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Well Review Board  
6-87 Hearing

LASER PROCESSING (703) 679-8204

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VIRGINIA:

DEPARTMENT OF MINES, MINERALS, AND ENERGY

WELL REVIEW BOARD HEARING



CHAIRMAN:

LASER PROCESSING (703) 679-8204

BENNY WAMPLER

Assistant Director,  
Department of Mines,  
Minerals and Energy.

PRESENT:

The following is a hearing held on June 10, 1987 at 9:30  
a.m. at the Circuit Courthouse in Clintwood, Virginia.

JUDY McKINNEY  
Representative of Owner

DON WALL  
Land Agent  
Philadelphia Oil

BOARD MEMBERS

MR. BILL KELLY

RICHARD COURTS  
Counsel,  
Philadelphia Oil

MR. FRANK HUBER  
Geologist,  
MR. MARK CLAYTOR

MR. I. C. SPOTTE

MR. KEVIN McGLOTHLIN

AVERY MCCOY  
Land Manager  
Philadelphia Oil

STEVE BRITTS  
Reclamation Supervisor  
Poco

LASER PROCESSING

(703) 679-8204

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PRESENT:

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**JUDY MCKINNEY**  
Representative of Owner

**DON HALL**  
Land Agent  
Philadelphia Oil

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**RICHARD COUNTS**  
Counsel,  
Philadelphia Oil

**RANDY McCLISH**  
Geologist,  
Peco

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**AVERY McCOY**  
Land Manager  
Philadelphia Oil

**STEVE SHUTTS**  
Reclamation Supervisor  
Peco

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**AVERY McCOY**

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DIRECT EXAMINATION BY MR. COUNTS

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**STEVE SHUTTS**

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DIRECT EXAMINATION BY MR. COUNTS

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**RANDY McCLISH**

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DIRECT EXAMINATION BY MR. COUNTS

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1           MR. WAMPLER:           This hearing is now called to  
2 order. All of the parties that were here for Mr. Reilly's  
3 case are also present and have heard the stipulations of  
4 the type of hearing and functions of this Board, and all  
5 have agreed to dispense with reiteration of those. I will  
6 now ask Judy McKinney who has asked to make a statement to  
7 this Board on behalf of Mr. and Mrs. Gary Tackett  
8 concerning proposed Well P-367 to be sworn in.

9                                   JUDY MCKINNEY  
10 a witness, having been duly sworn, was examined and  
11 testified as follows:

12           MRS. MCKINNEY:       I am Judy McKinney, and I am  
13 President of an organization . . .

14           MR. SPOTTE:           Ma'am, you are going to have to  
15 speak louder. I am sorry.

16           MRS. MCKINNEY:       Oh, okay. I am Judy McKinney,  
17 and I am President of an organization which we have, which  
18 is called Dickenson County Citizen's Committee. This  
19 organization was formed because a lot of the people in  
20 this area were having problems with gas well drilling in  
21 this area. And so we formed this organization. Alene  
22 Tackett and Gary Tackett is a member of that organization.  
23 I talked to Mrs. Tackett this morning. She called me and  
24 she asked me if I would speak up for her and her husband  
25 today. She could not be here because of personal reasons,

1 which I am not at liberty to say what they were. But she  
2 felt that she could not be here because of those.

3 MR. WAMPLER: So, we are to treat you as a  
4 representative of Mr. and Mrs. Tackett?

5 MRS. MCKINNEY: Yes.

6 MR. WAMPLER: All right.

7 MRS. MCKINNEY: The things that she had told me  
8 that they were most concerned in was that in their  
9 original hearings, they had reached some agreements with  
10 Peco Resources. Some of them was the fact that they would  
11 not disturb their land in their drilling process. Peco  
12 Resources did move the well off of their property onto  
13 another piece of property. They said that their water  
14 supply would not be damaged. Of course, in the other  
15 hearing, if anything happens they would like to ask that  
16 their water be restored, if anything does happen, their  
17 drinking water. There was some stipulations that no  
18 pipelines would be put on their property and that no run  
19 off or anything would be allowed to come on their  
20 property, no cutting or anything would damage their  
21 property. The only problem that she has, a couple that  
22 she has right now, she said, they want to jack their house  
23 up and have a basement dozed out underneath their house.  
24 If Peco is going to drill the well, they would like for  
25 them to go ahead and do that and get it over with, so that

1 whenever they raise their house, that there will be no  
2 blasting activities or no dozing. You know, in preparing  
3 the site, that might damage their house or their basement.  
4 They don't want to get their house jacked up on these  
5 stilts and then maybe something jar, and their whole house  
6 fall. Or they don't want to jack the house up and put the  
7 basement, and then maybe the blasting or something could  
8 crack their basement. They would like to fix their  
9 basement after the well is done, is drilled. That way  
10 they don't feel like any damage would be done to their  
11 home, in the process of that. And, so, they are, okay one  
12 other thing they said, although they had brought this up  
13 in their objections, but I know that you all have no  
14 authority to understand this, but they wanted it on  
15 record. They have a representative in Richmond who is  
16 doing some title searching, some work for them, concerning  
17 the legality of their deed. They feel that the mineral  
18 deed for their property is invalid, and they feel like  
19 that they own their gas. They want it to be known that if  
20 their title searching, if the person they have  
21 representing them, feels that they do own their gas and  
22 they have a legal case, that they will proceed to take  
23 Peco to court to get their royalties for the gas that  
24 would be drained from beneath their property, if they did  
25 indeed own them. But that would be a matter for The

1 Court, is my understanding. But as far as I know, that is  
2 all that they have, you know, any objections they have.

3 MR. WAMPLER: May I ask you a question? I  
4 understand that Ray Edwards and Mr. and Mrs. Jay Rose  
5 were also present at the informal hearing. Is there a  
6 chance that they have been contacted, or we could confirm  
7 that you would also represent those people, that there  
8 would be no further . . .

9 MRS. MCKINNEY: Okay. Mr. and Mrs. Rose are  
10 just members of our organization. They just came to the  
11 hearing as support for the Tacketts. I have not talked to  
12 Mr. Edwards. The last time I talked to Mr. Edwards, he is  
13 still confused as to mineral rights. He still believes  
14 that there is a possibility that he owns the mineral  
15 rights, and there may be a possibility that him and the  
16 Tacketts are working together to try to prove the legality  
17 of the mineral right deeds. They are not really for sure  
18 that the minerals have been sold off of their property, or  
19 the mineral right deeds were legal when they were made.

20 MR. COUNTS: Mr. Chairman, I just want to  
21 make sure that we don't prejudice Mr. Edwards here. Have  
22 you talked to Mr. Edwards with regard to attending this  
23 hearing, Mrs. McKinney?

24 MRS. MCKINNEY: No, I haven't.

25 MR. COUNTS: Do you have any idea whether or

1 not he may or may not be here at 1:30 today?

2 MRS. MCKINNEY: No, I do not. I have no idea on  
3 that. Didn't he at the last hearing, did he not agree  
4 that the well would not cause him any problems as long as  
5 they didn't take his mineral rights? I think that it was  
6 his concern.

7 MR. COUNTS: Well, I believe he did, and I do  
8 not believe Mr. Edwards appealed the decision, but as a .  
9 . .

10 MRS. MCKINNEY: I don't think he . . .

11 MR. COUNTS: Result of the Tackett's appeal,  
12 I believe Mr. Edwards has the right to be here. And I  
13 just want to make sure we are not prejudicing Mr. Edwards  
14 at all.

15 MR. WAMPLER: That is what I wanted to make  
16 sure. You know, after looking at this, and that is why I  
17 wanted to get this question out now.

18 MR. COUNTS: I have the feeling Mr. Edwards  
19 is not going to be here, but I don't know that, and I  
20 certainly don't want to make that statement.

21 MRS. MCKINNEY: I don't think he is going to be  
22 here, but I couldn't say he wouldn't be here.

23 MR. WAMPLER: Do we have his phone number?

24 MRS. MCKINNEY: I have a, I can call him.

25 MR. COUNTS: Yes, I know where he works. I

1 am sure he could be reached, in Haysi, at I believe it is  
2 Edward's Texaco.

3 MRS. MCKINNEY: It is Clinchco, Edward's Texaco.

4 MR. COUNTS: Clinchco, Edward's Texaco. We  
5 might consider going ahead with the hearing and then  
6 calling Mr. Edwards to make sure that if he wants to be  
7 here, we can, it is certainly up to you and members of the  
8 Board.

9 MR. SPOTTE: Do you think there is a  
10 possibility he may think that this hearing is at 1:30?

11 MR. COUNTS: Since it was scheduled at 1:30,  
12 that is my concern. Again, Mr. Edwards seemed to be very  
13 satisfied at the informal hearing, but I certainly don't  
14 want to be accused of denying him the right to go before  
15 the Board, and I am sure the Board doesn't either.

16 MR. WAMPLER: That is what I want to make  
17 sure. I want to make sure that anyone that has a right to  
18 be present at the hearing is not precluded from us going  
19 ahead with this, and that is why I was trying to clarify .  
20 . . .

21 MR. SPOTTE: Do you think that someone could  
22 call him?

23 OFF RECORD

24 MR. WAMPLER: I would like for the record to  
25 show that I have been handed the informal fact finding

1 hearing inspector's decision at the present time, and I  
2 will distribute that to the Board Members. Does that  
3 conclude your opening remarks?

4 MRS. MCKINNEY: Yes.

5 MR. WAMPLER: Mr. Counts, do you wish to  
6 present evidence?

7 MR. COUNTS: I would like to call Mr. Avery  
8 McCoy, please.

9 MR. WAMPLER: Mr. McCoy, we will remind you  
10 that you are still under oath.

11 AVERY McCOY

12 a witness, having been previously sworn, was examined and  
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MR. COUNTS:

16 Q. Mr. McCoy, has your testimony previously been  
17 accepted by this Board?

18 A. Yes.

19 Q. Does Philadelphia Oil Company propose to  
20 drill a well known as P-367 on that tract of land known as  
21 the Andrew Willis tract and located in Willis Magisterial  
22 District in Dickenson County, Virginia?

23 A. Yes.

24 Q. Was notice served on the surface owners as  
25 required by Virginia Code Section 45.1-313?

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A. Yes.

Q. Has Philadelphia Oil Company made a cause to be made an examination of the record ownership of the oil and gas rights underlying said of land?

A. Yes.

Q. According to the title work you have undertaken, who owns the surface at the well location site?

A. Roger and Jim Fuller own the surface.

Q. Okay. In other words, the objecting parties, the Tacketts who are represented here by Mrs. McKinney, are not the surface owners underlying this well?

A. No, not, that is right, not where the well is going to be.

Q. Approximately how far from the well site is it to the Tackett property line?

A. Two hundred sixty feet.

Q. All right, sir. I don't have any other questions.

MR. WAMPLER: Do you have any questions?

MRS. MCKINNEY: No, I don't have any questions.

MR. WAMPLER: Okay. You are dismissed. Thank you.

AND FURTHER THIS WITNESS SAITH NOT.

MR. COUNTS: I would like to call Mr. Steve

1 Shutts.

2 MR. WAMPLER: Mr. Shutts, I will remind you  
3 that your testimony will still be under oath.

4 STEVE SHUTTS

5 a witness, having been previously sworn, was examined  
6 and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. COUNTS:

9 Q. Mr. Shutts, would you state your employment  
10 and your job title?

11 A. I am Reclamation Supervisor for Union  
12 Drilling. I am here with Peco Resources overlooking the  
13 building of gas and oil sites and reclaiming.

14 Q. What is Union Drilling Company's relationship  
15 to Peco Resources?

16 A. They are the contractor down here drilling.

17 Q. Has your testimony previously been accepted  
18 by this Board?

19 A. Yes.

20 Q. Are you familiar with the Andrew Willis tract  
21 of land?

22 A. Yes.

23 Q. Are you familiar with Philadelphia Oil  
24 Company's application for a well work permit for the  
25 Andrew Willis tract and in particular the location for

1 Philadelphia Oil Company's Well P-367?

2 A. Yes.

3 Q. And taking into consideration the location  
4 for P-367, have you considered the recommendation of your  
5 geologist, topography, subsidence, access roads and  
6 general conservation measures?

7 A. Yes.

8 Q. Is it your professional opinion that based  
9 upon these factors that the location shown on the well  
10 work permit submitted by Philadelphia Oil Company will not  
11 constitute a hazard to the safety of any person, that  
12 stabilization and proper drainage control are feasible and  
13 that the ground water supply underlying the Andrew Willis  
14 tract of land will not be damaged?

15 A. That is right.

16 Q. No further questions.

17 MRS. MCKINNEY: Okay. I want to ask you  
18 something. Steve, this well site or none of the roads or  
19 anything leading to this well is not going to be on the  
20 Tackett's property, is it?

