

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

Minutes and results of the October 21, 2008 Hearings

Pursuant to Sections 45.1-361.9.B and 45.1-361.22.B of the Code of Virginia, the Virginia Gas and Oil Board met on Tuesday, October 21, 2008. The meeting, which began at 9:00 a.m., was held at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.

Board members present included Chairman Benny Wampler, Mrs. Peggy Barber, Mrs. Kate Dye, Mr. Bill Harris, Mr. Bruce Prather, Mr. Donnie Ratliff, and Mrs. Mary Quillen.

Ms. Sharon Pigeon, Assistant Attorney General, representing the Attorney General's Office, Butch Lambert, DMME Acting Deputy Director and David E. Asbury Jr., Director of the Division of Gas and Oil and Principal Executive to the Staff of the Board, Diane J. Davis and Jerry H. Hagy of the Division of Gas and Oil were also present.

The board heard and addressed the following items:

1. The Board will receive a quarterly report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board.

Quarterly Statement of Account

Wachovia Bank, Escrow Agent for:

Virginia Oil and Gas Board (VGOB)

	2007 Year-End	2008 31-Mar	2008 30-Jun	2008 30-Sep	2008 Year-to-date
1 Beginning Value	\$ 15,942,163	\$ 18,514,685	\$ 19,386,778	\$ 21,517,418	\$ 18,514,685
2 Contributions	\$ 2,880,421	\$ 763,348	\$ 2,056,250	\$ 1,610,677	4,430,275
3 Income (net)	\$ 754,937	\$ 122,999	\$ 74,391	82,918	280,307
4 Realized Gain / (Loss)	\$ -	\$ -	\$ -	-	-
5 Unrealized Gain / (Loss)	\$ -	\$ -	\$ -	-	-
6 Fees and Expenses	\$ -	\$ -	\$ -	-	-
7 Withdrawals	\$ (1,062,837)	\$ (14,254)	\$ -	(144,509)	(158,763)
8 Ending Value	\$ 18,514,685	\$ 19,386,778	\$ 21,517,418	\$ 23,066,504	\$ 23,066,504

Mr. Asbury reported third quarter balances as shown above. He also provided board members with an update and status of Wachovia's pending merger with Wells Fargo and Company, and circumstances of the VGOB Escrow Funds accounts. Meetings with Wachovia executives in recent days have led to a recommendation for Board approval; to transfer existing funds in the Evergreen Institutional Prime Cash Money Market Fund **to one or a combination of:**

- The Federated US Treasury Reserves fund or
- The Evergreen US Government fund.

After deliberation, the Board **approved the transfer of all funds** from the Evergreen Institutional Prime Cash Money Market Fund **to a combination of the two** recommended funds. The division of present and future fund balances, into the two new funds, will be managed by Wachovia.

2. A petition from Equitable Production Company for pooling of a drilling unit supported by wells VH-539904 and VH-539905, Lipps District, Wise County, Virginia. Docket VGOB 08-0819-2308. **Continued from August.**

In the **VH-539904 and VH-539905, 320 acre unit**, the applicant controls 100.0% of the coal and 84.46% of the gas interests. The applicant seeks to pool the remaining 15.53% of the gas interests. Unleased gas acreage subject to pooling totals 49.69 +/- net acres in 12 tracts having three hundred and three unleased parties. There are unknown claimants subject to escrow indicated. **The petition was withdrawn by the applicant.**

3. Petitions and Memorandum of Law filed by S. T. Mullins and J. Scott Sexton on behalf of GeoMet operating appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 20908. (Jewell Smokeless Coal Corp. who originally filed objections in conjunction with Island Creek Coal has been dismissed from this continuance after an agreement addressing safety concerns were reached between Jewell Smokeless Coal Corporation and GeoMet Operating Company Inc.) Docket Number VGOB-08-0617-2259. **Continued from September.**

Legal Counsels for GeoMet Operating Company have submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 20908. In his the decision the Director stated:

“With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement between the Coal Owner and the Applicant regarding a well location within 2500’ of any existing well, the permit shall be denied. Both Jewell and Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations Rogers 201 CBM Unit F-44 (application # 10140) (based on objections by Jewell Smokeless Coal Corporation and Island Creek Coal Company) and Rogers 202 CBM Unit F-45 (application #10141) (based on objections by Island Creek Coal Company).”

