

**COMMONWEALTH OF VIRGINIA
GAS AND OIL BOARD
MINUTES FROM JANUARY 19, 2010**

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held their regular monthly hearings that commenced at 9 a.m. on Tuesday, January 19, 2010. The hearings were conducted at the Conference Center, Russell County Office Building, and 139 Highland Drive, Lebanon, Virginia.

Board members present included: Mr. Bradley C. (Butch) Lambert (Chairman), Mrs. Peggy Barber, Mrs. Nellie K. Dye, Mr. Bill Harris, Mr. Bruce Prather, and Mr. Donnie Ratliff.

Also in attendance were Ms. Sharon M. B. Pigeon, Sr. Assistant Attorney General; Mr. David E Asbury Jr., Principal Executive to the Staff of the Board; and Mrs. Diane J. Davis, Programs Administrator-Division of Gas and Oil.

- 1. The Board will receive public comments. Public comments were received from Catherine Jewell, Ronnie Osborne and Shirley Osborne, Juanita Sneeuwjagt, and Louise Compton.**
- 2. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit Q-43. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, Buchanan County VA. Docket Number 00-0321-0779-02. The petition was approved by the Board for disbursement.**
- 3. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit Q-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties Garden District, Buchanan County VA. Docket Number 00-0321-0780-02. The petition was approved by the Board for disbursement.**
- 4. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit R-43. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, Buchanan County VA. Docket Number 00-0321-0781-02. The petition was approved by the Board for disbursement.**
- 5. The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit R-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, Buchanan County VA. Docket Number 00-0321-0782-01. The petition was approved by the Board for disbursement.**

6. **The Board in compliance with Section 45.1-361.22.5 received an executed royalty split agreement from Erma Horn and James McGuire Land Trust, conflicting owners in unit S-44. Following statute requirement the unit operator was compelled to file a petition for disbursement of funds with the board for these parties, Garden District, and Buchanan County VA. Docket Number 00-0321-0784-01.
The petition was approved by the Board for disbursement.**
7. **The Board on its own motion will hear testimony from EQT Production Company clarifying the previously issued order under docket VGOB-08-0819-2301.
After much discussion, the Board approved the recommendation that payment would be calculated first on percent of length of lateral of horizontal well (exhibit GG) in each unit and second on percent of acreage in unit.**
8. **A petition from EQT Production Company for a well location exception for proposed conventional well V-502747, Gladeville District, and Wise County, Virginia. Docket Number VGOB-09-1215-2656.
The petition was approved by the Board.**
9. **A petition from Range Resources-Pine Mountain, Inc. for the establishment of a Provisional drilling Unit consisting of 320 acres, Unit RR 2659, for the drilling of horizontal conventional gas wells, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-09-1215-2659.
The petition was approved by the Board.**
10. **A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530248, Clintwood District, and Dickenson County, Virginia. Docket Number VGOB-09-1215-2660.
The petition was approved by the Board.**
11. **A petition from CNX Gas Company LLC for the creation of provisional drilling unit, pooling and a location exception for proposed horizontal conventional Unit I12CV, South Grundy District, and Buchanan County, Virginia. Docket Number VGOB 10-0119-2661.
The Board approved the creation of the unit and location exception but the pooling portion of the petition was continued to February 2010.**
12. **A petition from EQT Production Company for the pooling of Unit and well VC-537199 (Nora Grid BP-23), Kenady District, and Dickenson County, Virginia. Docket Number VGOB 10-0119-2662.
The petition was continued to February 2010.**

- 13. A petition from EQT Production Company for the pooling of Unit and well VC-531328 (Nora Grid BQ-35), Kenady District, and Dickenson County, Virginia. Docket Number VGOB 10-0119-2663. Escrowing will be required for unknowns and conflicting owners.**
The petition was approved by the Board.
- 14. A petition from EQT Production Company for pooling of coalbed methane unit VC-536324, Prater District, Buchanan County, Virginia. Docket Number VGOB-10-0119-2664.**
The petition was withdrawn by the applicant.
- 15. A petition from EQT Production Company for pooling of conventional horizontal gas unit VH-531093, Roberson District, Wise County, Virginia. Docket Number VGOB-10-0119-2665. Escrowing will be required for unknowns.**
The petition was approved by the Board.
- 16. A petition from EQT Production Company for re-pooling of coalbed methane unit VCI-537337, Ervinton District, Dickenson County, Virginia. The purpose of the re-pooling is to correct Exhibit B which was incorrect in the original pooling. Docket Number VGOB-09-1117-2627-01. Escrowing will be required for unknowns and conflicting owners.**
The petition was approved by the Board for re-pooling.
- 17. A petition from EQT Production Company for re-pooling of coalbed methane unit VC-536529, Lipps District, Wise County, Virginia. Docket Number VGOB-09-0818-2580-01. Escrowing will be required for unknowns and conflicting owners.**
The petition was approved by the Board for re-pooling.
- 18. A petition from EQT Production Company for disbursement of funds and authorization of direct payment on a portion of tract 2, Unit VC-536517, New Garden District, Russell County, Virginia. Docket Number VGOB-07-1218-2100-01.**
The petition was approved for disbursement by the Board.
- 19. A petition from EQT Production Company for disbursement of funds and authorization of direct payment on a portion of tract 2, Unit VC-702966, Kenady District, Dickenson County, Virginia. Docket Number VGOB-94-0816-0467-01.**
The petition was continued to March, 2010.

20. A petition from Range Resources-Pine Mountain Inc. for the Establishment of a 320 acre provisional drilling unit for drilling of horizontal conventional gas wells, Unit RR-2666, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-10-0119-2666.
The petition was approved by the Board.
21. A petition from Range Resources-Pine Mountain Inc. for pooling of conventional horizontal unit VH-530251, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0119-2668. Escrowing is required for unknowns.
The petition was approved by the Board.
22. A petition from Range Resources-Pine Mountain Inc. for pooling of conventional horizontal unit VH-530252, Kenady District, Dickenson County, Virginia. Docket Number VGOB-10-0119-2669. No escrowing is required.
The petition was approved by the Board.
23. The Board will receive an updated report from First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board.
Mr. Harding, Ms. Davis and Ms. McDonald, representatives from First Bank and Trust, Escrow Agent for the Gas and Oil Board, appeared and updated the Board regarding the transfer of operations and status of fund investments.
24. The board discussed inquiries from Robinson, Farmer & Cox regarding the escrow audit. It was recommended by Mr. Stone to extend the audit period one year through December 2009. **The board asked Mr. Asbury to contact Mr. Stone of Robinson, Farmer and Cox to see if the audit could extend through January 2010.**
- Mr. Stone also recommended that Robinson, Farmer and Cox would provide an update to the board not less than sixty days. Mr. David Asbury informed the Board that Robinson, Farmer & Cox would be present at the February 2010 hearing to give an update and to provide a more specific cost estimate on travel. The Board decided to wait until that time to take further actions on all questions presented by Mr. Stone.**
25. The Board will consider closing costs of the Escrow Account for Wachovia-Wells Fargo. **No action was taken by the Board.**
26. The Board will consider approval of the December 2009 minutes. **The December 2009 minutes were approved by the Board.**