21 A. No, it will not be.

22 MRS. MCKINNEY: Okay. That is all.

23 MR. WAMPLER: You are excused. Thank you.

24 AND FURTHER THIS WITNESS SAITH NOT.

25 MR. COUNTS: I would like to call Mr. Randy

1 McClish.

2 MR. WAMPLER: Mr. McClish, I will remind you  
3 that your testimony will still be under oath.

4 RANDY McCLISH

5 a witness, having been previously sworn, was examined and  
6 testified as follows:

7 DIRECT EXAMINATION

8 BY MR. COUNTS:

9 Q. Mr. McClish, would you state your employment  
10 and your job title?

11 A. I am a geologist with Peco Resources.

12 Q. And has your testimony previously been  
13 accepted before this Board?

14 A. Yes, it has.

15 Q. Are you familiar with the Andrew Willis tract  
16 of land?

17 A. Yes, I am.

18 Q. Are you familiar more particularly with  
19 Philadelphia Oil Company's application for a well work  
20 permit on the Andrew Willis tract, and in particular the  
21 location for Philadelphia Oil Company's P-367?

22 A. Yes.

23 Q. And in taking into consideration the location  
24 for P-367, have you considered the common sources of  
25 supply, maximum recovery of hydrocarbons, topography,

1 subsidence, access roads and general conservation  
2 measures?

3 A. Yes, we have.

4 Q. And is it your professional opinion that  
5 based upon these factors that the location shown on the  
6 well work permit submitted by Philadelphia Oil Company is  
7 necessary to promote the safe and efficient exploration  
8 for, in development, production, utilization and  
9 conservation of the oil and gas resources underlying the  
10 Andrew Willis tract?

11 A. Yes.

12 Q. No further questions.

13 MRS. MCKINNEY: I want to ask you something.  
14 Does he have any say so over when the drilling will be  
15 done or how soon? Okay. I just wanted to ask you or any  
16 of them, could the drilling be done right away so as they  
17 can finish their house this summer? Do you know?

18 MR. COUNTS: I can't begin to give you a date  
19 with regard to when the well can be drilled nor do I think  
20 anyone here could. But I can say that we will endeavor to  
21 cooperate as much as we can with the Tacketts . . .

22 MRS. MCKINNEY: Okay.

23 MR. COUNTS: In terms of their house, and I  
24 am not committing to anything, but we will endeavor to  
25 cooperate with them as we have for the last several

1 months.

2 MRS. MCKINNEY: Okay. Will you call them and  
3 talk with them about this and try to work out something  
4 with them to where, they would like to finish their house  
5 this summer or by this fall. Would you be willing to call  
6 them and talk to them and work out, let them know when the  
7 . . .

8 MR. COUNTS: I think that with regard to your  
9 primary considerations which are with regard to possible  
10 blast damage, the location can at least be built in the  
11 very near future. And we will call the Tacketts, Mr. Don  
12 Hall with Peco, will call them and at least indicate to  
13 them when we propose to build the location.

14 MRS. MCKINNEY: Okay, because they don't want to  
15 get their house jacked up and then that start, or they  
16 don't want to finish it, they would like . . .

17 MR. COUNTS: We will try to give them a date  
18 when we will build the location, so that they can work  
19 around that with regard to their house. I assume they  
20 haven't done anything as of yet?

21 MRS. MCKINNEY: No, they are waiting to see what  
22 the outcome of this is.

23 MR. WAMPLER: Any more questions of this  
24 witness?

25 MR. KELLY: Is blasting going to be required

1 to build the location?

2 MR. COUNTS: I would need to recall Mr.  
3 Shutts. If you would like, I will be happy to do that.

4 MR. KELLY: Just from the point that it  
5 might have some bearing on the construction that they are  
6 talking about.

7 MR. COUNTS: Mr. Kelly, it is my  
8 understanding that some blasting will be necessary in this  
9 particular drill site preparation.

10 MR. SPOTTE: On those steep slopes, you  
11 almost have to, if you are going to get a bench, you have  
12 to blast.

13 MR. COUNTS: It was pretty thoroughly  
14 discussed in the informal transcript, but we can provide  
15 any additional information the Board might want on that.

16 MR. KELLY: That is all right. We have  
17 confirmed.

18 MR. WAMPLER: You are dismissed. Thank you.

19 AND FURTHER THIS WITNESS SAITH NOT.

20 MR. COUNTS: Mr. Chairman and members of the  
21 Board, Philadelphia Oil Company and Peco Resources, Inc.,  
22 would request that the inspector's decision of May 15,  
23 1987 be affirmed and that Philadelphia Oil Company be  
24 allowed to proceed with the drilling of Well P-367.

25 MR. WAMPLER: Okay. I would like to have the

1 oil and gas inspectors sworn in, please.

2 **FRANK HUBER**

3 a witness, having been duly sworn, was examined and  
4 testified as follows:

5 MR. WAMPLER: State your name.

6 MR. HUBER: My name is Frank Huber. I am  
7 the oil and gas inspector for the Division of Gas and Oil  
8 for the Commonwealth of Virginia.

9 MR. WAMPLER: Would you please tell the Board  
10 and those present your attempt to contact Mr. Ray Edwards  
11 and the result of that attempt?

12 MR. HUBER: I called the Ray Edwards, well,  
13 I called Edward's Texaco, and a Mr. Edwards answered. It  
14 was not Ray. He said that his normal working hours are  
15 12:30. He had not mentioned anything about attending a  
16 well review board hearing. I did attempt to call him at  
17 his home, and he apparently has already left his home.  
18 And that is all of the information I have.

19 MR. WAMPLER: Left his home, assuming to go to  
20 work, or you don't know?

21 MR. HUBER: I would simply have to assume  
22 lunch or work. Judy informs me that his normal working  
23 hours are 12:00. I am just going with what a Mr. Edwards  
24 at Edward's Texaco said.

25 MR. WAMPLER: Any other questions?

1 AND FURTHER THIS WITNESS SAITH NOT.

2 MRS. MCKINNEY: Benny, I might say that Mr.  
3 Edwards indicated to me before, not today, but before when  
4 we had discussed this, that the well was not on his  
5 property, and that there would be no work on his property.  
6 There would be nothing done to his property to get to the  
7 well. There would be no pits on his property. There  
8 would be no run off on his property or anything like that.  
9 And his main concern was the minerals underneath there,  
10 because it was close enough to drain the minerals from his  
11 property. That was his main concern when we talked  
12 before.

13 MR. WAMPLER: Okay. This hearing will be  
14 recessed and reconvened at 1:30, at which time, we will  
15 come back on record. If Mr. Edwards is here, we will  
16 explain where we are and why we are where we are. And if  
17 he is not here, we will close the hearing at that time.  
18 We are now off record. Thank you.

19 OFF RECORD

20 JUDY MCKINNEY  
21 a witness, having been previously sworn, was examined and  
22 testified as follows:

23 MR. WAMPLER: From talking to Mrs. McKinney, I  
24 understand Mrs. McKinney that you have talked with Mr. Ray  
25 Edwards. I will remind you that you are under oath.

1 Would you please tell us the essence of that conversation?

2 MRS. MCKINNEY: Okay. Mr. Edwards said that he  
3 would not be here today. He said that since the gas well  
4 is not on his property and since there will be no damage  
5 to his property, that his main concern was the minerals  
6 underneath his property. And the title searching on  
7 those, of course, it is the same as the Tacketts. They  
8 are not for sure that Peco Resources owns the minerals  
9 under their property. And he said that he was going to  
10 meet with Peco and talk to them about their chain of  
11 titles or, you know, what deeds they had. And, of course,  
12 he has his own title search and everything. So, that will  
13 be different, but he said that since his land would not be  
14 damaged and since they were not going to do any work on  
15 his property, and that it would not effect his property,  
16 that he was not going to come today to the hearing.

17 MR. WAMPLER: Are there any questions or  
18 anything else for the record? This hearing is now  
19 adjourned.

20 AND FURTHER THIS WITNESS SAITH NOT.  
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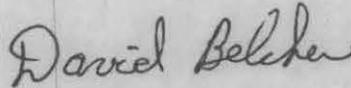
STATE OF VIRGINIA

AT LARGE, TO-WIT:

I, David Belcher, a Notary Public of and for the State of Virginia at Large, do hereby certify that the foregoing depositions were taken, subscribed and sworn to before me on the date and place aforesaid in caption and that I have transcribed these depositions to the best of my ability.

Given under my hand this the seventeenth day of June, 1987.

My commission expires July 1, 1989.



David Belcher

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VIRGINIA:

DEPARTMENT OF MINES, MINERALS, AND ENERGY

WELL REVIEW BOARD HEARING



CHAIRMAN:

BENNY WAMPLER  
Assistant Director,  
Department of Mines,  
Minerals and Energy.

The following hearing was taken on June 10, 1987 at 9:30  
a.m. at the Circuit Courthouse in Clintwood, Virginia.

BOARD MEMBERS

- MR. BILL KELLY
- MR. FRANK HUBER
- MR. MARK CLAYTOR
- MR. I. C. SPOTTE
- MR. KEVIN McGLOTHLIN

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PRESENT:

**BERNARD REILLY**  
Property Owner

**DON HALL**  
Land Agent  
Philadelphia Oil

**RICHARD COUNTS**  
Counsel,  
Philadelphia Oil

**RANDY McCLISH**  
Geologist,  
Peco

**AVERY McCOY**  
Land Manager  
Philadelphia Oil

**STEVE SHUTTS**  
Reclamation Supervisor  
Peco

## I N D E X

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5	<b>AVERY McCOY</b>	
6	DIRECT EXAMINATION BY MR. COUNTS	10
7		
8	<b>STEVE SHUTTS</b>	
9	DIRECT EXAMINATION BY MR. COUNTS	14
10	CROSS EXAMINATION BY MR. REILLY	17
11	REDIRECT EXAMINATION BY MR. COUNTS	25
12		
13	<b>RANDY McCLISH</b>	
14	DIRECT EXAMINATION BY MR. COUNTS	29
15	CROSS EXAMINATION BY MR. REILLY	36
16	REDIRECT EXAMINATION BY MR. COUNTS	47
17	RECROSS EXAMINATION BY MR. REILLY	56
18	FURTHER REDIRECT EXAMINATION BY MR. COUNTS	59
19		
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1           MR. WAMPLER:           This hearing is now called to  
2 order. My name is Benny Wampler, and I am Assistant  
3 Director for Mining for the Department of Mines, Minerals  
4 and Energy. And in that capacity, I have been appointed  
5 to serve as Chairman of this Well Review Board. The Board  
6 is composed of four other members. The member absent  
7 today is Mr. Richard Chew. To my far left is Mr. Kevin  
8 McGlothlin, next to him is Mr. I. C. Spotte, and sitting  
9 to my immediate left is Mr. Bill Kelly. Our oil and gas  
10 inspector for the State of Virginia is Mr. Frank Huber,  
11 who is sitting behind me. I would also like to introduce  
12 Mr. Mark Claytor who is our Assistant Attorney General  
13 serving our department. I would, at this time, like to  
14 receive the decision of the inspector for Well P-270. Mr.  
15 Reilly, do you have a copy of this inspector's decision?  
16 Mr. Counts, do you have a copy of this decision dated May  
17 15?

18           MR. COUNTS:           Yes, sir, Mr. Chairman. Thank  
19 you.

20           MR. WAMPLER:           For those who are not aware of  
21 these proceedings, neither myself or the Board has  
22 reviewed this inspector's decision of the informal fact  
23 finding hearing prior to this date. But since we are  
24 obviously having the hearing, the party Mr. Reilly is  
25 still grieved by that inspector decision. This hearing

1 today will be held in accordance with Section 45.1-325 of  
2 the Virginia Oil and Gas Act. The Board now has as part  
3 of its record the petition for appeal, the Well work  
4 application or the permit itself and all associated  
5 documents, all the required notices, a list of the parties  
6 present or represented at the informal fact finding  
7 proceeding, and the claims that were recorded by the  
8 assistant inspector during the informal fact finding  
9 hearing. And now we have that written decision of the  
10 informal hearing. This appeal is a de novo appeal to be  
11 decided by the Board in accordance with the administrative  
12 process's act. That means that we are not bound by this  
13 inspector's decision. There is no assumption that the  
14 inspector's decision is a correct decision. There is an  
15 assumption that he has followed all of the rules and  
16 requirements of the law in arriving at this decision.  
17 What we would like to do today is to place anyone wishing  
18 to testify under oath, and we will ask Mr. David Belcher,  
19 who is our Court Reporter, to do that as witnesses are  
20 presented. Are there any questions to this point? If  
21 not, Mr. Reilly, I will ask you to be sworn in and present  
22 your objections.