Docket items 3, 4, and 5, appealing three Informal Fact Finding Decisions by DGO Division Director Wilson, were combined at hearing. The Board affirmed the decision of the DGO Director Wilson in IFFC 20908.

4. A petition from S. T. Mullins on behalf of GeoMet Operating Company appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 21008. Docket Number VGOB-08-0617-2260. **Continued from September.**

Legal Counsel for GeoMet Operating Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21008. In his the decision the Director stated:

“With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement

between the Coal Owner and the Applicant regarding a well location within 2500' of any existing well, the permit shall be denied. Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations 431 VA-D37 Rogers (Application #11243), 430 VA-D36 Rogers (Application #11244), 429 VA-D35 Rogers (Application #11245), 425 VA-E36 Rogers (Application #11246), 424 VA-E35 Rogers (Application #11247), and 423 VA-E34 Rogers (Application #11248)."

Docket items 3, 4, and 5, appealing three Informal Fact Finding Decisions by DGO Division Director Wilson, were combined at hearing. The Board affirmed the decision of the DGO Director Wilson in IFFC 21008.

- 5.** A petition from Mark A. Swartz on behalf of Island Creek Coal Company appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 21108. Docket Number VGOB-08-0617-2261. **Continued from September.**

Legal Counsel for Island Creek Coal Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21108. In his the decision the Director stated:

“Since promulgation of the Virginia Gas and Oil Act of 1990, the Division of Gas and Oil has instituted requirements that are in accord with the view of Island Creek. That is, a consent-to-stimulate coal within 750 feet of the proposed coalbed methane well has been required from the mine operator, the coal lessee, or the coal fee owner in that order. Stated differently, all coals subject to stimulation as defined in § 45.1-361.29.F (2) are required to have a consent to stimulate from some owner. This is the real point of contest in this IFFC, and is one that has apparently not been raised before. GeoMet is challenging DGO’s procedures and interpretation of statutes that require consent from some “Coal Owner” and is proposing that the “Coal Operator” definition is much narrower and is what the law demands.

A compelling case was made that the intent of the law is well demonstrated by the fact that the Virginia Gas and Oil Act contains separate definitions for “Coal Operator” and “Coal Owner”, and refers only to the “Coal Operator” in its requirement for consent to Stimulate. On reflection, it seems illogical that two definitions would be used if there was no difference in the meaning of the two terms or complete overlap between them. While 18 years of precedent at DGO is not to be ignored, any possibility that that precedent was built on false interpretation of statute must be addressed.

It is, therefore, the decision of the Director that Island Creek Coal Company is not a “Coal Operator” in the area of the subject Applications, and that no consent to stimulate from Island Creek will be required for Rogers 209 VA-ZZZ41 (Application # 10080), Rogers 201 CBM F44 (Application # 10140), or Rogers 202 CBM F45 (Application # 10141). Because this decision is contrary to years of practice at DGO, it will not be instituted into general policy, if appeals are filed and expeditiously pursued, until all appeals have been heard or appeal rights have expired. DGO reserves the right to implement policy changes at any time with appropriate notice.”

Docket items 3, 4, and 5, appealing three Informal Fact Finding Decisions by DGO Division Director Wilson, were combined at hearing. After complete testimony for all three was heard, the board reversed the decision by DGO Director Wilson in IFFC 21108.

