

1 VIRGINIA:

2 IN THE COUNTY OF WASHINGTON

3 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

4 VIRGINIA GAS AND OIL BOARD

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8  
9 DECEMBER 19, 2000

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11  
12 APPEARANCES:

13 RICHARD GILLIAM, PUBLIC MEMBER

14 MASON BRENT, REPRESENTATIVE OF THE GAS & OIL INDUSTRY

15 BENNY WAMPLER, CHAIRMAN

16 MAX LEWIS, PUBLIC MEMBER

17 CLYDE KING, PUBLIC MEMBER

18 SANDRA RIGGS, ASSISTANT ATTORNEY GENERAL

19 BOB WILSON, DIRECTOR OF THE DIVISION OF GAS & OIL AND

20 PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

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20 \*\*\*\*AGENDA ATTACHED

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1           BENNY WAMPLER: We'll go ahead and call the meeting  
2 to order. Good morning. My name is Benny Wampler. I'm  
3 Deputy Director for the Department of Mines, Minerals and  
4 Energy and Chairman of the Gas and Oil Board; and I'll ask  
5 the Board Members to introduce themselves.

6           MASON BRENT: My name is Mason Brent. I'm from  
7 Richmond. I represent the Gas and Oil Industry.

8           SANDRA RIGGS: I'm Sandra Riggs, with the Office of  
9 the Attorney General and I'm here to advise the Board.

10          MAX LEWIS: I'm Max Lewis from Buchanan County, a  
11 public member.

12          CLYDE KING: I'm Clyde King from Abingdon, a public  
13 member.

14          BOB WILSON: I'm Bob Wilson, the Director of the  
15 Division of Gas and Oil and Principal Executive to the Staff  
16 of the Board.

17          BENNY WAMPLER: Thank you. Is there any  
18 housekeeping of the docket today before we being?

19          JIM KISER: Would that include continuances?

20          BENNY WAMPLER: It would include anything that we  
21 need to do like that.

22          JIM KISER: Okay. At this time, Mr. Chairman, I'd  
23 like to ask that the Board continue item number one until the  
24

1 January the 16<sup>th</sup> docket in that we're still attempting to  
2 negotiate a voluntary lease with one of the two unleased  
3 parties that's in that unit and we also have to file a new  
4 plat in that the party that we're attempting to lease has  
5 convinced us that their tract is different than what our  
6 original plat showed. So, if we could continue that one  
7 until the January hearing, that would be our wish there.

8           The second item, we'd also ask that that be  
9 continued to the January docket. We're attempting to move  
10 that location to a legal location.

11           And we'd also like to continue item number four  
12 until at least the January docket and quite possibly the  
13 February docket in that we've got items to work out there  
14 with the location of a tract and some notice issues. But we  
15 are going to do number three.

16           BENNY WAMPLER: Mr. Swartz, do you have any?

17           MARK SWARTZ: I'd like to dismiss twenty-two and  
18 continue twenty-three until January to allow us keep leasing.

19           CLYDE KING: Twenty-three?

20           MARK SWARTZ: Yes.

21           (Richard Gilliam, Board Member, enters the  
22 hearing.)

23           BENNY WAMPLER: Anything else?

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1           MARK SWARTZ: I'm going to consolidate a bunch of  
2 things. But nothing else that's (inaudible).

3           BENNY WAMPLER: Okay. Any objections from members  
4 of the Board for this continuance? Any further discussion.

5           (No audible response.)

6           BENNY WAMPLER: Okay. For the record, docket number  
7 VGOB-00-11/21-0845 is continued until January; docket number  
8 VGOB-00-11/21-0846 is continued until January; docket number  
9 VGOB-00-11/21-0848 is continued until January; docket number  
10 VGOB-00-19/19-0821 is dismissed; docket number VGOB-00-09/19-  
11 0822 is continued until January.

12           The next item on the agenda the Gas and Oil Board  
13 will consider a petition from Equitable Production Company  
14 for pooling of coalbed methane unit under the Nora Coalbed  
15 Gas Field Order identified as VC-4497. This is docket number  
16 VGOB-00-11/21-0847. It was continued from November. We'd  
17 ask the parties that wish to address the Board in this matter  
18 to come forward at this time.

19           JIM KISER: Mr. Chairman and Members of the Board,  
20 Jim Kiser on behalf of Equitable Production Company. My  
21 witness in this matter will be Mr. Don Hall. I'd ask that he  
22 be sworn at this time.

23           (Witness is duly sworn.)

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1           BENNY WAMPLER: The record will show there are no  
2 others. You may proceed.

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7

DON HALL

8 having been duly sworn, was examined and testified as  
9 follows:

10

DIRECT EXAMINATION

11 QUESTIONS BY MR. KISER:

12           Q.       Mr. Hall, could you state your name for the  
13 record, who you're employed by and in what capacity?

14           A.       My name's Don Hall. I'm employed by  
15 Equitable Production Company as District Landman.

16           Q.       And do your responsibilities include the  
17 land involved underlying the unit for VC-4497 and the lands  
18 in the surrounding area?

19           A.       They do.

20           Q.       Are you familiar with Equitable's  
21 application seeking a pooling order for EPC well number VC-  
22 4497, which was filed October the 20<sup>th</sup> of the year 2000?

23           A.       Yes.

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1           Q.       Is Equitable seeking to force pool the  
2 drilling rights underlying the unit as depicted at Exhibit A  
3 of the application?

4           A.       Yes, we are.

5           Q.       Is the location proposed for this well fall  
6 within the Board's order for the Nora Coalbed Gas Field?