23

24

25

**BERNARD REILLY**

1  
2 a witness, having been duly sworn, was examined and  
3 testified and follows:

4 MR. REILLY: I would like to start with an  
5 opening statement to Mr. Wampler and the Well Review  
6 Board. Mr. Wampler and members of the Board, my name is  
7 Bernard Reilly, and I want to thank you for this  
8 opportunity to appear before you and state my objections  
9 to the drilling of Peco Resources Well P-270 at its  
10 currently planned location. Although not on my property,  
11 Well P-270 is immediately adjacent to it and situated at a  
12 site that will ensure an impact on my water supply. The  
13 excavation of the road, the well site and associated pit,  
14 and the well bore itself will result in extensive ground  
15 disturbance both at and below the surface. This  
16 disturbance, we feel, will adversely impact a gradual  
17 percolation of water through the subsurface of our  
18 watershed. We utilize this unconfined aquifer to provide  
19 water for domestic use and for our animals. The water is  
20 critical to our habitation of our property, since we can  
21 no longer buy water and have it delivered by the volunteer  
22 fire department during drought conditions, nor can we  
23 avail ourselves of the public utility, Big Caney Water.  
24 We must rely on our springs for all of our needs. The  
25 D.M.L.R. survey in 1984 investigated our water supply,

1 including the ridge where P-270 is anticipated to be  
2 sited, and indicated that all the land above 1,660 foot  
3 elevation on this particular ridge was our watershed  
4 recharge area. We have shown Peco Resources  
5 representatives a suitable alternate location down slope,  
6 a sufficient distance which will minimize or eliminate any  
7 impact on our watershed. No serious consideration was  
8 given to this suggested location. Peco Resources has  
9 assured us that there will be no impact on our water  
10 quantity or quality attributable to Well P-270. Any  
11 problem that might occur would only be temporary, two  
12 weeks or less. However, we feel Peco's lack of attention  
13 to detail as witnessed by the errors in their well work  
14 permit application, the fact that a new map showing the  
15 alternate well site was promised to both us and the  
16 inspector, but never provided. And the fact that these  
17 errors or omissions were not detected or challenged at the  
18 Oil and Gas Inspector's Office are indicative of the lack  
19 of attention paid to the surface landowners, their  
20 property and their water. This makes us doubly fearful of  
21 the adverse impact on our water supply. The company will  
22 destroy our water resources, and the administrative and  
23 technical review of their activities will stretch out  
24 interminably within state agencies and eventually force us  
25 to abandon our land. We ask your critical review of Well

1 P-270 and your decision to deny its siting at the  
2 presently planned location. In addition, we request you  
3 restrict Peco Resources to a location below 1,660 feet  
4 elevation for any natural gas exploration or development  
5 on that particular ridge. And a pertinent page of the  
6 D.M.L.R. report is attached to this opening statement.  
7 Thank you.

8 MR. WAMPLER: Thank you, Mr. Reilly. Does any  
9 member of the Board have questions for Mr. Reilly at this  
10 point?

11 MR. SPOTTE: I don't have any questions at  
12 this time.

13 MR. WAMPLER: If not, I will ask Mr. Counts to  
14 present his . . .

15 MR. COUNTS: Thank you, Mr. Chairman. I only  
16 have a brief comment with regards to Mr. Reilly's opening  
17 statements, and then I would like to go ahead and call  
18 witnesses if I may. And as with regard to paragraph six  
19 of Mr. Reilly's opening statement . . .

20 MR. WAMPLER: Would you mind speaking a little  
21 louder, please?

22 MR. COUNTS: Yes, I would be happy to. With  
23 regard to paragraph six of Mr. Reilly's opening statement,  
24 it is true that Peco Resources denied said Mr. Reilly's  
25 alternate well site location. The alternate location, as

1 I believe you will find confirmed in the informal hearing  
2 transcript, was approximately 1,200 feet from the proposed  
3 location. We did endeavor to suggest to Mr. Reilly a  
4 location, I believe if I am not mistaken, it was  
5 approximately 150 feet from the proposed location of 270.  
6 If I am not mistaken, I believe Mr. Reilly and Mr. Shutts  
7 went out and looked at that location. Mr. Reilly deemed  
8 that that location was not acceptable. So, both parties  
9 did, in fact, attempt to propose alternate well site  
10 locations.

11 MR. SPOTTE: What elevation was this latest  
12 site?

13 MR. COUNTS: In terms of elevation, Mr.  
14 Spotte, I am not sure what the elevation was. We were  
15 able to determine, I think, that Mr. Reilly's location,  
16 the reason for the 1,200 foot move, was in order to build,  
17 to get below the 1,600 feet elevation. We have drilled  
18 many wells in Dickenson County which have been  
19 significantly above 1,600 feet, and we do not, as  
20 hopefully evidence or testimony will indicate, perceive  
21 that the fact that the well being located within the area  
22 shown by the D.M.L.R. investigation as well as Mr. Reilly  
23 with regard to his recharge area, will constitute a hazard  
24 or will be inconsistent with drilling and producing a well  
25 without damaging Mr. Reilly's aquifers. If I could, I

1 would like to go ahead and call Mr. Avery McCoy and ask  
2 that Mr. McCoy be sworn in.

3 **AVERY McCOY**

4 a witness, having been duly sworn, was examined and  
5 testified as follows:

6 **DIRECT EXAMINATION**

7 **BY MR. COUNTS:**

8 MR. COUNTS: Mr. McCoy, would you state your  
9 employment and your job title, please sir?

10 MR. McCOY: My job title is Land Manager  
11 for Philadelphia Oil Company. I have been employed with  
12 them for about a year and three months.

13 MR. COUNTS: What are your responsibilities,  
14 sir?

15 MR. McCOY: They give us a plat, the  
16 geology does, with a well showing on the map, and we go  
17 out in the field, inspect the property. The surface  
18 owners determine who owns the surface, if we need to, and  
19 where the well is going to be, and the road and so forth.

20 MR. COUNTS: Could you state for the record  
21 your experience in these matters?

22 MR. McCOY: Well, I worked 13 years as an  
23 engineer. I have been superintendent of strip jobs. I  
24 have been in business approximately 12 years for myself,  
25 and I did my own title work and so forth.

1 MR. COUNTS: Thank you. Does Philadelphia  
2 Oil Company propose to drill a well known as P-270 on the  
3 tract of land known as the J. W. C. Counts tract located  
4 in the Ervinton Magisterial District in Dickenson County  
5 of Virginia?

6 MR. McCOY: Yes.

7 MR. COUNTS: Has Philadelphia Oil Company  
8 made or caused to be an examination of the record  
9 ownership of the oil and gas rights underlying said land?

10 MR. McCOY: Yes.

11 MR. COUNTS: In whose name is record title?

12 MR. McCOY: Pine Mountain Oil and Gas,  
13 through a lease from the Pittston Company.

14 MR. COUNTS: Thank you. Who owns the  
15 surface where Well P-270 is going to be drilled?

16 MR. McCOY: Lyman Counts of Lebanon,  
17 Virginia.

18 MR. COUNTS: Okay. Let me clarify one thing  
19 for the record. Is Mr. Reilly a surface owner?

20 MR. McCOY: Not where the well is going to  
21 be. He is about 98 feet, his property line is about 98  
22 feet from the actual well site.

23 MR. COUNTS: So, the well nor any of the  
24 locations will be located on Mr. Reilly's property?

25 MR. McCOY: No.

1 MR. COUNTS: Okay. I don't have any other  
2 questions.

3 MR. WAMPLER: Mr. Reilly, do you have any  
4 questions of the witness?

5 CROSS EXAMINATION

6 BY MR. REILLY:

7 MR. REILLY: Yes, Mr. McCoy, if I could, Mr.  
8 Wampler. You say this well will be 98 feet from my  
9 property?

10 MR. McCOY: Yes.

11 MR. REILLY: When you are finished  
12 excavating from the, you make a flat table there so to  
13 speak, and when you put the well down in that ball park or  
14 whatever you call that flat piece of land that you  
15 bulldoze out, how close will the upper part of that flat  
16 piece of land that you bulldoze out, how close will that  
17 be then to my property?

18 MR. McCOY: Mr. Reilly, they normally use  
19 45 feet when they excavate against the wall from the well  
20 site. Forty-five feet is usually sufficient for them to  
21 get everything in, and if they bring it straight down, it  
22 shouldn't be much more than that. That would make it  
23 another 50 feet approximately from your property.

24 MR. REILLY: So, by the time you are done,  
25 you will be within 50 feet of my property, the high wall

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will be within 50 feet of my property?

MR. McCOY: I would say so, yes. Yes.

MR. REILLY: Thank you, Mr. McCoy. I don't have any more questions at this time.

MR. WAMPLER: Okay.

MR. SPOTTE: I have a question. Mr. McCoy, what is the objections to putting a well as shown on this sketch, the suggested alternate location?

MR. COUNTS: Excuse me. Mr. Spotte, if I may, I am going to present the geologist for testimony in just a few moments. As a matter of fact, I could have him answer that question, sir.

MR. SPOTTE: All right. Thank you.

MR. WAMPLER: Any other questions from the Board for Mr. McCoy?

MR. KELLY: I don't have anything at this time.

AND FURTHER THIS WITNESS SAITH NOT.

MR. WAMPLER: Okay.

MR. COUNTS: I would like to call now Mr. Steve Shutts, please.

**STEVE SHUTTS**

1  
2 a witness, having been duly sworn, was examined and  
3 testified as follows:

**DIRECT EXAMINATION**

4  
5 **BY MR. COUNTS:**

6 MR. COUNTS: Mr. Shutts, would you state  
7 your employment and your job title?

8 MR. SHUTTS: I am Reclamation Supervisor for  
9 Union Drilling, and I am working down here for  
10 Philadelphia Oil, looking after building of locations and  
11 reclaiming.

12 MR. COUNTS: What are your job  
13 responsibilities, Mr. Shutts?

14 MR. SHUTTS: Well, like I said, I am over  
15 back filling and building of sites and working with the  
16 surveyors and such.

17 MR. COUNTS: Could you state briefly your  
18 experience in this regard?

19 MR. SHUTTS: I have been working for Union  
20 Drilling for approximately eight years and dozer operator  
21 for about five years at that time. And I have been a  
22 supervisor for them for three years, and I was over  
23 reclamation and pit water disposals.

24 MR. COUNTS: And could you state your  
25 educational background, please?

1           MR. SHUTTS:           I attended Glenville State  
2 College and studied forestry and surveying. And I have  
3 worked with the E.P.A. a little on setting up the West  
4 Virginia State Standards for water disposal out of the  
5 drilling pits.

6           MR. COUNTS:           Mr. Shutts, are you familiar  
7 with the J. W. C. Counts tract of land?

8           MR. SHUTTS:           Yes.

9           MR. COUNTS:           Are you familiar with  
10 Philadelphia's application for a well work permit on this  
11 tract, and in particular, a location for Well P-270?

12          MR. SHUTTS:           Yes.

13          MR. COUNTS:           In taking into consideration  
14 the location for Well P-270, have you considered the  
15 recommendation of your geologist, topography, subsidence,  
16 access roads, and general conservation measures?

17          MR. SHUTTS:           Yes.

18          MR. COUNTS:           Is it your professional opinion  
19 that based upon these factors that the location shown on  
20 the well work permit submitted by Philadelphia Oil Company  
21 will not constitute a hazard to the safety of any person,  
22 that stabilization and proper drainage control are  
23 feasible, and that the ground water supply underlying in  
24 J. W. C. Counts tract and the ground water supply  
25 underlying in Mr. Reilly's property, will not be damaged?

1 MR. SHUTTS: No, I don't.

2 MR. SPOTTE: You say it will not be damaged?

3 MR. COUNTS: Excuse me. Is it your opinion  
4 that it will not be damaged as a result . . .

5 MR. SHUTTS: From the sedimentation control  
6 procedures we are going through, no, I don't. You know,  
7 we are talking about building of the site and roads and  
8 drainage off of the original locations and such.

9 MR. COUNTS: So, it is your professional  
10 opinion that based on all of these factors that the ground  
11 water supply underlying the J. W. C. Counts tract, and in  
12 particular, Mr. Reilly's property will not be damaged as a  
13 result of drilling of P-270?

14 MR. SHUTTS: No, I don't.

15 MR. COUNTS: Thank you. Mr. Reilly has  
16 stated that once the P-270 is completed that the high wall  
17 might be within approximately 45 to 50 feet of his  
18 property. Could you state briefly for the record and for  
19 the Board what measures will be undertaken in terms of  
20 reclamation?

21 MR. SHUTTS: We will have a high wall on the  
22 site, building a site, and while they are drilling and  
23 cracking the well and whatever. Reclaiming the site, we  
24 will push a sizable amount of the location back up  
25 against the wall, but we have to leave an area big enough,

1 you know, for us to, you know, if we have to put a small  
2 service rig on the well or to work with the well.

