In the AW-133 58.74-acre unit, the applicant controls 100% of the coal interests and 83.5% of the gas interests, and seeks to pool the remaining 16.5% of the gas interests. Unleased gas acreage subject to pooling totals 9.7 net acres in 15 tracts having 22 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit VP8SGU3, Prater and South Grundy Districts, Buchanan County, Virginia. Docket Number VGOB-06-0321-1598-01.

In the VP8SGU3 4,549.54-acre unit, the applicant controls 99.97% of the coal interests and 99.94% of the gas interests, and seeks to pool the remaining 0.03% of the coal interests and 0.06% of the gas interests. Unleased coal acreage subject to pooling totals 1.2 net acres in one tract having one unleased claimant. Unleased gas acreage subject to pooling totals 2.7 net acres in one tract having one unleased claimant. There are conflicting claimants and unlocated owners subject to escrow. Several pre-existing wells already serve the unit. The petition was continued to April.

13. 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 for drilling of an additional well in units AV101 to AV105, AW101 to AW105, AX101 to AX105, AY101 to AY105, AZ101 to AZ105 and BA101 to BA105 in the Hurricane and New Garden Districts, Buchanan and Russell County, Virginia. Docket Number VGOB-89-0126-0009-22.

The applicant seeks to modify a portion of the Nora Coalbed Methane Field Rule to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. The modification was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Oakwood 1 Field Rules to allow for drilling of an additional well in units Q24, Q25, Q26, R23, R24, R25 and R26 in the Garden District, Buchanan County, Virginia. Docket Number VGOB 93-0216-0325-13.

The applicant seeks to modify a portion of the Oakwood Coalbed Methane Field Rule to allow for drilling of multiple wells in each 80-acre unit. 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 modification was approved.

15. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 423 VA Unit E-34, Garden District,

Buchanan County, Virginia. Docket Number 08-0318-2166.

In the E-34 80-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage subject to pooling totals 20 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

16. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 424 VA Unit E-35, Garden District, Buchanan County, Virginia. Docket Number 08-0318-2168.

In the E-35 80-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage subject to pooling totals 20 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

17. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 425 VA Unit E-36, Garden District, Buchanan County, Virginia. Docket Number 08-0318-2169.

In the E-36 80-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage subject to pooling totals 20 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

18. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 429 VA Unit D-35, Garden District, Buchanan County, Virginia. Docket Number 08-0318-2170.

In the D-35 80-acre unit, the applicant controls 100% of the coal interests and 96.6% of the gas interests, and seeks to pool the remaining 3.4% of the gas interests. Unleased gas acreage subject to pooling totals 2.7 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 430 VA Unit D-36, Garden District, Buchanan County, Virginia. Docket Number 08-0318-2173.

In the D-36 80-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage subject to pooling totals 20 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

20. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 431 VA Unit D-37, Garden District,

Buchanan County, Virginia. Docket Number 08-0318-2174.

In the D-37 80-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage subject to pooling totals 20 net acres in one tract having seven unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company, LLC on behalf of Mae Smith Rowlett for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 3, Unit VC-4511, Kenady District, and Dickenson County, Virginia. Docket Number VGOB-00-0620-0813-01.

Conflicting owners of coalbed methane royalties have reached a royalty split agreement regarding Tract 3 under Section 45.1-361.22(5) of the Gas and Oil Act. The disbursement was approved.

22. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for modification of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in unit BT-45, Kenady District, Dickenson County, Virginia. Docket Number VGOB 89-0126-0009-23.

The applicant seeks to modify a unit of the Nora Coalbed Methane Field Rule to allow for drilling of multiple wells. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. The pooling was approved.

23. The Virginia Gas and Oil Board a petition from Equitable Production Company for pooling of coalbed methane unit VC-536972, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2176.

In the VC-536972 58.77-acre unit, the applicant controls 100% of the coal interests and 95.8% of the gas interests, and seeks to pool the remaining 4.2% of the gas interests. Unleased gas acreage subject to pooling totals 2.5 net acres in two tracts having 55 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. The petition was continued to April.

24. The Virginia Gas and Oil Board a petition from Equitable Production Company for pooling of coalbed methane unit VC-537793, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2177.

In the VC-537793 58.77-acre unit, the applicant controls 100% of the coal interests and 99.3% of the gas interests, and seeks to pool the remaining 0.3% of the gas interests. Unleased gas acreage subject to pooling totals 0.2 net acres in three tracts having three unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

25. The Virginia Gas and Oil Board heard a request to withdraw the petition from Equitable Production Company for the creation and pooling of conventional drilling unit V-502360, Floyd District, Scott County, Virginia. Docket Number VGOB-08-

0318-2178.

Originally the V-502360 112.69-acre conventional unit, the applicant controls 97.3% of the oil and gas interests, and seeks to pool the remaining 2.7% of the interests. Unleased acreage subject to pooling totals 3.0 net acres in two tracts having two unleased claimants. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The applicant now controls 100% of the oil and gas interests. The application was withdrawn.

26. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537868, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2179.