6. A petition from Equitable Production Company for **pooling** of 320 acre unit served by well VH-539923, Gladeville District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2275. **Continued from September.**

In the VH-539923 (**BI-11**), **320 acre unit**, the applicant controls 97.63% of the gas interests. The applicant seeks to pool the remaining 2.37% of the gas interests. Unleased gas acreage subject to pooling totals 8.4 +/- net acres in seven tracts having eight unleased parties. There are no unknown claimants subject to escrow indicated. Upon request, this petition was **continued to the December 2008 docket.**

7. A petition from Range Resources-Pine Mountain, Inc. for a well **location exception for proposed well V-537747**, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2321. **Continued from September.**

In this petition, the applicant seeks a **location exception** for drilling of well V-537747 in regard to the 160 acre tract of L.D.R. Owens Tract No. T-234.

This item was moved with docket item 37.

8. A petition from CNX Gas Company, LLC to **re-pool coalbed methane unit J-36**, Garden District, Buchanan County, Virginia. Docket Number VGOB 08-0318-2159-01. **Continued from September.**

The petition seeks a Repooling all the interests and estates of in the Oakwood Coalbed Methane Gas Field 1 of CBM J36 permit #8778 and CBM J36B Permit #9521. The applicant seeks to pool Donald Honaker, Caroline Cole Heirs, Devisees, Successors or Assigns including Byrd W. McDonald, Gretta Meek, Thurman G. Cooper, and Edith G. Street; Appalachian Energy Inc, and Ethel Jewell Heirs, Devisees, Successors or Assigns.

Upon request, this petition was continued to the December 2008 docket.

9. A petition from Equitable Production Company for **establishment of a provisional drilling unit** consisting of 480 acres for the drilling of horizontal conventional gas wells served by wells VH-531022 and VH-531104, Gladeville District, Wise County, Virginia. Docket Number VGOB 08-0916-2322. **Continued from September.**

Equitable Production Company seeks to establish a 480 acre Horizontal Drilling Unit identified for conventional gas wells VH-531022 and VH-531104. This unit is located in the Roaring Fork Field. Equitable Production Company is the owner of the right to develop and produce conventional gas in 100% of the subject lands underlying the unit and seeks approval for exploration, development, and production of conventional natural gas from the pool defined as the top of the Mississippian-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith.

The Petition was continued to November 2008 to allow for modification of the petition and allow the diagram to conform to existing unit sizes.

10. A petition from Equitable Production Company for **establishment of a provisional drilling unit** consisting of 320 acres for the drilling of horizontal conventional gas wells served by wells VH-531023 and VH-539957, Roberson District, Wise County, Virginia. Docket Number VGOB 08-0916-2323. **Continued from September.**

Equitable Production Company seeks to establish a 320 acre Horizontal Drilling Unit identified as _____, for conventional gas wells VH-531024 and VH-539988. Equitable Production Company is the owner of the right to develop and produce conventional gas in 100% of the subject lands underlying the unit and seeks approval for exploration, development, and production of conventional natural gas from the pool defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith.

That the provisional unit be established with a 300' interior window with a 600' standoff from horizontal well bores in adjacent units.

That the applicant be allowed to drill surface locations (top-hole) outside of the unit so long as all production comes from within the interior window of the unit.

That there be a minimum 600; between any horizontal well bore and any vertical well producing from that horizon and the Order provide for multiple wells for maximum drainage.

The petition was approved by the Board.

11. A petition from Equitable Production Company for **establishment of a provisional drilling unit** consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539574, Gladeville District, Wise County, Virginia. Docket Number VGOB 08-0916-2324. **Continued from September.**

Equitable Production Company seeks to establish a 320 acre Horizontal Drilling Unit identified for conventional gas wells VH-539574. Equitable Production Company is the owner of the right to develop and produce conventional gas in 100% of the subject lands underlying the unit and seeks approval for exploration, development, and production of conventional natural gas from the pool defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith.

The petition was approved by the Board.

12. A petition from Equitable Production Company for **establishment of a provisional drilling unit** consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539576, Gladeville District, Wise County, Virginia. Docket Number VGOB 08-0916-2325. **Continued from September.**

Equitable Production Company seeks to establish a 320 acre Horizontal Drilling Unit identified for conventional gas wells VH-539576. Equitable Production Company is the owner of the right to develop and produce conventional gas in 100% of the subject lands underlying the unit and seeks approval for exploration, development, and production of conventional natural gas from the pool defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith.