3 MR. COUNTS: I have no further questions.

4 MR. WAMPLER: Mr. Reilly, do you have  
5 questions of the witness?

6 MR. REILLY: Yes, Mr. Wampler.

7 **CROSS EXAMINATION**

8 **BY MR. REILLY:**

9 MR. REILLY: Mr. Shutts, you said you went  
10 to Glenville State College for Forestry, how many years  
11 did you go? Did you get a degree out of there?

12 MR. SHUTTS: I did not get a degree. I went  
13 for approximately a year and a half, and I quit and went  
14 to work.

15 MR. REILLY: And you worked for the  
16 Environmental Protection Agency?

17 MR. SHUTTS: Not for them. I worked with  
18 them when the State of West Virginia was beginning to set  
19 up their standards for discharging of pit waters. They  
20 came to Union Drilling and asked them to participate in a  
21 program in setting up the State standards, and I was in  
22 charge of working with them through Union Drilling. They  
23 picked certain drilling sites. We didn't pick the sites.  
24 The E.P.A. picked the sites they wanted. And we worked  
25 with them, and I worked with them in that way.

1 MR. REILLY: So, you haven't had any formal  
2 training then in reclamation per se?

3 MR. SHUTTS: Just doing it myself. I ran  
4 equipment almost all of my working life, and formal  
5 training, no.

6 MR. REILLY: But your job with Peco  
7 Resources puts you as the man in charge of reclamation  
8 activities on the well site and roads?

9 MR. SHUTTS: Yes.

10 MR. REILLY: Okay. Are you familiar with  
11 the Virginia Erosion and Sediment Control handbook?

12 MR. SHUTTS: Yes.

13 MR. REILLY: Do you have a copy of that?

14 MR. SHUTTS: Yes.

15 MR. REILLY: The right of way diversions,  
16 now when you build your road up to your particular well  
17 site, the diversions are spaced according to the steepness  
18 of the slope concerned. Like if you have a road that goes  
19 along a level piece of land, you really don't need too  
20 many diversions, but if you are going straight up a hill,  
21 you need quite a bit. Steepness is expressed as a  
22 percentage in these particular diversions, or the way they  
23 tell you to put these in. When steepness is expressed as  
24 a percentage, what is it a percentage of?

25 MR. SHUTTS: Percent is the amount of, such

1 as, let's just take for instance a 20 percent grade is a  
2 20 foot rise for every 100 feet of horizontal travel.

3 MR. REILLY: So, could you then correlate a  
4 percentage and a degree of slope?

5 MR. SHUTTS: You mean . . .

6 MR. REILLY: Say if you said, here is a 50  
7 degree . . .

8 MR. SHUTTS: Yes.

9 MR. REILLY: Slope, or a 50 percent slope,  
10 how many degrees, how steep is that, as far as degrees,  
11 from say . . .

12 MR. SHUTTS: I have got a chart in my  
13 briefcase that converts percent to degrees. You know,  
14 getting right on it, I couldn't tell you right now.

15 MR. REILLY: Okay. I noticed in the well  
16 work permit, when it was originally submitted, if I can  
17 quote here from the operation's plan, "the well site will  
18 be constructed on a bench with an approximate 26 degree  
19 slope and the pit area will be constructed on a bench with  
20 an approximate 18 degree slope." I questioned those  
21 degrees at the time of our initial hearing before the Oil  
22 and Gas Inspector, and then when you and I went out to  
23 look at the alternate location of the well proposed by  
24 Peco Resources following that hearing, you took a reading  
25 then at that time on the slope coming up with such and

1 such a degree which you later told me, you came up with a  
2 percentage, and you later told me on the phone that that  
3 was about a 35 degree slope. Now, I see on these pages  
4 that were resubmitted on the operation's plan, that that  
5 same sentence is now changed to read, "the well site will  
6 be constructed on a bench with an approximate 14 degree  
7 slope" rather than the 26 degree, which I thought was too  
8 little at the time. Now, it becomes half of that at 14  
9 degrees. And the pit area will be constructed on a bench  
10 with an approximate 14 degree slope, where in the earlier  
11 submission, it was an 18 degree slope. Now, the hill  
12 hasn't changed any.

13 MR. SHUTTS: No.

14 MR. REILLY: Why are these numbers changed?

15 MR. SHUTTS: I don't know anything about the  
16 differences there. I couldn't tell you about those. I  
17 don't have anything to do with filling out the operation's  
18 plan in that form right there.

19 MR. REILLY: Well . . .

20 MR. SHUTTS: But, when I took a reading on  
21 that, I told you then that it, well, I told you on the  
22 phone, the reason for that is, when they do the cross  
23 sections, they will set up on the well stake, and they  
24 will take several shots down over the hill and several  
25 shots back up the hill. And, you know, if that hill goes

1 out sort of flat and then goes steep, they will have shots  
2 on that, but it shows it as an average of all of the shots  
3 together. So, you could have a place going out here at 10  
4 degrees and dropping off to 20 degrees, and here 10  
5 degrees and raising to 20 degrees, where you might have a  
6 15 degree average.

7 MR. REILLY: But the well site, that was one  
8 of my contentions of the hearing. The well site is going  
9 to be here. I don't care really, because it has no  
10 bearing on the fact what that slope over there is or what  
11 the slope over here might be, the slope here is where a  
12 road is going to come into the well site. And the Oil and  
13 Gas laws or the inspector's rules and regulations on the  
14 Oil and Gas laws call for exact and precise numbers, not  
15 composite slopes or an average slope, because when you  
16 average something, the problem disappears. If you have a  
17 real steep, we will say 60 percent slope, but you average  
18 it with a 10 degree slope or a 10 percent or a 15 percent  
19 or a 30 degree slope somewhere else, then the 60 percent  
20 slope disappears in the average. So, that is why I  
21 imagine the inspector requires definite, exact data from  
22 the site itself, not from the composite. But you don't  
23 know why . . .

24 MR. SHUTTS: I don't know why the  
25 differences are on those, no.

1 MR. REILLY: Why the numbers have changed  
2 here?

3 MR. SHUTTS: I don't know anything about  
4 those right there.

5 MR. REILLY: Do you know if another survey  
6 was done and that . . .

7 MR. SHUTTS: The only other survey that was  
8 done was when you and I went up there and looked at the  
9 alternate stake, and that is the only thing I know about  
10 there.

11 MR. COUNTS: Excuse me. Mr. Reilly, could  
12 you advise me with regard to where this is leading us? Is  
13 it with regard to the ground water contamination, the  
14 safety with regard to drilling a well? Maybe, if we  
15 understand a little bit more about where you are going,  
16 maybe Mr. Shutts can more appropriately address your  
17 concern.

18 MR. REILLY: Well, where this is leading me  
19 to is, different reclamation activities or protection  
20 devices, erosion and sediment control protection devices,  
21 are required for different degrees of slope, because there  
22 is going to be a more severe run off on a steep hill than  
23 there will be on level land. And where we are working in  
24 this watershed of mine, what I had claimed to be my  
25 watershed, it is very steep land. And if the slope now

1 becomes 14 degrees rather than 26 degrees or as I contend,  
2 well over 30 degrees, then different reclamation  
3 activities have to be performed and different erosion  
4 control and sediment control devices have to be spaced  
5 further apart or closer, the more severe the slope, the  
6 closer these devices have to be placed. So, if the degree  
7 of slope is over 30 degrees, then these have to be placed  
8 every 50 feet. But if it is at a 14 degree, then they are  
9 placed every 200 feet. So, you can see how much erosion  
10 will occur if we don't have the proper degree of slope  
11 indicated in this plan.

12 MR. COUNTS: I believe that Mr. Shutts has  
13 already indicated that he has to perform his reclamation  
14 work according to the Virginia Sediment Control Act. And,  
15 certainly the work is going to be inspected. I would  
16 think that it would be very difficult to, as Mr. Shutts  
17 indicated, judge the slope on a given five foot area. I  
18 am sure that the inspector's office wants the most precise  
19 data available, and I am sure that Peco endeavors to give  
20 that, but in the final analysis, the reclamation work  
21 done, Peco is going to be answerable for it. And I think  
22 that that is one reason why we have Mr. Shutts in charge  
23 of the reclamation, because I think his record will show  
24 that he has done a very fine job with regard of  
25 reclamation. We will certainly attempt to determine why

1 the discrepancy in those figures, with the report they  
2 refer back to the Oil and Gas Inspector. It was my  
3 understanding that sometimes those figures were even taken  
4 from a map. I am not sure if the surveyor is on the  
5 location that take those, then we will certainly be happy  
6 to get that information and give it back to you.

7 MR. REILLY: Well, I would like to suggest  
8 then at this time, maybe not to Mr. Shutts, to you Mr.  
9 Counts, that the degree of slope in this particular area  
10 be confirmed by the Oil and Gas Inspector himself, because  
11 I just can't trust these figures that are being shown here  
12 in the operation's plan. And because I can't trust them,  
13 I feel that the erosion and sediment control practices,  
14 that are based on these particular numbers, will not be  
15 sufficient to protect the surface of that land. And it is  
16 not my land, as we pointed out, but it is my watershed.  
17 And that is what my concern is, that anything that washes  
18 down that hill, may pick up contaminants and gradually  
19 percolate into my water supply and outcropping my springs.  
20 That is all of the questions I have.

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## REDIRECT EXAMINATION

1  
2 BY MR. COUNTS:

3 MR. COUNTS: Mr. Shutts, if I could. Mr.  
4 Shutts, in terms of the location of P-270, this would be  
5 the location of Mr. Reilly's property, is P-270 on the  
6 same side of the ridge as Mr. Reilly's property and his  
7 home? Or as I understand it, his home is on the north  
8 side and our location is on the south side, is that  
9 correct?

10 MR. SHUTTS: I am not sure about the north  
11 or south, but his house and the area where he lives, is on  
12 the opposite side of the hill, and his property line is,  
13 if I am not mistaken, right on the top of the ridge line.  
14 And we are just, I am not sure what the distance was, we  
15 are just 80 feet or 90 feet or 100 feet or so below his  
16 property line with our stake.

17 MR. COUNTS: But it is on the opposite side  
18 of the ridge?

19 MR. SHUTTS: Yes.

20 MR. COUNTS: What are the chances then in  
21 terms of a problem, with regard, I certainly know that you  
22 are going to comply in terms of whatever the slope is,  
23 with regard to reclamation procedures, but what are the  
24 chances of ground water percolation from that location and  
25 from the drilling operations conducted therein, impacting

1 adversely Mr. Reilly's ground water supply?

2 MR. SHUTTS: Well, I don't know the  
3 percolation percentage of the water in that area, but with  
4 the drainage that we will have there, our run off will be  
5 controlled. But I, you know, I don't know . . .

6 MR. COUNTS: How will you run off the  
7 control, Mr. Shutts?

8 MR. SHUTTS: Through sediment barriers and  
9 culverts and diversion ditches and ditch lines and such.

10 MR. COUNTS: Mr. Shutts, with regard to your  
11 activities in West Virginia, you stated that you had  
12 worked with the E.P.A. on behalf of Union Drilling Company  
13 on various locations. What was the outcome of that work,  
14 was anything derived from that?

15 MR. SHUTTS: It set up, what we did, there  
16 was other companies involved too, but it set up the West  
17 Virginia State Standards for discharging pit water,  
18 treatment and discharging of pit water.

19 MR. COUNTS: And has Union Drilling Company  
20 won a number of reclamation awards as a result of its  
21 activities or reclamation efforts?

22 MR. SHUTTS: Yes, we have.

23 MR. COUNTS: Okay. Mr. Wampler.

24 MR. WAMPLER: Any questions for the witness?

25 MR. SPOTTE: Yes. Has it been determined

1 that this well location is in Mr. Reilly's watershed?

2 MR. SHUTTS: Well, I can't answer that. I,  
3 you know, about his watershed. I don't know where his . .

4 MR. SPOTTE: I thought you were testifying  
5 as to the geology of the . . .

6 MR. COUNTS: No, sir. That will be Mr.  
7 McClish. He will be my next witness.

8 MR. KELLY: I have one question just for  
9 clarification. As far as drainage from the location or  
10 the disturbed area, pit, road, any disturbed area that is  
11 associated with the site, will any of this drainage or run  
12 off go in the direction of Mr. Reilly's property, or can  
13 you shed some light on that?

14 MR. SHUTTS: Toward his property, no.

15 MR. KELLY: So, what is the likelihood then  
16 of any drainage or water run off from the site or the  
17 disturbed area draining onto Mr. Reilly's property?