In the VC-537868 58.77-acre unit, the applicant controls 93.6% of the coal interests and 74.1% of the gas interests, and seeks to pool the remaining 6.4% of the coal interests and 25.9% of the gas interests. Unleased coal acreage subject to pooling totals 3.8 net acres in one tract having one unleased claimants. Unleased gas acreage subject to pooling totals 5.3 net acres in four tracts having eight unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

27. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537160, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0318-2180.

In the VC-537160 58.89-acre unit, the applicant controls 100% of the coal interests and 63.5% of the gas interests, and seeks to pool the remaining 36.5% of the gas interests. Unleased gas acreage subject to pooling totals 2.5 net acres in 11 tracts having 19 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

28. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536594, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2181.

In the VC-536594 58.77-acre unit, the applicant controls 100% of the coal interests and 63.4% of the gas interests, and seeks to pool the remaining 36.6% of the gas interests. Unleased gas acreage subject to pooling totals 21.5 net acres in six tracts having 15 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. No application for permit to drill the unit has been submitted. The pooling was approved.

29. A petition from Chesapeake Appalachia, LLC for pooling of provisional horizontal conventional drilling unit 826640 (Pittston 2H), Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2182.

In the 826640 (Pittston 2H) 320-acre conventional horizontal unit, the applicant controls 90.1% of the oil and gas interests, and seeks to pool the remaining 9.2% of the interests. Unleased acreage subject to pooling totals 29.5 net acres in two tracts having up to nine unleased claimants. There are unlocated owners subject to escrow. The provisional drilling unit was approved by the Board in October of 2007. An application for permit to drill the unit has been submitted. The pooling was approved.

30. The Virginia Gas and Oil Board a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-212 (I-32), Garden District, Buchanan County, Virginia. Docket Number VGOB-08-0318-2183.

In the I-32 80.15-acre unit, the applicant controls 93.4% of the coal and gas interests, and seeks to pool the remaining 6.6% of the interests. Unleased acreage subject to pooling totals 5.3 net acres in one tract having nine unleased claimants. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. The pooling was approved.

31. The Virginia Gas and Oil Board a petition from Dart Oil and Gas Corporation for creation and pooling of conventional drilling unit Edwards 043101, Clearfork District, Tazewell County, Virginia. Docket Number VGOB-08-0318-2184.

In the Edwards 043101 200-acre conventional unit, the applicant controls 53.7% of the oil and gas interests, and seeks to pool the remaining 46.3% of the interests. Unleased acreage subject to pooling totals 92.5 net acres in six tracts having 11 unleased claimants. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The petition was continued to April

32. The Virginia Gas and Oil Board a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Castlewood District, Russell County, Virginia. Docket Number VGOB-08-0318-2185.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The provisional unit was approved.

33. The Virginia Gas and Oil Board a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2186.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The provisional unit was approved.

34. The Virginia Gas and Oil Board a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2187.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit

according to their percentage ownership in the unit. The provisional unit was approved.

35. The Virginia Gas and Oil Board a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2188.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The provisional unit was approved.

36. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-536735, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0318-2189.

The applicant seeks an exception to drill a conventional well closer to a previously permitted wells than allowed under statewide spacing. The proposed well is to be 143 feet closer to existing Equitable well P-550309 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The well location exception was approved.

37. A petition from Range Resources-Pine Mountain, Inc. for creation and pooling of conventional drilling unit V-536735, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2190.

In the V-536735 112.69-acre conventional unit, the applicant controls 98.2% of the oil and gas interests, and seeks to pool the remaining 1.8% of the interests. Unleased acreage subject to pooling totals 2.0 net acres in one tract having one unleased owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The pooling was approved.

38. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530072, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0318-2191.

The applicant seeks an exception to drill a conventional well closer to three previously permitted wells than allowed under statewide spacing. The proposed well is to be 220 feet closer to existing Equitable well P-236, 710 feet closer to existing Equitable well P-501, and 760 feet closer to existing Equitable well V-1913 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The well location exception was approved.

39. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530075, Clinchco District, and Dickenson County, Virginia. Docket Number VGOB-08-0318-2192.

The applicant seeks an exception to drill a conventional well closer to two previously permitted wells than allowed under statewide spacing. The proposed well is to be 760 feet closer to existing Equitable well P-384, and 885 feet closer to existing

Equitable well P-101 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The well location exception was approved.

40. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530080, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-08-0318-2193.

The applicant seeks an exception to drill a conventional well closer to four previously permitted wells than allowed under statewide spacing. The proposed well is to be 100 feet closer to existing Equitable well P-100, 430 feet closer to existing Equitable well P-99, 210 feet closer to existing Equitable well P-471, and 700 feet closer to existing Equitable well P-79 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No application for permit to drill the well has been submitted. The well location exception was approved.

The Virginia Gas and Oil Board heard public comments regarding Board matters immediately following the final Docket item. One royalty owner, Catherine Jewell spoke on behalf of Buck Jewell Resources regarding steep royalty payment deductions downstream of the wellhead.

The deadline for filing of petitions to the Board for the April 2008 hearing is 5 p.m., Friday, March 14, 2008 with the hearing scheduled for 9 a.m. on Tuesday, April 15, 2008 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.