7           A.       It does.

8           Q.       Does Equitable own drilling rights in the  
9 unit involved here?

10          A.       It does.

11          Q.       And what is the interest of Equitable in the  
12 gas estate within the unit?

13          A.       We have 57.12% leased.

14          Q.       And what is the interest of Equitable in the  
15 coal estate within the unit?

16          A.       A 100% leased.

17          Q.       And are all the unleased parties set out in  
18 Exhibit B to the application?

19          A.       They are.

20          Q.       Now, are you familiar with the ownership of  
21 drilling rights of parties other than Equitable?

22          A.       Yes.

23          Q.       And what percentage of the gas estate  
24

1 remains unreleased?

2 A. 42.88%.

3 Q. Now, were efforts made to determine if the  
4 respondents were living or deceased, and if deceased, efforts  
5 made to determine their whereabouts, names and addresses, any  
6 successors to deceased individual respondents?

7 A. Yes, it was.

8 Q. And in this case, is the only unreleased  
9 interest the G. W. Smith, unknown heirs, that we've forced  
10 pooled on several other occasions?

11 A. That's correct.

12 Q. And have reasonable and diligent efforts  
13 been made and sources checked to identify and locate any  
14 unknown heirs of G. W. Smith including primary sources such  
15 as deed records, probate records, assessors' records,  
16 treasurer's records and secondary sources such as telephone  
17 directories, city directories, family and friends?

18 A. Yes.

19 Q. And we've been unable to locate any?

20 A. I haven't located anybody.

21 Q. In your professional opinion, was due  
22 diligence exercised in attempting to locate the respondents?

23 A. Yes, there was.

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1           Q.       Now, are the addresses set out in Exhibit B  
2 to the application the last known addresses for the  
3 respondents?

4           A.       Yes.

5           Q.       Now, are you requesting the Board at this  
6 hearing to force pool all the unleased interest listed in  
7 Exhibit B?

8           A.       We are.

9           Q.       Now, are you familiar with the fair market  
10 value of drilling rights in the unit here and in the  
11 surrounding area?

12          A.       Yes.

13          Q.       Could you advise the Board as to what those  
14 are?

15          A.       Five dollar bonus, a five year term, one-  
16 eighth royalty.

17          Q.       In your opinion, do the terms you have  
18 testified to represent the fair market value of and the fair  
19 and reasonable compensation to be paid for drilling rights  
20 within this unit?

21          A.       They do.

22          Q.       Now, based on the unknown heirs, do you...if  
23 they are located, do you request that they be allowed the

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1 following options with respect to their ownership interest  
2 within the unit: One, participation; two, a cash bonus of \$5  
3 per net mineral acre and one-eighth of eight-eighths royalty;  
4 three, in lieu of a cash bonus and one-eight of eight-eighths  
5 royalty share in the operation of the well on a carried basis  
6 as a carried operator under the following conditions: Such  
7 carried operator shall be entitled to the share of production  
8 from the tracts pooled accruing to his interest exclusive of  
9 any royalty or overriding royalty reserved in any leases,  
10 assignments thereof, or agreements relating thereto of such  
11 tracts, but only after the proceeds applicable to his share  
12 equal: A) 300% of his share of such costs applicable to the  
13 interest of a carried operator of a leased tract or portion  
14 thereof; or B) 200% of his share of such costs applicable to  
15 the interest of the carried operator of an unleased tract or  
16 portion thereof?

17           A.       Yes.

18           Q.       Do you recommend that if we have any  
19 elections by the respondent, they should be in writing and  
20 sent to the applicant at Equitable Production Company, 1710  
21 Pennsylvania Avenue, P.O. Box 2347, Charleston, West Virginia  
22 25328, Attention: Melanie Freeman, Regulator?

23           A.       Yes.

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1           Q.       Should this be the address for all  
2 communications with the applicant concerning the force  
3 pooling order?

4           A.       Yes, it should.

5           Q.       Do you recommend that the order provide that  
6 if no written elections was properly made, then a respondent  
7 shall be deemed to have elected the cash royalty option in  
8 lieu of any participation?

9           A.       Yes.

10          Q.       Should the unleased respondents be given  
11 thirty days from the date that the Board order was filed to  
12 make their written elections?

13          A.       Yes.

14          Q.       If an unleased respondent elects to  
15 participate, should they be given forty-five days to pay the  
16 applicant for their proportionate share of well costs?

17          A.       Yes.

18          Q.       Does the applicant expect any party electing  
19 to participate to pay in advance that party's share of  
20 completed well costs?

21          A.       Yes.

22          Q.       Should the applicant be allowed a hundred  
23 and twenty days following the recordation date of the Board

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1 order and thereafter annually on that date until production  
2 is achieved, to pay or tender any cash bonus becoming due  
3 under any force pooling order?

4 A. Yes.

5 Q. Do you recommend that the order provide that  
6 if the respondent elects to participate but fails to pay  
7 their proportionate share of well costs satisfactory to the  
8 applicant for the payment of those costs, then their election  
9 to participate should be treated as having been withdrawn and  
10 void and such respondent should be treated just as if no  
11 initial election had been made, in other words, deemed to  
12 have leased under the order?

13 A. Yes.

14 Q. Do you recommend where the order...if the  
15 order...where the order provides a respondent elects to  
16 participate but defaults in regard to the payment of well  
17 costs, any cash sum becoming payable of such respondent be  
18 paid within sixty days after the last date on which such  
19 respondent could have paid or made satisfactory arrangement  
20 for the payment of those costs?

21 A. Yes.

22 Q. Okay. In this case, since we have a...both  
23 a conflicting claimant situation and an unknown owner on the

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1 gas estate, do you recommend that all costs or proceeds  
2 attributable to this interest be paid into the escrow fund  
3 until such time as the Board can determine to that operator's  
4 satisfaction a resolution to the conflict?