18 MR. SHUTTS: There will be no drainage on  
19 Mr. Reilly's property.

20 MR. KELLY: Okay. So, as far as . . .

21 MR. REILLY: If I might, excuse me . . .

22 MR. KELLY: I am sorry. I was just going  
23 to say as far as the diversion ditches or the other  
24 reclamation control, the run off control measures, are not  
25 situated such that they would make any difference as far

1 as the drainage toward his property or drainage that would  
2 affect his surface?

3 MR. SHUTTS: No.

4 MR. REILLY: Mr. Kelly, the surface drainage  
5 will not affect me, because as Mr. Shutts pointed out, I  
6 am on the opposite side of the slope. But the water that  
7 does percolate into the ground from that surface drainage  
8 will affect my water supply. And Mr. Spotte, your  
9 question was, has just been determined that it is my  
10 watershed. In 1984 a study was done by the Division of  
11 Mined Land Reclamation, a copy of that map that I gave  
12 you, is part of that investigation that the Division of  
13 Mine Land Reclamation identified that particular hill on  
14 both sides as part of my watershed, down to 1,660 feet  
15 elevation.

16 MR. SPOTTE: Okay. Thank you.

17 MR. KELLY: That is all I have.

18 MR. WAMPLER: Any other questions from the  
19 witness? You may be excused.

20 AND FURTHER THIS WITNESS SAITH NOT.

21 MR. COUNTS: I would like to call Mr. Randy  
22 McClish.

23

24

25

1

**RANDY McCLISH**

2

a witness, having been duly sworn, was examined and

3

testified as follows:

4

**DIRECT EXAMINATION**

5

**BY MR. COUNTS:**

6

MR. COUNTS: Mr. McClish, would you state your employment and your job title, please sir?

7

8

MR. McCLISH: I am a geologist with Peco Resources.

9

10

MR. COUNTS: And what are your responsibilities?

11

12

MR. McCLISH: To locate gas and oil wells by geology.

13

14

MR. COUNTS: Could you state briefly your experience in this regard and your educational background?

15

16

MR. McCLISH: I have been working with Peco Resources for the last six years. I have a Bachelor of Science Degree in Geology from Moorehead State University.

17

18

MR. SPOTTE: From what university?

19

MR. McCLISH: Moorehead State University.

20

21

MR. COUNTS: You stated that you have been working for Peco for approximately the past six years, was that in the capacity of a geologist?

22

23

MR. McCLISH: Yes, it has been.

24

MR. COUNTS: Are you familiar with the J. W.

1 C. Counts tract of land?

2 MR. McCLISH: Yes, I am.

3 MR. COUNTS: Are you familiar with  
4 Philadelphia Oil Company's application for a well work  
5 permit on the J. W. C. Counts and in particular, the  
6 location for Philadelphia Oil Company Well P-270?

7 MR. McCLISH: Yes, I am.

8 MR. COUNTS: And taking into consideration  
9 of the location for Well P-270, have you considered the  
10 common sources of supply, maximum recovery of  
11 hydrocarbons, typography, subsidence, access roads and  
12 general conservation measures?

13 MR. McCLISH: Yes.

14 MR. COUNTS: Is it your opinion that based  
15 upon these factors that the location shown on the well  
16 work permit submitted by Philadelphia Oil Company is  
17 necessary to promote the safe and efficient exploration  
18 for in development, production, utilization and  
19 conservation of the Oil and Gas Resources underlie the J.  
20 W. C. Counts tract of land and P-270?

21 MR. McCLISH: Yes.

22 MR. COUNTS: Mr. McClish, you heard Mr.  
23 Reilly indicate that he is concerned (unintelligible) to  
24 protection of his ground water supply. Mr. McClish, is it  
25 unusual to drill wells in water recharge areas?

1 MR. McCLISH: No.

2 MR. COUNTS: In fact, is it common place?

3 MR. McCLISH: It is very common place.

4 MR. COUNTS: Thank you. Could you explain  
5 in detail the drilling procedures to be used in the  
6 drilling of P-270 to protect the ground water supply of  
7 Mr. Reilly?

8 MR. McCLISH: In this particular case on P-  
9 270, our plans are to drill to a depth of 400 feet of 11  
10 and three quarter inch casing, solely for the protection  
11 of this ground water.

12 MR. COUNTS: Let me stop you if I may. You  
13 state that you are going to set 400 feet of 11 and three  
14 quarter inch casing?

15 MR. McCLISH: Right.

16 MR. COUNTS: What did your initial  
17 application call for?

18 MR. McCLISH: The initial application called  
19 for only 20 feet of 11 and three quarter inch conductor  
20 pipe to be set and then 2,380 feet of eight and five  
21 eighths inch casing to be cemented back to the surface.

22 MR. COUNTS: Why was the change from 20 feet  
23 to 400 feet 11 and three quarter inch casing?

24 MR. McCLISH: This came about when Mr. Reilly  
25 expressed his concern for the water, for his springs.

1 MR. COUNTS: So in other words, without any  
2 regulatory agency or anyone else intervening, Peco at Mr.  
3 Reilly's request or as a result of Mr. Reilly's concern,  
4 changed the casing program from approximately 20 feet 11  
5 and three quarter inch casing to 400 feet?

6 MR. McCLISH: Right.

7 MR. COUNTS: Is it reasonable to assume that  
8 this was an increase expense as far as Peco is concerned?

9 MR. McCLISH: Yes, it is increased expense.

10 MR. COUNTS: As I understand it, that is  
11 approximately \$12,000.00 extra?

12 MR. McCLISH: That is right.

13 MR. COUNTS: Now, if you would please, go  
14 ahead and continue with regard to how the ground water  
15 supply will be protected, and you might indicate to the  
16 Board that if they so desire, you would be happy to show  
17 them on the casing sample that you have with you.

18 MR. McCLISH: Okay. Our plans are to, as I  
19 stated, to run 400 feet of 11 and three quarter inch  
20 casing. This casing is to be cemented back to the surface.  
21 This is through the ground water that Mr. Reilly is  
22 concerned with. After that is completed, we will drill,  
23 as is normal procedure, through all of the coal into the  
24 red rock. And we will then cement that 2,380 feet of five  
25 eighths casing back to the surface. So, in this case,

1 there will be two strings of casing cemented to the  
2 surface, one of them to 400 feet, the other one to 2,380  
3 feet. It is then our procedure to drill onto our total  
4 depth of approximately 5,080 feet and to set 5,080 feet of  
5 four inch casing and cement that casing back to 2,500  
6 feet.

7 MR. COUNTS: Mr. Wampler or Mr. Chairman, at  
8 this time, I would like to request that we have a  
9 conference in order that Mr. McClish might explain the  
10 casing sample in front of him, both for the benefit of the  
11 Reillys as well as the Board members and any other  
12 interested parties.

13 MR. WAMPLER: Proceed.

14 MR. McCLISH: This example is the normal  
15 casing procedure that we use, when we will run this 11 and  
16 three quarter inch casing. This is the eight and five  
17 eighths casing. This is our four inch casing. The four  
18 inch is set to the four and a half inch O.D., which will  
19 be set to total depth. Eight and five eighths in this  
20 case will be set to 2,380 feet. In this particular case,  
21 we are going to set 400 feet of 11 and three quarter inch  
22 casing, and it will be cemented. There will be the same  
23 amount of cement that is here on the outside of this  
24 casing in this particular one, so that we can protect that  
25 ground water.

1           MR. COUNTS:           Mr. McClish, what would you  
2 estimate to be the average depth of a, I believe first of  
3 all, that Mr. Reilly's water supply is from springs, which  
4 I believe the D.M.L.R. report in 1984 concluded was to a  
5 large extent, that those springs were fed by ground water  
6 and were to a large extent seasonal, but would you explain  
7 or give your estimate with regard to the average depth of  
8 a water well in this particular area of Dickenson County?

9           MR. McCLISH:           I am not real sure exactly what  
10 the water depth would be, but I would think it would be  
11 like Mr. Reilly is talking about. You know, in his case,  
12 it is going to be the spring where it is being, at 1,660  
13 feet.

14           MR. COUNTS:           Location, elevation?

15           MR. McCLISH:           Right. His spring is at 1,660  
16 feet.

17           MR. SPOTTE:           Will this 11 and three quarter  
18 take it below Mr. Reilly's . . .

19           MR. McCLISH:           Yes, it will. The elevation of  
20 the well in this case is 1,960 feet, and when we set the  
21 400 feet, that will take the bottom of this 11 and three  
22 quarter casing down to 1,560 feet, which is approximately  
23 100 feet below Mr. Reilly's spring, below his spring.

24           MR. COUNTS:           Now, Mr. McClish, you stated  
25 that that will take it approximately 100 feet below the

1 depth of Mr. Reilly's spring at about 1,560, but that is  
2 not where the integrity of your casing and your cement  
3 stop, is it? How much deeper will your string between  
4 your 11 and three quarter inch and your eight and a  
5 quarter, or is it eight and a half?

6 MR. McCLISH: It is eight and five eighths.

7 MR. COUNTS: Eight and five eighths, how  
8 much deeper will this go where you have got the eight and  
9 five eighths and your 11 and three quarter inch with  
10 cement in between those and the cement between the 11 and  
11 three quarter inch and the well bore itself?

12 MR. McCLISH: The eight and five eighths will  
13 be set to a depth of 2,380 feet, and it will be cemented  
14 all the way back to the surface also.

15 MR. COUNTS: So, that is approximately 2,000  
16 feet below Mr. Reilly's ground water supply or water  
17 supply?

18 MR. McCLISH: Right.

19 MR. COUNTS: And so, therefore, from at  
20 least down to 2,380 feet back to surface, the integrity of  
21 your casing and the integrity of the well bore is going to  
22 be maintained, is that correct?

23 MR. McCLISH: That is right.

24 MR. COUNTS: Mr. McClish, do you want to get  
25 water in your well bore?

1 MR. McCLISH: No.  
2 MR. COUNTS: Could you explain to the Board  
3 why?

4 MR. McCLISH: What we are doing is air  
5 drilling these wells, and the whole idea is to keep as  
6 much water as possible out of those wells. It makes for  
7 maximum efficiency in drilling.

8 MR. COUNTS: Mr. McClish, in your  
9 professional opinion, will the drilling of the Well P-270  
10 constitute a danger to Mr. Reilly's water supply?

11 MR. McCLISH: No.

12 MR. COUNTS: I don't have any further  
13 questions.

14 MR. WAMPLER: Mr. Reilly, do you have any  
15 questions?

16 MR. REILLY: Yes, Mr. Wampler.

17 **CROSS EXAMINATION**

18 **BY MR. REILLY:**

19 MR. REILLY: Mr. McClish, I don't know how  
20 familiar you are with the operation's plan, but we are  
21 talking well casing here, so, this is what my questions  
22 pertains to. In the original operation's plan, it had 16  
23 inches of conductor down 20 feet. In your resubmission of  
24 that particular page, the 16 inch conductor pipe  
25 disappeared, does that mean you are not going to put any

1 16 inch pipe in?

2 MR. McCLISH: No, I am sorry. The 16 inch  
3 conductor pipe will be there.

4 MR. REILLY: So, it remains?

5 MR. McCLISH: Right.

6 MR. REILLY: Okay. And that will be between  
7 your 11 and five eighths, each pipe . . .

8 MR. McCLISH: That will be outside the 11 and  
9 three quarter pipe.

10 MR. REILLY: And that is where that cement  
11 will be inside of, and that will only be down 20 feet?

12 MR. McCLISH: Right.

13 MR. REILLY: And that will be concreted or  
14 cemented in between the 11 and three quarters and the 16?

15 MR. McCLISH: Right.

16 MR. REILLY: And the 16 inch pipe then will  
17 be against what?

18 MR. McCLISH: It will be against the ground  
19 itself, against the rock.

20 MR. REILLY: Okay. Now, when you drill that  
21 16 inch hole or the hole sufficiently big enough to put  
22 your 16 inch pipe in, you will drill that down 20 feet?

23 MR. McCLISH: Right.

24 MR. REILLY: Then take your drill bit out,  
25 then put the pipe in?

1 MR. McCLISH: That is right.

2 MR. REILLY: And what is the time span in  
3 this?

4 MR. McCLISH: I am not sure if I can give you  
5 a definite time span or not, but it should be a matter of  
6 hours. I am thinking definitely less than 24 hours.

7 MR. REILLY: That is from the time you break  
8 the surface of the ground . . .

9 MR. McCLISH: Right.

10 MR. REILLY: Until you have the 16 inch pipe  
11 in?

12 MR. McCLISH: Right.

13 MR. REILLY: Okay. And then immediately  
14 thereafter, you start the 11 and three quarter inch hole?

15 MR. McCLISH: Right.

16 MR. REILLY: To put the 11 and three quarter  
17 inch pipe down 400 feet?

18 MR. McCLISH: Right.

19 MR. REILLY: Now, this is the critical one,  
20 this and the 16 inch pipe are the critical ones, as far as  
21 my water is concerned. All of the time you are in there  
22 with a bare drill bit and putting pipe in until such time  
23 as you seal that off and the concrete sets, then that is  
24 the time impact could be made on my water supply?