The petition was approved by the Board.

13. A petition from Chesapeake Appalachia, LLC for **re-pooling of horizontal conventional Unit 826879** Knox District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2287-01. **Continued from September.**

The petition seeks a **Re-pooling** all the interests and estates of the Madeline Hurley Tract 110.26 acres in the Knox District associated with horizontal conventional well and unit 826879. The applicant proposes to drill at the permitted location to an approximate depth of 8,272 feet to test for oil and gas in all Devonian Shales, including, but not limited to Big Lime, Weir, and Devonian Shale, the horizontal target being the Devonian Shale. Applicant estimates the cost for a well to this depth to be \$1,682,754. There are five tracts (tract 4 (1), tract 7 (1C), tract 8 (41), tract 17 (1), and tract 19 (1)), having a total of forty five unleased parties. There are no unknowns. There are conflicts indicated which are subject to escrow.

Upon request, the petition was continued to the November 2008 docket.

14. A petition from CNX Gas Company, LLC for **pooling of coalbed methane unit M (-1)**, Prater District, Buchanan County, Virginia. Docket Number VGOB-08-1021-2346.

In the **Oakwood Field Unit M (-1), 80.00 acre unit**, the applicant controls 94.8456% of the coal and gas interests. The applicant seeks to pool the remaining 5.1544% of the gas interests. Unleased gas acreage subject to pooling totals 4.12 net acres + / -. The petition includes provisions for the establishment of an escrow account.

The petition was approved by the Board..

15. A petition from CNX Gas Company, LLC for **pooling of coalbed methane unit AX-131**, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-1021-2347.

In the **Middle Ridge Field Unit AX 131, 58.74 acre unit**, the applicant controls 100.00% of the coal and 48.0443% of the gas interests. The applicant seeks to pool the remaining 51.9557% of the gas interests. Unleased gas acreage subject to pooling totals 30.52 net acres + / -. The petition includes provisions for the establishment of an escrow account.

Upon request, the applicant was granted a continuance until November, 2008.

16. A petition from CNX Gas Company, LLC for **pooling of coalbed methane unit AX-134**, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-1021-2348.

In the **Middle Ridge Field Unit AX 134, 58.74 acre unit**, the applicant controls 100.00% of the coal and 86.7211% of the gas interests. The applicant seeks to pool the remaining 13.2789% of the gas interests. Unleased gas acreage subject to pooling totals 30.52 net acres + / -. Two wells are proposed for the unit. The petition includes provisions for the establishment of an escrow account.

The petition was approved by the Board.

17. A petition from CNX Gas Company, LLC for **pooling of coalbed methane unit AZ-134**, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-1021-2349.

In the **Middle Ridge Field Unit AZ 134, 58.74 acre unit**, the applicant controls 100.00% of the coal and 89.7685% of the gas interests. The applicant seeks to pool

the remaining 10.2315% of the gas interests. Unleased gas acreage subject to pooling totals 6.00 net acres + / -. Two wells are proposed for the unit. A revised Exhibit B3 was provided to the Board. The petition includes provisions for the establishment of an escrow account.

The petition was approved by the Board.

18. A petition from CNX Gas Company, LLC for **pooling of coalbed methane unit BA-138**, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-1021-2350.

In the **Middle Ridge Field Unit BA 138, 58.74 acre unit**, the applicant controls 26.69% of the coal and 67.50% of the gas interests. The applicant seeks to pool the remaining 73.31% of the coal interests 32.50% of the gas interests. Unleased acreage subject to pooling totals 42.9 net coal acres + / - and 19.1 net gas acres +/- . One well is proposed for the unit. Revised exhibit B3 and an E-2 were distributed. The petition includes provisions for the establishment of an escrow account.

By request, the petition was continued to November 2008.

19. A petition from Equitable Production Company for the **establishment of a 235.08-acre provisional drilling unit** for drilling of horizontal coalbed methane gas wells served by well VCH-531090, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2351.