5 A. Yes.

6 Q. And who should be named the operator under  
7 the force pooling order?

8 A. Equitable Production Company.

9 Q. And what is the total depth of this proposed  
10 well under the plan of development?

11 A. The well total depth is 2,450 feet.

12 Q. What are the estimated reserves of the unit?

13 A. 400,000,000 cubic feet.

14 Q. Now, are you familiar with the well costs  
15 for the proposed well under the plan of development?

16 A. Yes.

17 Q. And has an AFE been reviewed, signed and  
18 submitted to the Board?

19 A. It has.

20 Q. And was this AFE prepared by an engineering  
21 department knowledgeable in the preparation of AFEs and  
22 knowledgeable in regard to well costs in this area?

23 A. It was.

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1 Q. In your opinion, does the AFE represent a  
2 reasonable estimate of the well costs under the plan of  
3 development?

4 A. It does.

5 Q. Could you state for the Board both the dry  
6 hole costs and completed well costs for this---?

7 A. The dry hole is \$86,690 and completed well  
8 cost is \$177,982.

9 Q. Do these costs anticipate a multiple  
10 completion?

11 A. They do.

12 Q. Does the AFE include a reasonable charge for  
13 supervision?

14 A. Yes, it does.

15 Q. In your professional opinion, will the  
16 granting of this application be in the best interest of  
17 conservation, the prevention of waste and the protection of  
18 correlative rights?

19 A. Yes.

20 JIM KISER: Nothing further of this witness, Mr.  
21 Chairman.

22 BENNY WAMPLER: Questions from members of the Board?

23 (No audible response.)

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1           BENNY WAMPLER: Do you have anything further?

2           JIM KISER: We'd ask that the application be  
3 approved as submitted, Mr. Chairman.

4           CLYDE KING: Excuse me. Mr. Chairman?

5           BENNY WAMPLER: Yes, Mr. King.

6           CLYDE KING: Could you, on the map where...can you  
7 tell us...me, exactly where the G. W. Smith property is?

8           DON HALL: Looking at the square CBM unit, look to  
9 the South of the Southern unit line, you see the G. W. Smith  
10 heirs?

11          CLYDE KING: Right.

12          JIM KISER: So, it's the---.

13          DON HALL: It's all of that in that wedge shape  
14 piece going to the North of that.

15          CLYDE KING: So, the well that's you're going to  
16 drill is on that property?

17          DON HALL: It's on...it's on the property where the  
18 oil and gas is, but the coal company owns the surface and the  
19 coal and we're just force pooling the gas here.

20          BENNY WAMPLER: Any other questions?

21                   (No audible response.)

22          BENNY WAMPLER: Is there a motion?

23          MASON BRENT: Mr. Chairman, I move that we grant the  
24  
25

1 application as submitted.

2 BENNY WAMPLER: Is there a second?

3 MR. GILLIAM: I'll second.

4 BENNY WAMPLER: Motion and second. Any further  
5 discussion?

6 (No audible response.)

7 BENNY WAMPLER: All in favor, signify by saying yes.

8 (All members signify yes.)

9 BENNY WAMPLER: Opposed, say no.

10 (No audible response.)

11 BENNY WAMPLER: You have approval.

12 The next item on the agenda is reconvening of  
13 docket number 95-04/18-0499-04 concerning PGP unit W-29 for  
14 further consideration of applications filed by certain  
15 claimants for calculations and thereafter disbursement to  
16 them of funds on deposit in the drilling unit escrow account.

17 MARK SWARTZ: This is Mark Swartz. We...our first  
18 notice that there was an application was when we got the  
19 docket and so...although we were trying to---

20 BENNY WAMPLER: Can you hear him?

21 (Court reporter indicates negatively.)

22 MARK SWARTZ: Although we have been trying to work  
23 with the bank. I don't (inaudible). The supplemental orders

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1 were entered in these two...or supplemental orders were  
2 entered in these two docket items five and six, W-29 and W-  
3 30, within the last month, I think, and we got copies a  
4 couple of weeks ago. And Les and I were kind of surprised to  
5 see these on the docket because we didn't...if there is an  
6 applicant or application for claimants that have come  
7 forward, you know, we've never seen it. I mean, up until  
8 today even. And we've---

9 SANDRA RIGGS: The supplemental order put us notice  
10 of the split agreement. Is that what happened?

11 MARK SWARTZ: Maybe.

12 LESLIE K. ARRINGTON: But we did file supplemental  
13 and you did record it and something---

14 SANDRA RIGGS: I think that what happened is in the  
15 supplemental, you put the Board on notice that there was a  
16 settlement of the conflicting claims---

17 LESLIE K. ARRINGTON: Okay.

18 SANDRA RIGGS: ---but virtue of split agreements.

19 LESLIE K. ARRINGTON: I quite simply didn't realize  
20 it was going to work that way. I thought we were going to  
21 have file an application.

22 SANDRA RIGGS: Well, you can if you want to, Les.

23 LESLIE K. ARRINGTON: Okay. No, no. I thought that  
24

1 was the way it was going to work. But if that is, that's  
2 fine.