25 MR. McCLISH: Right.

1 MR. REILLY: Are there any treatments done  
2 to your drill bit or to the pipes to be sure they don't  
3 contain any bacteria, or do you just pick them off of the  
4 rack and stick them in the ground?

5 MR. McCLISH: That, I don't know. I am  
6 sorry.

7 MR. REILLY: Who would?

8 MR. McCLISH: One of the engineers.

9 MR. COUNTS: Mr. McClish, is there any reason  
10 to believe that the drill bit being used would have any  
11 more bacteria than the drill bit being used to drill a  
12 water well in Dickenson County?

13 MR. McCLISH: None at all. None at all.

14 MR. REILLY: Well, I think you will find the  
15 drill bits and the pipes used for water wells are  
16 disinfected with clorox before they are put in the ground,  
17 just to be sure that no bacteria does enter that thing. I  
18 don't think that happens with gas well drilling.

19 MR. COUNTS: If the, (untelligible) Peco that  
20 if the Inspector's Office feels that we should be treating  
21 the drill bits before entering the ground, we will  
22 certainly comply with that.

23 MR. REILLY: I have a couple more questions,  
24 Mr. McClish. Are you familiar with the study done in the  
25 early 1980's, these echo soundings that were performed in

1 Dickenson County to determine the extent of the gas  
2 bearing strata?

3 MR. McCLISH: No, I am not. I have heard  
4 only bits about them, but I am not real familiar with  
5 them.

6 MR. REILLY: There is no record of these at  
7 Peco Resources for your review?

8 MR. McCLISH: I haven't reviewed those. I  
9 went through them a little bit, but I am not an authority  
10 on them at all.

11 MR. REILLY: Well, what I am after is, how  
12 detailed was the map that came from this study, does the  
13 berea sands, this is your target formation, as I  
14 understand it, the berea sands, how extensive is that  
15 under Dickenson County? Does it . . .

16 MR. McCLISH: Under Dickenson County, very  
17 extensive.

18 MR. REILLY: Okay. So, I could safely say  
19 then, if I stick a hole in the ground and go down to 5,080  
20 feet and my target formation, I am just going to hit that  
21 in Dickenson County, regardless of where I put that hole?

22 MR. McCLISH: Basically, yes.

23 MR. REILLY: Okay. Do you, as the geologist  
24 or as a representative of Peco Resources, do you  
25 coordinate with the mineral holders, in this case

1 Clinchfield, I understand they own the, Mr. McCoy  
2 testified it was Pine Mountain, but they are part of  
3 Clinchfield Coal Company, does Peco or the geologist  
4 coordinate with the mineral holders before submitting the  
5 well work permit and the operation's plan for the oil and  
6 gas inspector?

7 MR. McCLISH: Yes, we do.

8 MR. COUNTS: Mr. Chairman, I am going to  
9 object. I don't think that this is relevant and also, it  
10 was not brought an issue at the initial hearing.

11 MR. REILLY: If I can show relevancy?

12 MR. WAMPLER: It has to be an issue that was  
13 on the informal fact finding hearing. If it is a new  
14 issue, it cannot be heard.

15 MR. REILLY: Well, what I am leading up to,  
16 is the fact that as Mr. Counts stated earlier, they often  
17 alternate a location only a 100 feet from the original  
18 location, or the location identified in the well work  
19 permit. And indicated at that time that they could not go  
20 any further, or they couldn't go past that 100 feet  
21 because otherwise then it wouldn't be an economically  
22 fusible place to dig or to seek their well. What I am  
23 trying to say is, anywhere they sink a well, they could  
24 accept my alternate location because they are still going  
25 to hit the target formation.

1 MR. WAMPLER: Okay. I am going to sustain  
2 his objection, but allow you to direct your question more  
3 specifically to the relocation, which was brought up at  
4 the hearing. If you want to ask if, you know, whether or  
5 not he knows that is feasible or something along that line  
6 . . .

7 MR. REILLY: Well, that is what I asked, if  
8 you stick a hole in the ground down to 5,000 feet, or  
9 wherever the berea formation is, will you hit gas bearing  
10 strata?

11 MR. McCLISH: We will hit.

12 MR. REILLY: So, and I would like to ask one  
13 more question. I guess, this again, has to do with the  
14 location or moving that location, and this may again be  
15 not in your area of expertise, if so, say so. Can  
16 stimulating a well be selective? Are you aware of  
17 stimulating a well and how it is done?

18 MR. McCLISH: Yes, I am.

19 MR. REILLY: All right. We will assume that  
20 if you stimulate a well, you will go out, in this case,  
21 1,250 feet in all directions and you get gas from that  
22 particular strata. Can you put an offset circle in there?  
23 Can you stimulate more eastwardly, westwardly direction  
24 rather than a north and south direction? Can you target  
25 your stimulation?

1 MR. McCLISH: That is something I can't  
2 answer. That is an engineering question, and I don't know  
3 that it can be done.

4 MR. REILLY: Okay. My question was, if they  
5 could target their stimulation, they could move this well  
6 down below the 1,660 feet and then target their  
7 stimulation more to develop it on a north-south plane,  
8 rather than an east-west plane, where it might interfere  
9 with other wells. And you can't answer that as far as  
10 stimulating a well, whether they can direct that?

11 MR. McCLISH: I hope someone could answer,  
12 but I can't. We would love to be able to do it. I don't  
13 know that that can be done anywhere.

14 MR. REILLY: Could I ask Mr. Counts, does he  
15 have anyone here that could answer such a question?

16 MR. COUNTS: I have not quite thoroughly  
17 understood the question as of yet, Mr. Reilly. I  
18 apologize.

19 MR. REILLY: Well, let me say it again then.  
20 We assume that if you sink a hole or well bore down to  
21 5,000 feet which is your target formation where your gas  
22 is, and then you stimulate that well, you drop explosive  
23 charges down in there, with as I understand little pellets  
24 inside of them. Then these are designated . . .

25 MR. COUNTS: Let me correct you first of all.

1 There are no explosive charges that are just "dropped down  
2 in the well bore."

3 MR. REILLY: Placed, could I say placed?

4 MR. COUNTS: Mr. McClish could more  
5 accurately, I think you are talking about the fracking  
6 operation. Mr. McClish can describe that to you.

7 MR. McCLISH: Any explosive operations is the  
8 perforating of the casing itself in the particular  
9 formation that we would want to be treating that  
10 formation. That is controlled by a wire line from a truck  
11 at a particular depth.

12 MR. REILLY: Okay. The better term then  
13 would be, the explosive charges or whatever the term is to  
14 accurately describe these explosives, is placed at the  
15 target depth?

16 MR. McCLISH: Right.

17 MR. REILLY: Then designated by a wire line  
18 from the truck?

19 MR. McCLISH: Right.

20 MR. REILLY: Now, my question is, can you  
21 direct these charges or they just go off and that pellet  
22 is blasted into the rock, 12 inches, 18 inches, whatever  
23 the distance, can you direct these, say I wanted to go  
24 that way rather than just take a guess of which way it  
25 goes?

1 MR. McCLISH: We can direct them to a certain  
2 extent, but we cannot tell that to go north and south.  
3 Technology is not that advanced. I wish it were.

4 MR. REILLY: How can you direct them then?

5 MR. McCLISH: We can only, we can try. I  
6 understand there is new technologies that you can try to  
7 get it as best you can in those directions. That is only  
8 the perforations. That is only when the electrical charge  
9 puts a hole in that casing.

10 MR. REILLY: So, my question then would be,  
11 can you make, if we assume that when you do stimulate a  
12 well and the gas is coming out from a circle pattern down  
13 beneath at the target formation, can you have an offset  
14 circle? Your well comes down to this point here, but you  
15 stimulate more this way than you do the other way, and  
16 your well is then not at the exact center of the circle  
17 but oriented . . .

18 MR. McCLISH: Speaking from a geology  
19 standpoint, I don't see how it could be done, because you  
20 can't measure the stress on that rock at that particular  
21 point. And if you perforate on the north side of the  
22 well, on the north side of the casing, you can't tell what  
23 the stress is on that enough on the south side, to say  
24 that it is going to be less than it is on the north side.  
25 If the stress on that is less on the south side, then it

1 is going to go to the point of least resistance, any frack  
2 job that is put in it.

3 MR. REILLY: Let me ask you more question  
4 now. How flexible are your spacing requirements for your  
5 wells?

6 MR. McCLISH: Very limited, because we are  
7 trying to maintain the maximum efficiency in optimuzing  
8 the production from the berea in the field in Dickenson  
9 County, in particular. And we maintain that spacing at  
10 2,500 feet.

11 MR. REILLY: Has Peco done a study that you  
12 are aware of which outlines what production is coming out  
13 of the wells? If you drill a well every 2,500 feet, can  
14 you determine from studies done by your geologists, the  
15 gas that is coming out of one well rather than another  
16 well, can you, well, what I am trying to say, I am  
17 probably having trouble wording this correctly, but when  
18 you studied your gas producing field here, the 2,500 foot  
19 spacing between your wells, when you stimulate your wells,  
20 the 2,500 foot circle, and we assume it is a circle, there  
21 is really no way of telling I don't guess, but we assume  
22 it is a circle, are the circles touching one another, are  
23 they overlapping one another?

24 MR. McCLISH: That again, it is just like you  
25 said, we have to assume that those are 1,250 foot circles.

1 That is the maximum efficiency that we are trying to  
2 maintain the spacing on, so that we can draw from that  
3 1,250 foot radius. And through the study that has been  
4 done by engineering so far, we are at optimum efficiency.

5 MR. REILLY: That is all of the questions I  
6 have. Thank you.

7 MR. COUNTS: Mr. Chairman, if I could go  
8 ahead and ask a few more questions before the Board  
9 members ask questions?

10 MR. WAMPLER: Okay.

11 MR. COUNTS: Thank you, sir.

12 **REDIRECT EXAMINATION**

13 **BY MR. COUNTS:**

14 MR. COUNTS: Mr. McClish, Mr. Reilly has  
15 indicated and understandably so, a concern for his ground  
16 water supply underlying his property. And we have  
17 explained and you have explained the casing program, what  
18 assurances does Mr. Reilly have that this casing is, that  
19 the integrity of the casing is maintained from, let's say,  
20 the surface of the ground to 2,380 feet? How do you know  
21 when you run the casing that you have a "good job", that  
22 you have integrity?

23 MR. McCLISH: The casing itself meets all  
24 A.P.I. standards. That is the American Petroleum  
25 Institute standards which are very rigid standards that

1 the casing industry goes by. The cement itself is also  
2 monitored through the use of our cement bond logs to make  
3 sure that we have a good bond between that casing and the  
4 cement.

5 MR. COUNTS: Could you explain what a cement  
6 bond log is and its purpose?

7 MR. McCLISH: I can try. The cement bond log  
8 is an electronic sonar log that will pick up any air  
9 spaces within that cement itself.

10 MR. COUNTS: What kind of air spaces,  
11 bubbles or . . .

12 MR. McCLISH: Any kind of bubbles, any kind  
13 of cracks within the cement, any open space at all in that  
14 cement.

15 MR. COUNTS: Why are you concerned in  
16 determining whether there are any open spaces or bubbles  
17 or . . .

18 MR. McCLISH: When we perforate the casing,  
19 we are working with our target formation, and we don't  
20 want that, I mean, we are spending a few thousand dollars  
21 on a hydraulic frack job, and we don't want that going  
22 anywhere else except our intended production formation.

23 MR. COUNTS: Are these well bond logs run on  
24 every well, Mr. McClish?

25 MR. McCLISH: Yes, they are.

1 MR. COUNTS: Mr. McClish, let's assume that  
2 at a depth of 2,192 feet, you have a break in your casing,  
3 will your cement bond log tell you that?

4 MR. McCLISH: Yes, it can. It can tell you  
5 where that hole is at in the casing there.

6 MR. COUNTS: Within what degree of, will it  
7 tell you within 10 feet or 20 feet or 100 feet?

8 MR. McCLISH: You can usually pinpoint it  
9 within five feet or so.

10 MR. COUNTS: Within five feet or so, and  
11 this bond log is run on every well?

12 MR. McCLISH: Yes, it is.

13 MR. COUNTS: Mr. Reilly has indicated that  
14 anywhere you drill a well in Dickenson County, you are  
15 going to hit the berea formation, is that correct?

16 MR. McCLISH: Right.

17 MR. COUNTS: Does it make a difference to  
18 you in terms of, in other words, is the berea formation,  
19 is that a sandstone or . . .