The applicant is seeking to establish a provisional **235.08-acre** square drilling unit for drilling of horizontal coalbed methane gas wells served by well **(VCH-531090) and identified as Unit 531090** Applicant owns and or has a lease on 100% of the oil, gas and coal interest in the entire 235.08 acre unit. 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 pool is defined as the top of the **Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith** and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition.

The petition was approved by the Board.

20. A petition from Equitable Production Company for the **establishment of a 235.08-acre provisional drilling unit** for drilling of horizontal coalbed methane gas wells and served by well VCH-531092, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2352.

The applicant is seeking to establish a provisional **235.08-acre** square drilling unit for drilling of horizontal coalbed methane gas wells served by well **(VCH-531092) and identified as Unit 531092** Applicant owns and or has a lease on 100% of the oil, gas and coal interest in the entire 235.08 acre unit. 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 pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition.

The petition was approved by the Board.

21. A petition from Equitable Production Company for the **establishment of a 234.91-acre provisional drilling unit** for drilling of horizontal coalbed methane gas wells and served by well VCH-539986, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2353.

The applicant is seeking to establish a provisional **234.91-acre** square drilling unit for drilling of horizontal coalbed methane gas wells served by well **(VCH-539986) and identified as Unit 539986**. Applicant owns and or has a lease on 100% of the oil, gas and coal interest in the entire 234.91 acre unit. 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 pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition.

The petition was approved by the Board.

22. A petition from Equitable Production Company for the **establishment of a 235.23 acre provisional drilling unit** for drilling of horizontal coalbed methane gas wells and served by well VCH-531109, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2354.

The applicant is seeking to establish a provisional **235.23-acre** square drilling unit for drilling of horizontal coalbed methane gas wells served by well **(VCH-531109) and identified as Unit 531109**. Applicant owns and or has a lease on 100% of the oil, gas and coal interest in the entire 235.23 acre unit. 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 pool is defined as the top of the **Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith** and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition.

The petition was approved by the Board.

23. A petition from Equitable Production Company for the **establishment of a 235.38-acre provisional drilling unit** for the drilling of horizontal coalbed methane gas wells and served by well VCH-531031, Lipps District, Wise County, Virginia. Docket Number VGOB-08-1021-2355.

The applicant is seeking to establish a provisional **235.38-acre** square drilling unit for drilling of horizontal coalbed methane gas wells served by well **(VCH-531031) and identified as Unit 531031**. Applicant owns and or has a lease on 100% of the oil, gas and coal interest in the entire 235.38 acre unit. 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 pool is defined as the top of the **Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith** and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition.

The petition was approved by the Board.

24. A petition from Equitable Production Company for **modification** of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in Units **BY49 and BZ49**, Kenady District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-35.

The applicant seeks a modification of the Nora Field Rules to allow one additional coalbed gas well to be drilled within each of the 58.77 acre Nora Units Identified: Unit BY49(VC-539245), and BZ49(VC-539246).

The petition was withdrawn by applicant.

25. A petition from Equitable Production Company for **disbursement** of funds from escrow and authorization of direct payment of royalties on Tract 3, Kenady District, Dickenson County, Virginia. Docket Number VGOB-01-1016-0968-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding a portion of Tract 3, the Wilma Overbay – 16.038 acre lease and well (VC-504637) and (VC-3166) under Section 45.1-361.22(5) of the Gas and Oil Act. The petition calls for disbursements to Charles Gose Dickenson and Range Resources-Pine Mountain Inc. in accordance with the royalty split agreement.

This petition for disbursement was approved.