3 SANDRA RIGGS: Okay.

4 MARK SWARTZ: So, then we got...we called over to  
5 Bob's office and got a copy of a letter---

6 SANDRA RIGGS: The three part letter.

7 MARK SWARTZ: Right. Which we...but we didn't get  
8 it until we called even though it showed that it had been  
9 mailed to us well in advance of our call. So, what happened  
10 then is that we have started interacting with the bank to try  
11 and generate the accounting that we need. So, I think it  
12 would be prudent to just put this off...these two off until  
13 next month and Anita will continue to work on that and if  
14 we're done next month, great, and if not---

15 LESLIE K. ARRINGTON: Yeah, we'll be ready.

16 MARK SWARTZ: We should be?

17 LESLIE K. ARRINGTON: Yes.

18 MARK SWARTZ: Okay.

19 LESLIE K. ARRINGTON: We'll be ready.

20 MARK SWARTZ: To take care of the split agreements.

21 SANDRA RIGGS: I don't see a problem with that.

22 There's no application. I think the three part letter got  
23 generated by virtue of the notice contained in the

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1 supplemental order that there was a split agreement.

2 LESLIE K. ARRINGTON: Okay.

3 MARK SWARTZ: And if we've got...would have gotten  
4 the letter, I guess we probably would have been able to  
5 figure that out. But, anyway.

6 BOB WILSON: Mr. Chairman, for the record, our  
7 mailing records show that that letter went out on November  
8 the 21<sup>st</sup> and was accepted and received by an R. Cartwright on  
9 11/27. So, I'm not sure what happened, but the notice did go  
10 out.

11 LESLIE K. ARRINGTON: Yeah, something happened. We  
12 don't know what happened.

13 MARK SWARTZ: I mean, I got this...the supplemental  
14 orders were mailed to me on the 21<sup>st</sup>. I mean I know that  
15 those came to me at about the same time and we were concerned  
16 that maybe that receipt pertained to the supplemental orders  
17 as opposed to the letter. I don't know.

18 BOB WILSON: No, no. According to our mail records,  
19 these were the three part letters---

20 MARK SWARTZ: Okay.

21 BOB WILSON: ---and the other entities who got them  
22 did receive them. So---

23 MARK SWARTZ: Okay. We'll be ready in January with  
24

1 the accounting so we can take care of that.

2 (Board members confer.)

3 BENNY WAMPLER: Okay, without any objection, we'll  
4 just continue those two, items five and six on the agenda  
5 until January. Hearing none, they're continued.

6 CLYDE KING: Five and six?

7 BENNY WAMPLER: Item five and six, yes, sir, on the  
8 agenda today.

9 The next item on the agenda, the Board will  
10 reconvene docket 98-06/16-0670 concerning Equitable  
11 Production Company unit VC-3169 for further consideration of  
12 the applications filed by certain claimants for the  
13 calculations and thereafter disbursement to them of funds on  
14 deposit in the drilling unit escrow account. We'd ask the  
15 parties that wish to address the Board in this matter to come  
16 forward at this time.

17 JIM KISER: Mr. Chairman and members of the Board,  
18 Jim Kiser on behalf of Equitable. We're a little further  
19 down the road, I guess, on this one than on those other two,  
20 but I'm not sure that we're where we need to be. What do  
21 your records show on the three part letter for this well?

22 BOB WILSON: I didn't bring that because it wasn't  
23 in contention with---

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1           JIM KISER: I never---.

2           SANDRA RIGGS: VC-3169?

3           JIM KISER: Yeah. I never got a copy of it.

4           BENNY WAMPLER: Hand him the December the 1<sup>st</sup>.

5           JIM KISER: Is this the December the 1<sup>st</sup> thing?

6 Okay, I do have that. Okay, we have our tract by tract  
7 accounting and I faxed both Ms. Riggs and Mr. Wilson  
8 yesterday, and we're confident that it's accurate. The  
9 problem I have is, if we read the three part letter in  
10 talking to Melanie Freeman up in Charleston yesterday who  
11 handles these sort of matters on Equitable's behalf, to her  
12 knowledge, and she checked with her supervisors, to her  
13 knowledge, no one from the escrow agency has ever contacted  
14 Equitable to match up the accounts. We feel like this is  
15 accurate and if you want to put down an order with the caveat  
16 that this be matched up with the escrow agent, that's fine or  
17 we can continue it.

18           SANDRA RIGGS: Well, we could submit this...this  
19 just came in last night, so I didn't get a chance to fax it  
20 up to Ballinghoff, but we could do that.

21           JIM KISER: But isn't there...isn't the burden on  
22 the escrow agent when he receives this letter to call the  
23 unit operator? That's the way I read it.

24

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1           BOB WILSON: Yes.

2           SANDRA RIGGS: I think that's right.

3           BOB WILSON: Actually they...the bank is supposed to  
4 contact the people involved with the disbursement and  
5 we...they not only receive the three part letter but we had  
6 conversations with them in which we pointed that out to them.  
7 But somewhere or another, this obviously fell through the  
8 cracks. We'll need to do some pushing on that again.

9           BENNY WAMPLER: We'd be better off to continue that  
10 until January as well.

11          JIM KISER: To make sure that everybody is square?

12          BENNY WAMPLER: Yeah. And get the system working  
13 the way it's supposed to work.

14          JIM KISER: And what...I mean, you don't have any  
15 problem with my client contacting the escrow agent if they  
16 don't hear from them, do you, just to push this thing along?

17          BENNY WAMPLER: No. No problem. They need to be  
18 ready to do it in January anyway.

19          JIM KISER: Okay.

20          BENNY WAMPLER: Okay, the next item...we're on---.

21          TOM EVANS: May I ask a question?

22                   (No audible response.)

23          TOM EVANS: I'm Tom Evans with Coastal Coal Company

24

--

1 and these are the Smiths. We were involved in this issue  
2 that you were just discussing. Will we need to appear here  
3 again in January?