20 MR. McCLISH: It is a sandstone, a fine grain  
21 sandstone.

22 MR. COUNTS: Okay. And are we to assume  
23 that the berea then is 20 foot thick from the Buchanan  
24 County line to the Wise County line?

25 MR. McCLISH: No, it is not. The berea

1 varies in thickness.

2 MR. COUNTS: Does the thickness of the berea  
3 have any impact upon a well site location that you might  
4 select?

5 MR. McCLISH: Yes, it does.

6 MR. COUNTS: For what reason?

7 MR. McCLISH: Because this again enters into  
8 the optimum conditions for the well itself.

9 MR. COUNTS: Now, we are talking optimum  
10 conditions, Mr. McClish, we are talking the maximum  
11 recovery of hydrocarbons underlying the lands of the  
12 Commonwealth, which I believe is what you are charged with  
13 under the Virginia Law and Gas Act?

14 MR. McCLISH: Right.

15 MR. COUNTS: And I assume when you are  
16 talking optimum conditions, you are also talking optimum  
17 economics?

18 MR. McCLISH: Definitely optimum economics.

19 MR. COUNTS: Therefore, and I know you have  
20 already stated the reasons that you consider with regard  
21 to choosing your well location, but including the things  
22 that we have just discussed, would you go back over that  
23 again in terms of what considerations you would take into  
24 account in selecting a well site?

25 MR. McCLISH: The berea thickness in the

1 particular case where our target formation is the berea,  
2 so we are going to consider the berea thickness. The  
3 potential it has to produce at this particular location.  
4 The 2,500 foot spacing that we are maintaining between our  
5 wells.

6 MR. COUNTS: How quickly can the thickness  
7 of the berea formation change?

8 MR. McCLISH: In a matter of just a few feet,  
9 less than a 100, quite often.

10 MR. COUNTS: So, in other words, less than a  
11 100 feet, 50 feet could mean the difference in an economic  
12 well and uneconomic well?

13 MR. McCLISH: Yes, it could.

14 MR. COUNTS: Now, you mention the berea as  
15 being a target formation, what do you mean by target  
16 formation?

17 MR. McCLISH: The target formation is a  
18 primary formation that we are going to be drilling to to  
19 produce from that well.

20 MR. COUNTS: Okay. What do you mean by  
21 primary formation?

22 MR. McCLISH: That is the one that we know  
23 that there is gas in.

24 MR. COUNTS: Okay. Does that mean you have  
25 secondary formations that you are looking for?

1 MR. McCLISH: Yes, we do have secondary  
2 formations.  
3 MR. COUNTS: Are those formations considered  
4 in developing your drill site?  
5 MR. McCLISH: In this one, no. They are  
6 quite often considered.  
7 MR. COUNTS: Okay. And will that not also  
8 impact your economics?  
9 MR. McCLISH: Yes, it would.  
10 MR. COUNTS: Mr. Chairman.  
11 MR. WAMPLER: Do you have any questions from  
12 the Board?  
13 MR. SPOTTE: When you are running your  
14 E-Log, this is for my own knowledge, and you find a void,  
15 what do you do about it?  
16 MR. McCLISH: Most of the times in a casing  
17 where the cement has already been put in, it is quite . .  
18 .  
19 MR. SPOTTE: And you find a void?  
20 MR. McCLISH: We found a void, it is quite  
21 hard for us to go back in and try to work with that one,  
22 so what we do is on the next string of casing that is  
23 inside, we will cement through that zone where that void  
24 is at, in the outer string of casing, to give us another .  
25 . .

1 MR. SPOTTE: You mean outer or inner?

2 MR. McCLISH: We will cement the inner casing  
3 to make sure that we have at least got bond across that  
4 area where there is a void.

5 MR. SPOTTE: I just wanted to know what the,  
6 I think that Mr. and Mrs. Reilly, their primary concern is  
7 their water supply. Can you give them assurance that  
8 quality and quantity of water from their source will not  
9 change?

10 MR. McCLISH: From a geological standpoint,  
11 yes, I can.

12 MR. SPOTTE: Not geological, let's forget  
13 about geological, I mean they are practical people. They  
14 have to have water.

15 MR. McCLISH: I understand that, yes.

16 MR. SPOTTE: They are not worried about  
17 geology or anything else, they are worried about water.  
18 Can you give them assurance that their water supply as to  
19 quantity and quality will not be affected?

20 MR. McCLISH: Based on the 300 or so wells  
21 that we have drilled in Dickenson County, yes, we have had  
22 very good luck with the water.

23 MR. SPOTTE: We are not talking about luck.  
24 You can't put that in the bank. And without water, they  
25 might as well be in the middle of the Sahara. What is

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your answer?

MR. McCLISH: Yes, we . . .

MR. SPOTTE: You can give assurance that their water will not be affected as to quantity or quality?

MR. McCLISH: That is based on the 300 wells that we have drilled in Dickenson County.

MR. SPOTTE: No, let's not base, that is based on 270?

MR. McCLISH: Yes, because I don't see any reason why their water shouldn't be there.

MR. SPOTTE: I think that is all they are asking for.

MR. McCLISH: I see no reason why it shouldn't be there.

MR. SPOTTE: I think that is all they all want to know. They want to know if they are going to have water, and if it is going to be usable, portable?

MR. McCLISH: That is, I agree, and it will be there.

MR. SPOTTE: That is all I have then.

MR. WAMPLER: Okay. Bill?

MR. KELLY: Just one question, as far as the location of the well. As far as the potential movement of the location from this site to 1,200 feet away

1 or whatever the alternate site was, I believe it was  
2 1,200, how would that effect your spacing in the area and  
3 what impact would that have on future wells?

4 MR. McCLISH: In moving it the 1,200 feet is  
5 putting it, I am not sure of the exact distance, but it is  
6 putting it between 1,000 and 1,500 feet from another well,  
7 from an existing well.

8 MR. KELLY: So, there are other wells that  
9 close to the area?

10 MR. McCLISH: Yes, there is.

11 MR. SPOTTE: Has it been determined that,  
12 although you are on the opposite side of the ridge with  
13 this well, that their water could be affected?

14 MR. McCLISH: I don't, as far as I know, Peco  
15 or Philadelphia Oil hasn't undertaken a study . . .

16 MR. SPOTTE: I think Mr. Reilly stated there  
17 was a study made, and that it did affect it. I mean, his  
18 water supply came from the opposite side of the ridge,  
19 some of it. It was considered part of his watershed?

20 MR. McCLISH: Right. That is the report that  
21 was done about three years ago.

22 MR. SPOTTE: Yes.

23 MR. WAMPLER: In other words, that was the  
24 recharge area for his spring?

25 MR. McCLISH: Right.

1 MR. WAMPLER: The entire hilltop?  
2 MR. McCLISH: Right.  
3 MR. McGLOTHLIN: Are you familiar with the  
4 aquifer in that area?  
5 MR. McCLISH: Only in general.  
6 MR. McGLOTHLIN: You don't know which way the  
7 slope on the strata is, in what direction the slope is?  
8 MR. McCLISH: No, I am not.  
9 MR. SPOTTE: Most of the strata in this area  
10 dip to the northwest, I believe. Generally, that is, I  
11 don't know the directions on it, but strata do dip to the  
12 northwest, is that right?  
13 MR. McCLISH: Right. I am not sure about  
14 this specific location, but that is the general dip.  
15 MR. SPOTTE: Well, it may vary, but that is  
16 generally the dip of the strata in the whole area.  
17 MR. REILLY: If I might ask another  
18 question?  
19 MR. WAMPLER: Yes.

20 **REXCROSS EXAMINATION**

21 **BY MR. REILLY:**

22 MR. REILLY: Mr. McClish, you told Mr.  
23 Counts that the thickness of the berea sands is one of the  
24 things you look for to see if you are going to have an  
25 economical well. How thick is the berea sands under the

1 planned location of P-270?

2 MR. McCLISH: If I am not mistaken, it is  
3 right at 100 feet.

4 MR. REILLY: One hundred feet thick. How  
5 thick was it at the alternate location that I identified?

6 MR. McCLISH: I am sorry. I didn't look at a  
7 map to see how thick it would be there.

8 MR. REILLY: How thick was it at the  
9 alternate location that Peco Resources identified?

10 MR. McCLISH: It is about the same, as a 100  
11 feet.

12 MR. REILLY: All right. You stated there  
13 wasn't no problems in the 300 wells that you have drilled,  
14 although, I know of two. Lucille Green's which is just  
15 below Ramsey Ridge where you have been drilling, her well  
16 went bad on her. And Gordon Deel's up Lick Creek, his  
17 well went bad on him because of this. And they have been  
18 identified. And you are not aware of those?

19 MR. McCLISH: I am not familiar with those.

20 MR. REILLY: That is all of the questions I  
21 have.

22 MR. McGLOTHLIN: Mr. McClish, can you explain to  
23 me the, this again is for my personal knowledge, the salt  
24 sands and what effect that will have when those salts  
25 arise from the ground, or is there any possibilities that

1 they could rise?

2 MR. McCLISH: There is a small amount of salt  
3 water in the salt sands. And that again is cemented off  
4 when the casing is run.

5 MR. MCGLOTHLIN: Well, what happens when that  
6 salt sands comes to the surface or hits a fresh water  
7 supply?

8 MR. McCLISH: All of that water is brought  
9 out of the drill hole. We can't lose the water, because  
10 then we have got a lost circulation, and that is one of  
11 the things that we don't want, is a lost circulation. We  
12 want to bring all of that to the surface.

13 MR. MCGLOTHLIN: But, I thought you were air  
14 drilling?

15 MR. McCLISH: Right. We are.

16 MR. MCGLOTHLIN: You mean, the cuttings?

17 MR. McCLISH: As long as we can drill with  
18 air with no water, we are much better off. If we hit any  
19 water, then we must bring that water up to the surface,  
20 and it goes into the pit.

21 MR. MCGLOTHLIN: But, let's say 10 years down  
22 the road, for some reason the integrity of the pipe has  
23 failed, and some of this water does rise to the surface,  
24 what is going to happen to that surface water?

25 MR. McCLISH: Well, first of all, that is one

1 of the things we don't want. We don't want any of that  
2 water in our well.

3 MR. MCGLOTHLIN: I know you don't want it, but  
4 what happens if it comes up?

5 MR. McCLISH: Okay, that . . .

6 MR. MCGLOTHLIN: I mean, I am not talking about  
7 inside the well itself, but what if it comes up from the  
8 outside?

9 MR. McCLISH: Right. I understand what you  
10 are saying, and we have had the particular incident to  
11 happen in Kentucky. Then it is time for us to go back in  
12 there, and if there is anything we can do to that  
13 particular casing, such as cement . . .

14 MR. MCGLOTHLIN: What does it do to the fresh  
15 water is what I am asking? Have you seen what it does to  
16 the fresh water?

17 MR. McCLISH: No, I haven't.

18 MR. MCGLOTHLIN: Okay. Thank you.

19 **FURTHER REDIRECT EXAMINATION**

20 **BY MR. COUNTS:**

21 MR. COUNTS: Mr. McClish, I would like to  
22 afford you an opportunity to answer pursuant to that  
23 question with further regard to what it does to your  
24 operations in the event that that were to happen?

25 MR. McCLISH: Well, first of all, if there is

1 any water that gets into that well, then that is going to  
2 kill our well. We are not getting any gas out of it.

3 MR. COUNTS: Okay. Thank you. That is  
4 fine. I don't have any further questions.

5 AND FURTHER THIS WITNESS SAITH NOT.

6 MR. COUNTS: If I could, Mr. Chairman, I  
7 would like to ask Mr. Reilly just a couple of questions if  
8 I could.

9 MR. WAMPLER: Do you have any problems with  
10 that Mr. Reilly?

11 MR. REILLY: No, sir.

12 MR. COUNTS: Mr. Reilly, I know that your  
13 primary concern with regard to the drilling of 270 is  
14 protection of your ground water supply. I would like,  
15 though, to, you know, references have been made throughout  
16 this hearing to the 1984 D.M.L.R. report, and I believe  
17 the Inspector's Office does have a copy of that, if the  
18 Well Review Board wishes to take a look at that, showing  
19 Mr. Reilly's recharge area et cetera. But, Mr. Reilly, I  
20 would like to ask you if this is correct. On November 3  
21 of 1983, did you write a letter to D.M.L.R. requesting an  
22 investigation stating, I believe this was with regard to  
23 coal mining operations on your property, stating that the  
24 mine has had an adverse effect on the ground water  
25 throughout my property. It is currently under my land and

1 has sunk my water supply.