26. A petition from Equitable Production Company for **disbursement** of funds from escrow and authorization of direct payment of royalties on Tract 4, Castlewood District, Dickenson County, Virginia. Docket Number VGOB-04-0921-1337-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding a portion of Tract 4 within drilling **Unit 536070** under Section 45.1-361.22(5) of the Gas and Oil Act. The petition calls for disbursements to Freddie and Darlene B. Johnson, Teresa K. Patrick, Gaynell Johnson, and Carl Edward Sampson and Range Resources-Pine Mountain Inc. in accordance with the royalty split agreement. **This petition for disbursement was approved.**

27. A petition from Equitable Production Company **for disbursement** of funds from escrow and authorization of direct payment of royalties on Tract 5, Castlewood District, Dickenson County, Virginia. Docket Number VGOB-02-1217-1109-03.

Conflicting owners of coalbed methane royalties have reached an agreement regarding a portion of Tract 5 within drilling **Unit 502832** under Section 45.1-361.22(5) of the Gas and Oil Act. The petition calls for disbursements to Freddie and Darlene B. Johnson, Teresa K. Patrick, Gaynell Johnson, and Carl Edward Sampson and Range Resources-Pine Mountain Inc. in accordance with the royalty split agreement. **This petition for disbursement was approved.**

28. A petition from Equitable Production Company **for disbursement** of funds from escrow and authorization of direct payment of royalties on Tract 2, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-99-0922-0749-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding a portion of Tract 2 within drilling **Unit 703901** under Section 45.1-361.22(5) of the Gas and Oil Act. The petition calls for disbursements to Richard K. Pobst, John W. Pobst, Jr. & Lynda L. Pobst; Nancy C. Pobst; Carol Combs c/o John C. Irvin; Fairview Limited Partnership c/o John C. Irvin; Manager Levisa Coal Company c/o John C. Irvin, Frederick H. Combs Testamentary Trust c/o Kelly

Necessary Trustee, Virginia Lee & Phillip Gregory Linwick, Meredith Ellis Jennings; and Martha Ellen Combs in accordance with terms of the agreement.

This petition for disbursement was approved.

29. A petition from Appalachian Energy, Inc. for **pooling of coalbed methane unit H-37**, Garden District, Buchanan County, Virginia. Docket Number VGOB-08-1021-2356.

In Unit H-37 (80.19 acres), two coalbed methane wells, AE-195 and AE-196, are proposed. The applicant controls 99.98% of the coal and 100.00% of the gas interests. The applicant seeks to pool the remaining 0.02% of the coal interests and 0.00% of the gas interests. Unleased gas acreage subject to pooling totals 0.00 net coal acres + / -and 41.14 net gas acres +/- . Revised exhibits submitted. Testimony presented correcting well costs. Legal description of the land tract is the Katherine Cole & Anise Jean Jones et.al. No escrow is required.

The petition was approved by the Board.

30. A petition from Chesapeake Appalachia, LLC for **pooling of conventional gas unit 826868**, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-08-1021-2357.

In Conventional Unit 826868 (HY-10-H), 320.00 acres, a horizontal well is proposed. The applicant controls 82.202% of the gas interests. The applicant seeks to pool the remaining 17.798% of the gas interests. Unleased gas acreage subject to pooling totals 56.955 net gas acres +/- . Legal description of the land tract is Green Charles Estate 2/3rds and Eagle Coal Corporation 1/3rd Tract.

The petition was approved by the Board.

31. A petition from Chesapeake Appalachia, LLC for **pooling of conventional gas unit 827067**, Knox District, Buchanan County, Virginia. Docket Number VGOB-08-1021-2358.

In Conventional Unit 827067 (HO-118), 112.69 acres, a horizontal well is proposed. The applicant controls 61.24% of the gas interests. The applicant seeks to pool the remaining 38.76% of the gas interests. Unleased gas acreage subject to pooling totals 43.68 net gas acres +/- . Legal description of the land tract is Grady Looney etux Tract.

This petition was withdrawn by the applicant.

32. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception for proposed well V-530058**, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-1021-2359.

In this petition, the applicant seeks a **location exception** for drilling well V-530058. The location of Range Resources-Pine Mountain, Inc Well V-536099 lies **2,421.13** feet North-East of proposed Well V-530058; Equitable Well P-228 lies **2,030** feet South-East of the proposed well.

The Board approved the applicant's request to continue this petition to the November 2008 meeting.

33. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception for proposed well V-537912**, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-1021-2360.

In this petition, the applicant seeks a **location exception** for drilling well V-537912. The location of Range Resources-Pine Mountain, Inc Well V-536102 lies **2,160** feet North-West of proposed Well V-537912.

The petition was approved by the Board.

34. A petition from Range Resources-Pine Mountain, Inc. for the **establishment of a drilling unit and pooling of conventional gas unit V-530107**, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2361.

The applicant is seeking to establish a **112.69-acre** circular drilling **Unit** for conventional gas well identified as (**V-530107**). Applicant owns and or has a lease on 64.35% of the oil and gas interest in the entire 112.69 acre unit. The petition requests approval by the Board for pooling of the additional 35.65% or 40.17 acres +/- of the unleased acreage. The legal description is the Lambert Land, LLC 83.17 acres Tract.

The petition was approved by the Board.

35. A petition from Range Resources-Pine Mountain, Inc. for the **establishment of a drilling unit and pooling of conventional gas unit V-530116**, Castlewood District, Russell County, Virginia. Docket Number VGOB-08-1021-2362.

The applicant is seeking to establish a **112.69-acre** circular drilling **Unit** for conventional gas well identified as (**V-530116**). Applicant owns and or has a lease on 99.11% of the oil and gas interest in the entire 112.69 acre unit. The petition requests approval by the Board for pooling of the additional 0.89% or 1.0 acre +/- of the unleased acreage. The legal description is the Stephen Rasnake T-482, 1,498.7 acre Tract.

The petition was approved by the Board.

36. A petition from Range Resources-Pine Mountain, Inc. for the **establishment of a drilling unit and pooling of conventional gas unit V-530117**, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-1021-2363.

The applicant is seeking to establish a **112.69-acre** circular drilling **Unit** for conventional gas well identified as (**V-530117**). Applicant owns and or has a lease on 99.74% of the oil and gas interest in the entire 112.69 acre unit. The petition requests approval by the Board for pooling of the additional 0.26% or 0.29 acre +/- of the unleased acreage. The legal description is the Lambert Land, LLC 109.77 acres Tract.

The petition was approved by the Board.

37. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception for proposed well V-537747**, Ervinton District, and Dickenson County, Virginia. Docket Number VGOB-08-0819-2321.

In this petition, the applicant seeks a **location exception** for drilling well V-537747. The location of Range Resources-Pine Mountain, Inc Well V-535656 lies **2,003.39** feet North West and Well V-536766 lies 2,349.32 feet South West of the proposed well V-537747.

The petition was approved by the Board.

38. The Board Committee considering Post Production Cost Allowances when involuntarily “pooled”, is considering a recommendation to the full Board that would prohibit deductions from royalty payments, altering paragraph 9.2 of existing Board Orders. The Committee is requesting comment from the Industry and public prior to a formal motion. **This item was continued to the November 2008 meeting.**

PUBLIC COMMENTS:

Public comments were received by the Board from

- (1) Catherine Jewell
- (2) Ron Ratliff
- (3) Juanita Sneeuwjagt.
- (4) Mr. Asbury commented that the operator for well operation CBM A78CV would have the item from last month placed back on the docket for unit pooling clarification.

Minutes for the September 2008 Gas and Oil Board Hearing were approved by the Board.

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m. Monday through Friday at the office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 230 Charwood Drive, Abingdon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276-676-5423.

Special accommodations for the disabled will be made available at the hearing on request. Anyone needing special accommodations for the October hearing should contact the Department of Mines, Minerals and Energy, Division of Gas and Oil at 276-676-5423 or by calling the Virginia Relay Center TTY/TDD 1-800-828-1120 or 1140 by October 16, 2008.

The deadline for filing of petitions to the Board for the November hearing is 5 p.m. **October 17, 2008** with **the hearing scheduled** for 9 a.m. on Tuesday, **November 18, 2008** at the Southwest Virginia Higher Education Center, Abingdon, Virginia.