4 BENNY WAMPLER: Oh, okay.

5 SANDRA RIGGS: Has he received an accounting?

6 BENNY WAMPLER: That's what I started to say. Have  
7 you received the accounting?

8 JIM KISER: No.

9 TOM EVANS: I don't think so.

10 BENNY WAMPLER: Well, you can have my copy and we'll  
11 give you a minute to look at it. This is...the only thing  
12 that would occur in January as far as we know, unless you  
13 object, is that we have back the validation from the escrow  
14 account that this is, in fact, what's in the account for  
15 disbursement. So, if that matches what you think---

16 TOM EVANS: We don't easily have a way of knowing  
17 that. We have the figure that---

18 BENNY WAMPLER: Well, the bank has to...the  
19 bank...this is their numbers and the bank has to validate  
20 that to say yes, in fact, that is what's in the bank. And  
21 that's all...we're just not ordering disbursement until we  
22 have that validation to make sure---

23 TOM EVANS: Well.

24

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1           BENNY WAMPLER: ---that all the money that's due you  
2 is there.

3           TOM EVANS: Okay.

4           JIM KISER: We just want to make sure that  
5 Equitable's, the unit operator's numbers match up with the  
6 escrow agents's numbers. And if they don't---.

7           BENNY WAMPLER: So, you do know...to answer your  
8 question then, you do not have to appear unless you have a  
9 reason to appear.

10          TOM EVANS: Okay. That's what we needed to know.

11          JIM KISER: In fact, if you'd like, if I can get,  
12 which I should be able to do, verification that the numbers  
13 match up prior to the January the 16<sup>th</sup> hearing, if you can  
14 give me your card or something, I'll call you and let you  
15 know to save you the trip. My guess is that it will match  
16 up, but...it always has in the past.

17           (Board members confer among themselves.)

18          JIM KISER: So, we're continuing that until January.

19          BENNY WAMPLER: Yes.

20           (Board members confer among themselves.)

21          BENNY WAMPLER: Let me ask you before we move on.

22 I've been waiting for you to talk. Of course, you can follow  
23 up with Mr. Wilson on anything at any time. But are you

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1 comfortable with what we're doing, that we're continuing in  
2 January? Is that a problem to you? Do you have any  
3 objection to that?

4 TOM EVANS: I have no objection.

5 BENNY WAMPLER: And understanding that what we're  
6 doing is making sure that we get a validation back from the  
7 bank, which is our escrow agent, that, in fact, those dollars  
8 as presented by the unit operator match the dollars they have  
9 the account?

10 TOM EVANS: It sounds like it to Coastal. Thank  
11 you.

12 BENNY WAMPLER: Thank you. The next item on the  
13 agenda, this is number eight, if you're following, at it's  
14 October 17, 2000 hearing, the Gas and Oil Board approved  
15 Field Rules for an area of Buchanan, Dickenson and Russell  
16 County, which is on the Northern portion of the Honaker and  
17 Richlands quad and is bounded on the North by 80 acre units  
18 of the Oakwood Field and on the West by 60 acre units of the  
19 Nora Field. The Board will review and consider approval of  
20 proposed order for new Field Rules, and we have copies of  
21 those. And if there's any parties that wish to address the  
22 Board regarding those draft rules, you're invited to appear.

23 MARK SWARTZ: Sandra, do you have an extra copy  
24

1 of---?

2 CLYDE KING: Where are we?

3 MAX LEWIS: Number nine.

4 BENNY WAMPLER: Number eight.

5 CLYDE KING: Number nine.

6 BENNY WAMPLER: It's number eight, Field Rules.

7 MAX LEWIS: Yeah, number eight.

8 BENNY WAMPLER: Draft Field Rules.

9 CLYDE KING: Okay, where's the copy?

10 BENNY WAMPLER: Bob, would you hand Mr. King a copy  
11 of that?

12 MAX LEWIS: I believe they's some down here, ain't  
13 they?

14 CLYDE KING: I don't know.

15 (Everyone gets organized.)

16 (Board members confer among themselves.)

17 BENNY WAMPLER: Mr. Swartz, did you have any  
18 comments on the draft rules?

19 MARK SWARTZ: I transmitted some comments to Sandra  
20 a while back and I'm just sort of comparing the revised order  
21 to see where we are here.

22 BENNY WAMPLER: All right.

23 (Mr. Swartz reviews the draft order.)

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1           BENNY WAMPLER: Regarding cost, is this going to---.

2           BOB WILSON: Oh, on the well cost, there is no  
3 bottom line. This is just information.

4           BENNY WAMPLER: That's what I...yeah, we don't...we  
5 don't really have a bottom line before us at this point.  
6 This is establishing Field...new Field Rules actually. You  
7 know, a new Field that will allow orderly development of that  
8 Field.

9           BOB WILSON: Yeah, the cost comparisons were  
10 strictly in response to the request made the by the Board up  
11 at the Breaks to see what the averages are and these are the  
12 differences and some representative of AFEs so you can see  
13 exactly where those differences lie. But, again, this only  
14 comes into play when somebody elects to participate anyway.  
15 So, it's not really that significant. It has only happened,  
16 what, one or two times, I think, in the entire---?

17           SANDRA RIGGS: Yeah, maybe. We've had a couple that  
18 has carried.

19           BENNY WAMPLER: Yeah, carried interest.

20           SANDRA RIGGS: And one participating, I think, in  
21 the history of---.

22           BENNY WAMPLER: We've only had three in the history  
23 of every case that we have had that this would apply, but the

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1 Board had asked for a comparison of these well costs. And,  
2 you know, it does---

3 CLYDE KING: Is there a difference in the piece of  
4 the---

5 MAX LEWIS: Size, I'd say.

6 CLYDE KING: ---property that it cost more to drill  
7 50 more feet?

8 BENNY WAMPLER: Some locations are more expensive  
9 locations to get to, just like if you're any kind of grading.  
10 If you're are on a steep hill---

11 CLYDE KING: These are all...all...seems to be all  
12 of the Consol's are more expensive.

13 BOB WILSON: These...if you look at the detailed  
14 AFE, you'll find that in PGPs, they spend a lot more on their  
15 frac jobs and they spend a lot more on their, I believe,  
16 completion and transportation costs. They have down near the  
17 bottom. And that's basically the difference between the two  
18 AFEs. It's almost impossible to compare item for item  
19 because the two companies use different forms when they put  
20 up their...put out their costs.