2 MR. REILLY: Yes, I wrote that letter.

3 MR. COUNTS: Okay. Did the D.M.L.R. report  
4 substantiate your comments?

5 MR. REILLY: The D.M.L.R. report, let me  
6 preface my answer with this little statement first. There  
7 is two particular, my land encompassed more than that  
8 little hill behind my house. The one ridge where they  
9 were at that time mining under, that water had completely  
10 disappeared, and has never come back. And then the ridge  
11 behind my house, which is southeast, I guess you would  
12 say, southeast of where they were doing the mining, that  
13 water was diminished almost to obliteration. And that, my  
14 claim was, because of the natural dip of the land, that  
15 the water that should have been outcropping at my spring,  
16 was following the subsurface strata toward the mine.

17 MR. COUNTS: Did the D.M.L.R. report conclude  
18 that your springs were of a permanent nature or of a  
19 seasonal variety?

20 MR. REILLY: Let me look through here. I  
21 thought it said permanent, but I think, I remember the  
22 word seasonal in here.

23 MR. COUNTS: I don't believe, Mr. Reilly,  
24 that it stated that it was categorically seasonal, but I  
25 believe that it implied strongly that it was seasonal and

1 that the loss of the water was not due to the mining  
2 activities at all, but as a result of a very insufficient  
3 precipitation at that time. I would like to bring out one  
4 other thing, Mr. Reilly has also made comment with regard  
5 to the loss of two wells with regard to Peco's drilling  
6 operations that were, I believe, a direct result. In the  
7 last two years I think that I can probably recall or  
8 informal hearings, formal hearings combined, that  
9 accusations have been made probably with at least 30 wells  
10 that Peco has supposedly lost. To date, none of those  
11 have been substantiated. I am sure that as a result of  
12 Peco's operations . . .

13 MR. REILLY: Can I interrupt one second, Mr.  
14 Counts?

15 MR. COUNTS: Not right now, if I may just  
16 continue.

17 MR. REILLY: If he is going to testify,  
18 should he be sworn in?

19 COURT REPORTER: He is an officer of The Court.

20 MR. WAMPLER: His testimony is, we have been  
21 through this before. It is considered sworn when he is  
22 testifying.

23 MR. COUNTS: And that as of yet, none of  
24 those claims have been substantiated. Now, I am sure that  
25 some people may honestly believe that, but I think the

1 fact of the matter is, as a result of the large amount of  
2 operations that Peco is conducting right now, that they  
3 have become really a natural fall guy. Peco does a  
4 tremendous amount of work to conduct its operations to  
5 ensure the protection of the ground water supply. Peco is  
6 well aware of the fact that not only its responsibility as  
7 a corporate citizen, but that certainly in terms of  
8 professional work, in terms of complying with the rules  
9 and regulations in the State of the Commonwealth of  
10 Virginia, and in terms of practical considerations with  
11 regard to the fact that Peco doesn't want water in its  
12 well. To date, to my knowledge, I am only aware of one  
13 situation that Peco has interrupted a water supply, and  
14 that was, in fact, the water was clouded for one day, and  
15 that is in the drilling of some 300 plus wells in  
16 Dickenson County. We are endeavoring to work together  
17 with the landowners on this matter, and in fact, I think  
18 that you will find in the informal transcript in this  
19 hearing, that we have recommended to Mr. Reilly, I believe  
20 Mr. Reilly may have already done so, that he have his  
21 water tested in terms of quantity and in terms of quality  
22 prior to the time we commence operations. Peco is going  
23 to do the same thing. And then we suggest that the same  
24 test be made after operations are completed. But we are  
25 diligently trying to work with the citizens and to ensure

1 the ground water supply and protection of the ground water  
2 supply in Dickenson County. But, I must confess, that if  
3 there are situations where Peco has caused someone to lose  
4 a well, Peco certainly is going to have liability. And we  
5 certainly want to know about those situations in order  
6 that we may remedy those situations. With regard to,  
7 excuse me, I am sorry, Mr. Reilly, I believe you had a  
8 question for me.

9 MR. REILLY: Well, I was just going to say, I  
10 understand that Peco is trying to project a good corporate  
11 image, but they have taken their number out of the  
12 telephone book, and you can't find them in the telephone  
13 book any more. I don't know what good of a corporate  
14 image this reflects, but it reflects bad to me.

15 MR. HALL: That wasn't done by us. That  
16 has been done a couple of times.

17 MR. COUNTS: I will be happy to address that,  
18 and get the information for you, but I can assure you  
19 that, at least with regard to pipelines in the county,  
20 that we do have an 800 number, that the line is maintained  
21 24 hours a day, so we are endeavoring. If the phone  
22 number has been taken out of the book here, and if it is  
23 causing a problem, we will certainly take care of that  
24 situation. We don't have any desire, and it is not in our  
25 best interests as members of business community or to

1 conduct our operations, to not to be accessible.

2 MR. SPOTTE: Mr. Reilly, with the assurance  
3 that Mr. Counts has given and from the testimony here, are  
4 you still leery, put it that way, that you will lose your  
5 water or the quality will be bad?

6 MR. REILLY: Yes, sir, I am.

7 MR. SPOTTE: On what grounds?

8 MR. REILLY: I don't think that the company  
9 can guarantee me, as you asked them earlier, they cannot  
10 guarantee that they are not going to affect our water.

11 MR. SPOTTE: Let me interrupt. Mr. Counts  
12 said they recognize their liability.

13 MR. REILLY: Well, and what liability is  
14 that?

15 MR. SPOTTE: Am I right?

16 MR. COUNTS: Yes, sir. That is correct.

17 MR. SPOTTE: That means liability that they  
18 will do something about your water.

19 MR. REILLY: If I can prove in court that  
20 they have done it.

21 MR. SPOTTE: Well, you are going to test it  
22 before and afterwards, and they are suggesting that. So,  
23 you will have evidence. If you had 100 gallons a minute  
24 before the well is drilled and only 50 gallons a minute  
25 after the well is drilled, then you have something to come

1 back at the gas company.

2 MR. REILLY: That is true. But, then, if I  
3 have 100 gallons before and no gallons after, I will have  
4 to move, because my water is then gone.

5 MR. SPOTTE: I know you will be in the middle  
6 of the Sahara Desert, as I pointed out.

7 MR. REILLY: And my land then becomes  
8 actually worthless unless it is raining.

9 MR. SPOTTE: Well, Mr. Counts says they  
10 recognize, they have a liability.

11 MR. REILLY: Well, as they said, sir, they  
12 may claim here that they have a liability, but then I have  
13 to go through a long court case, and as I said in my  
14 opening statement, these things will stretch on  
15 interminably and never will be decided. So . . .

16 MR. SPOTTE: I can't answer that. I am not a  
17 lawyer.

18 MR. REILLY: My objection is to stop it  
19 before it happens.

20 MR. SPOTTE: I try to stay out of court.

21 MR. REILLY: I try to too. But my . . .

22 MR. SPOTTE: Would you recognize a prompt  
23 settlement or something like that, if they lost your water  
24 entirely, if that was, you know, an outside situation?

25 MR. COUNTS: I would certainly think, Mr.

1 Spotte, that it would be in the best interests of Peco to  
2 not put this into, as Mr. Reilly stated interminably long  
3 court process. You know, we can't sit here, and I don't  
4 think anyone else in the entire country could either and  
5 say that we can absolutely guarantee that there is no  
6 possibility whatsoever . . .

7 MR. SPOTTE: I recognize that.

8 MR. COUNTS: That Mr. Reilly's water might be  
9 impacted, but in the event that it does, we recognize that  
10 we are going to incur liability. And the quicker we  
11 expedite a settlement with the Reillys or anyone else, the  
12 better off we are going to be. Certainly, you know, we  
13 work and have to by the nature of our business, work with  
14 the citizens of Dickenson County. To the extent that we  
15 don't work with them, we are impairing our own operations,  
16 and we are not being responsible corporate citizens that  
17 we believe that we are.

18 MR. SPOTTE: All right. I know, working with  
19 the coal company for 25 years, we had many cases where  
20 water was lost due to our mining activity, but we did  
21 something about it. We drilled new wells. We deepened  
22 old wells. We built cisterns. We laid pipelines. We did  
23 whatever was necessary to get those citizens their water  
24 supply.

25 MR. COUNTS: And I can guarantee you on

1       behalf of Peco that we will do the exact same things.

2               MR. SPOTTE:               Mr. Reilly, what more can you  
3       want?

4               MR. REILLY:               Well, is Mr. Counts committing  
5       Peco Resources to the same statement that he is just  
6       making?

7               MR. SPOTTE:               I don't know. You heard the  
8       statement here. He is a responsible, he is their legal  
9       representative, legal counsel. I am not trying to decide  
10      . . .

11              MR. WAMPLER:              He has represented to this Board  
12      that they will as corporate counsel for Peco, so . . .

13              MR. REILLY:              Well, if you are looking for me  
14      to say, to make a statement that says, that I am pleased  
15      or I am tickled to death or I am anything less than  
16      greatly suspicious and leery, I can't make it. Because I  
17      am still very suspicious and very leery that what is going  
18      to happen is, my water supply is going to be effected,  
19      severally, by this well at the present location. Their  
20      recommendation to move it at the same elevation, just  
21      another 100 foot around the hill, not one foot further on  
22      down the hill, and that is what I am after, to get down  
23      that slope.

24              MR. WAMPLER:              Any concluding remarks?

25              MR. REILLY:              Again, we appreciate the

1 opportunity to state our concerns about the anticipated  
2 placement of that well. We feel the expected severe  
3 impact on our watershed is sufficient in reason to move  
4 that well down slope a little bit, so it will enter the  
5 ground below the 1,660 foot altitude mark. The errors in  
6 the well work permit in the operation's plan and even in  
7 this new plan, the differences submitted by or submitted  
8 to the Oil and Gas Inspector's Office and not detected by  
9 that office as particular errors or discrepancies in the  
10 report, this confirms our worries as surface landowners as  
11 people trying to live on that land, that their scant  
12 attention paid to the information submitted by the  
13 companies, when they are developing the natural gas  
14 resources. And still less concern or attention is paid to  
15 the actual work that they are doing out on the site, with  
16 1,600 wells, or 300 of them being in Dickenson County, and  
17 one inspector and two assistant inspectors. It is almost  
18 impossible for these men to get there on a regular basis  
19 to look at these wells and to see that the proper  
20 procedures are being followed. Only when we as landowners  
21 identify that the problem has occurred, do they then come  
22 out, but at this time it is too late. The work has been  
23 done or the damage has been done. So, if you were  
24 actually in double jeopardy, the companies will not go  
25 along with the exact procedures demanded by the State, and

1 the inspector will not find it, will not find it in time  
2 to correct it before it does damage to our water supply.  
3 And sorry to say, the developers and the inspectors are so  
4 familiar with one another, that submissions and  
5 operation's plans and their request for well work permits  
6 are not really looked at that closely. And these problems  
7 are not detected before they happen. So, if the surface  
8 owner doesn't insist upon the proper operations and  
9 enforcement and closely monitor both of those, will not be  
10 well served either by the developer or the inspector. The  
11 geologist, even though this huge study was done in the  
12 early 1980's, these echo soundings were done all over  
13 Southwest Virginia in an effort to determine the extent of  
14 this gas bearing strata, he didn't even know about that.  
15 I was surprised about that. And the Reclamation  
16 Supervisor, again, had had no formal training in  
17 reclamation. So, I don't believe we should accept their  
18 testimony as expert witnesses, but just as employees of  
19 the Peco Resources, people looking to hold their job.  
20 And, again, we would like the Well Review Board to  
21 critically review the siting of Well P-270 at its present  
22 location, and to consider all the adverse effects this  
23 might have on our watershed we feel that will have it,  
24 even though I have no geological degree that says it is  
25 actually going to have it. It is just obvious to me that

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anything that happens in my watershed effects the water in my watershed. And we would ask you to deny this particular well work permit and force, well not force, but ask Peco Resources to install any well on that particular ridge below the 1,660 foot elevation. Thank you.

MR. WAMPLER: Mr. Counts.

MR. COUNTS: Mr. Chairman and members of the Board, we request that the inspector's decision of May 15, 1987 be affirmed and that Philadelphia Oil Company and Peco Resources be allowed to proceed with the drilling of Well P-270.

MR. WAMPLER: This hearing is now closed.  
Thank you.

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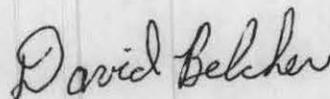
STATE OF VIRGINIA

AT LARGE, TO-WIT:

I, David Belcher, a Notary Public of and for the State of Virginia at Large, do hereby certify that the foregoing depositions were taken, subscribed and sworn to before me on the date and place aforesaid in caption and that I have transcribed these depositions to the best of my ability.

Given under my hand this the seventeenth day of June, 1987.

My commission expires July 1, 1989.



David Belcher