21 CLYDE KING: I thought we were...when the gentleman  
22 came and spoke to the Board up at the Breaks, that it seemed  
23 like that all of the ones that Consol had were more

24

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1 expensive.

2           BOB WILSON: They are. And that's what this is  
3 showing.

4           CLYDE KING: Is there any reason why that's true?

5           BOB WILSON: They do a different sort of fracuring  
6 job, a more expensive fracuring job. And---

7           CLYDE KING: More advantageous to the---?

8           BOB WILSON: I wouldn't evaluate that. I'm just  
9 telling you what the numbers show and they also have a charge  
10 on there for transportation and compression, I believe, that  
11 Equitable doesn't use. And that's the major differences  
12 between the two. But, again, it only comes into play if  
13 somebody elects to participate.

14           CLYDE KING: But doesn't it make a difference in  
15 what the final bottom line is as far property loss?

16           MARK SWARTZ: Well, if you look at our average  
17 production per well, it is much higher. I mean, we have less  
18 wells than ERECs and we produce 10 BCF more than they did. I  
19 mean, it's something that wouldn't be reflected in there.  
20 But primarily because our frac program is considerably  
21 different, which adds, you know, a fair amount of money.  
22 But, I mean, you need to look at the bang for the buck issue  
23 and I'm not sure that all you have is the buck.

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1           CLYDE KING: Right.

2           MARK SWARTZ: You know, and if we're ever invited to  
3 participate in that discussion, we'll certainly do it, but  
4 there is that further issue.

5           BOB WILSON: Since this has come up, does anybody  
6 want a copy that does not have a copy of this?

7           MARK SWARTZ: Sure. If we could have two, that  
8 would be great.

9           LESLIE K. ARRINGTON: Yeah, he sent me copies.

10          MARK SWARTZ: Oh, did he send you one? Okay.

11          CLYDE KING: My only question is when you...when you  
12 put monies in the escrow, does that...the cost of this make a  
13 difference on that?

14          BENNY WAMPLER: It only makes a difference where you  
15 have someone that is a carried operator or actually wants to  
16 participate. That's when the individual would come in and  
17 question...raise any questions or we'd raise questions about  
18 the actual cost.

19          MARK SWARTZ: The capital costs do not get charged  
20 to royalty.

21          CLYDE KING: So, you're saying that your wells are  
22 more efficient?

23          MARK SWARTZ: I don't know that that's what I'm  
24

1 saying. We just...we frac them differently and produce from  
2 a greater number of coal seams. I would also say in defense  
3 of EREC's that, you know, we're able to do that because I  
4 think the area we're in, the Oakwood Field, the standard  
5 cubic feet of gas per ton of coal is higher than what, you  
6 know, in general they're experiencing where they are. So, I  
7 mean, our frac design is responsive to the Field conditions  
8 that we have---

9 BENNY WAMPLER: Yeah, you can---

10 MARK SWARTZ: ---which I would say are somewhat  
11 different than theirs. You know, it's what...you know, it  
12 might be worth spending that extra money where they are to  
13 get more...because you wouldn't get the production. But it  
14 is where we are. I mean, when...you know, if you want to  
15 pursue this further, we'd certainly get Claude over here some  
16 day with a reasonable amount of notice. I mean, but I mean  
17 the first thing we noticed when we started looking at this  
18 was our frac program is way different. You know, we spend a  
19 lot more money on it. And then Les just told me a minute ago  
20 that he was kind of looking at production and number of wells  
21 and there's just huge difference in our production.

22 LESLIE K. ARRINGTON: There's a big difference in  
23 total production.

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1                   BOB WILSON: The fracuring costs for Consol/PGP  
2 wells, they always list \$70,000 per well. Equitable actually  
3 has theirs invested in a couple of lines in their AFE, but  
4 they'll run around \$30,000 for theirs. And which, of course,  
5 provides for a big chunk of the difference in cost there.  
6 Some items of Equitable's is more expensive. Some items of  
7 PGP's is more expensive on others. PGP also uses production  
8 and compression charge which they put in of \$25,000 on each  
9 of their AFEs, and I don't find an actual direct equivalent  
10 on Equitable's. But we're dealing with two different types  
11 of operations here entirely. It's very difficult to compare  
12 these two operations. You could only compare it if it was  
13 the same operator doing exactly the same things in both  
14 places.

15                   MARK SWARTZ: Well, the compression issue is also,  
16 we think, related to production. We have compression much  
17 closer either at the well, or much closer to the well  
18 generally speaking, than EREC's does, and we feel that  
19 enhances our production. You know, they obviously have made  
20 some engineering judgments of their own. I mean, I'm not  
21 privy to that. But, you know, that's...that's not an  
22 insignificant cost, but we've...you know, we do it because we  
23 think we get more gas out of the ground having that extra  
24

1 stage of compression closer to the well.

2 CLYDE KING: Do you get more gas?

3 MARK SWARTZ: Clearly, we do. I mean, we have way  
4 fewer wells and much more production.

5 MAX LEWIS: If you go back to your history of your  
6 wells, that's what you go by.

7 MARK SWARTZ: But we do. Yeah, we...our per well  
8 production is significant.

9 CLYDE KING: If you were drilling where they're  
10 drilling, would you get better production?

11 MARK SWARTZ: I don't know because I...my impression  
12 is that their standard cubic feet of gas per ton of coal,  
13 which is, you know, what's available to get, is a lot less  
14 than our number. I mean, it...you know, the Oakwood Field is  
15 essentially the best you're going to get and as you go to the  
16 West, I mean, it really starts to tail off and, you know,  
17 we've had pooling...particularly was it the Roaring Fork when  
18 we were over here? I mean, which was way, very West. You  
19 know, as you go West, it does tail off pretty dramatically.  
20 And we're finding the same thing as we go East over towards  
21 Richlands. Of course, there we've got the coal thinning as  
22 well. But, you know, the standard cubic feet of gas per ton  
23 is also dropping off as we go in that direction.

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1           CLYDE KING: Is it toward Richlands where the fault  
2 is?

3           MAX LEWIS: No, it's not.

4           MARK SWARTZ: Yeah, it sort of---.

5           MAX LEWIS: South.

6           MARK SWARTZ: It's South of that, right. Yes.

7           CLYDE KING: That...would that make a difference?

8           MARK SWARTZ: Well, it's just how much...how many  
9 feet of coal is there that's available to be drilled and how  
10 much, you know, gas is trapped in the seams. I mean, both  
11 things, you know, are variables that affect it, but, you  
12 know, I don't think...focusing on something that Bob's said,  
13 just looking at the geology where we are and where EREC is  
14 makes it hard to compare because it's different in some  
15 material respects.

16           BOB WILSON: It is...the Pocahontas seam is one of  
17 the gassiest coal seams in the world and that is one of the  
18 things that gives them tremendous production. The fact that  
19 they are producing out of gob gives them tremendous  
20 production increase and it actually is going to change the  
21 entire way that the production is handled. It's almost a  
22 different operation if you take it in average from what's  
23 being done in the Nora Field. There are segments that might

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1 compare more directly especially where PGP has expanded to  
2 the East now. But, in general, it's hard to make a direct  
3 comparison between the two areas.

4 MARK SWARTZ: I'm not sure, but I think we drill a  
5 bigger...a much bigger diameter hole in the Oakwood. No,  
6 than they do?

7 LESLIE K. ARRINGTON: Well, for gob holes, we do.

8 MARK SWARTZ: Right.

9 LESLIE K. ARRINGTON: For gobs, we do. I think  
10 they're still using four and half casing. The same as we do  
11 on frac holes.

12 MARK SWARTZ: Okay.

13 BENNY WAMPLER: Okay. We actually don't have that  
14 on the agenda today.

15 MARK SWARTZ: Right. But as long as we're talking  
16 about it.

17 BENNY WAMPLER: But we had a discussion about it.  
18 But to get to the Field Rules, are there any questions from  
19 anyone on the Field Rules?

20 MARK SWARTZ: The...this is Mark Swartz. I have two  
21 really minor comments. Paragraph 4B, the third line up from  
22 the bottom there, Sandra, the Raven should not be included.  
23 It's correct in the next para...well, in the...there's

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1 another paragraph, the next one, C. You've got it starting  
2 at the Jawbone I, which is where it should be. That's  
3 appropriate.

4 SANDRA RIGGS: Well, that was for Nora I and B?  
5 Let's see...Nora.

6 MARK SWARTZ: Oh, maybe that's...oh, wow, is that  
7 where they did it?

8 SANDRA RIGGS: I think. I took that out of the Nora  
9 order.

10 MARK SWARTZ: Oh, okay.

11 SANDRA RIGGS: But I'll...I'll verify that.

12 LESLIE K. ARRINGTON: It is Raven and Nora.

13 SANDRA RIGGS: Yeah.

14 MARK SWARTZ: Is it really? Okay.

15 LESLIE K. ARRINGTON: Yes, it is.

16 MARK SWARTZ: Okay. Well, then that's correct. But  
17 ours definitely would want to start at Jawbone I and you've  
18 got that right. And then the only other...I think the  
19 conclusion and the effective date should actually be seven  
20 and eight instead of eight and nine, or else I'm missing a  
21 paragraph.

22 SANDRA RIGGS: Word keeps renumbering every time you  
23 choose something. It is.

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1           BENNY WAMPLER: Seven and eight. Yeah, that's  
2 right.

3           MARK SWARTZ: I'm not sure, you know, you need to  
4 even read through it for that reason.

5           SANDRA RIGGS: Well, we've got to get a map to go on  
6 this anyway.

7           MARK SWARTZ: Right.

8           SANDRA RIGGS: And I think Bob is working to get  
9 that. So, I'll clean that up.

10          BOB WILSON: Yeah, Les...Les is going to furnish us  
11 with a---.

12          LESLIE K. ARRINGTON: Now, it will be after the  
13 first of the year before we get those to you.

14          SANDRA RIGGS: I'd like to raise the issue of the  
15 name of the Field. You know, in Oakwood, we did Oakwood I as  
16 frac and Oakwood II as active gob, and if that scenario is  
17 going to repeat in this Field, it almost would behoove us to  
18 save the Nora II name for the active gob so that we're  
19 consistent in the two fields. I mean, I don't think the  
20 Board's considered what the name of this field should be and  
21 it's...that's just stuck in there for convenience, but as I  
22 think about it, you know, if we're going to do active gob  
23 production, it's going to get confusing if we have Oakwood I

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1 and II, but it then it doesn't mean the same thing when you  
2 get to Nora.

3           MARK SWARTZ: I would suggest you name this the  
4 Mickey I.

5           (Everyone laughs.)

6           MARK SWARTZ: I think that's a good idea, though, to  
7 not have the Nora II.

8           SANDRA RIGGS: Yeah. So, we need a name.

9           CLYDE KING: Nora III.

10          SANDRA RIGGS: Well, that would probably connote  
11 sealed gob.

12          BENNY WAMPLER: Yeah. We need to get away from the  
13 use of the term Nora, I think---

14          SANDRA RIGGS: Yeah.

15          BENNY WAMPLER: ---and call it something new. Mr.  
16 Geologist?

17          MARK SWARTZ: Let me see that map.

18          BENNY WAMPLER: We're going to put him to work.

19          CLYDE KING: Yeah, put him to work, yeah.

20          (Board members confer among themselves and Mr.  
21 Swartz and Mr. Arrington review the map.)

22          MARK SWARTZ: How about calling it the Raven?

23          SANDRA RIGGS: You just told me to drop Raven.

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1           LESLIE K. ARRINGTON: Well, that was a seam name,  
2 for the Field name.  
3           MARK SWARTZ: There's a town there. There's a town.  
4           SANDRA RIGGS: Oh.  
5           MARK SWARTZ: A little of Raven is there.  
6           LESLIE K. ARRINGTON: Yeah.  
7           SANDRA RIGGS: You don't think it would get confused  
8 with the seam?  
9           MARK SWARTZ: Could they?  
10          MARK SWARTZ: Or there's a ridge sort of running  
11 right through the middle...the middle ridge. Call it the  
12 Middle Ridge Field.  
13          MASON BRENT: Middle Ridge?  
14          MARK SWARTZ: I mean, I'm just picking something off  
15 the map.  
16          MASON BRENT: That sounds fine to me. Let's get on  
17 with this.  
18          SANDRA RIGGS: Middle Ridge, is that what---?  
19          LESLIE K. ARRINGTON: That's fine.  
20          BENNY WAMPLER: Middle Ridge I?  
21          LESLIE K. ARRINGTON: Yeah, Middle Ridge I.  
22          CLYDE KING: We've made that decision?  
23          BENNY WAMPLER: We have that one. Any other

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1 questions or comments on the draft rules?

2           BOB WILSON: Question, Mr. Chairman. The rules give  
3 the inspector the authority to grant exceptions to the  
4 drilling units. I think it would be a good idea to at least  
5 get some sense of what the Board has in mind for this.  
6 Otherwise, it kind of negates the Field Rule at all if you  
7 have the ability to get a blanket exception for any location  
8 for any reason. And I would like to get a little sense of  
9 the Board's intention with this. This is paragraph D under  
10 section six.

11           BENNY WAMPLER: Section 6D. 6D.

12           BOB WILSON: Normally, this sort of exception is  
13 given for topographic or cultural reasons. If the entire  
14 area is taken up with a settlement, or if there are extremely  
15 steep slopes, or some extenuating circumstances of that sort,  
16 then we can grant an exception outside the normal drilling  
17 window; and basically the way this is stated, it's sort of an  
18 open door to any exception. I'd like to, as I said, get a  
19 sense of what the Board has in mind here.

20           MASON BRENT: I think we have to be careful how  
21 specific we get because if we're too specific, then we could  
22 implicitly be excluding other issues.

23           BENNY WAMPLER: I would say as long as they're  
24

1 consistent with the other types of exception as they've been  
2 handled and any point in time that you feel that it's  
3 stretching that, come back to the Board with it, don't you  
4 think, on a case specific situation?

5 CLYDE KING: Yeah.

6 BENNY WAMPLER: Give him an latitude to do that?

7 BOB WILSON: That would be satisfactory as far as  
8 I'm concerned.

9 SANDRA RIGGS: Well, the word may doesn't mean  
10 shall.

11 MARK SWARTZ: Right.

12 MAX LEWIS: Right.

13 SANDRA RIGGS: It's discretionary to begin with. We  
14 could add a sentence that if the inspector, you know, in your  
15 discretion, you can refer it back to the Board for a decision  
16 if you have one that---.

17 BOB WILSON: Actually, I would be perfectly  
18 comfortable with the way that it is written. I just wanted  
19 a...it wasn't discussed in the original hearing to any extent  
20 and I just kind of wanted to get it on the record exactly  
21 what the Board had in mind, but I have no problems with the  
22 way it's written.

23 MARK SWARTZ: Well, the other thing too, I think

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1 that we're not...that we're not mentioning is that the...you  
2 know, any location would be noticed so that people would  
3 have...people would have an opportunity to object in your  
4 office in the ordinary course to...you know, to the well  
5 location period. The question for you really is whether or  
6 not in your discretion you feel like it's reasonable to move  
7 it out of the window. But the people would...the folks, you  
8 know, who are potentially effected by that would still have  
9 an objection right. So, it's not like this is some how, you  
10 know, impacting on that. I mean, I just want to focus...I  
11 know you know that, but I just wanted to focus that, you  
12 know, this is not affecting people's rights to object to a  
13 well location period.

14 SANDRA RIGGS: Are we saying then that when applied  
15 for as part of a permit application, that the inspector  
16 may---

17 BOB WILSON: Again, consistent with the way it is  
18 being done now in Nora. The permit application is, of  
19 course, accompanied with a plat that shows the location of  
20 the well as it is being proposed and includes a letter from  
21 the applicant asking for the exception and stating the  
22 reasons for the exception.

23 CLYDE KING: That's sounds good, I think.

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1           MARK SWARTZ: That's what we've been doing.  
2           CLYDE KING: Yes. Swartz came right across, though.  
3    Good show.  
4           MARK SWARTZ: With what?  
5           CLYDE KING: You said that's the way it ought to be.  
6           MARK SWARTZ: Yeah, I see where Bob's coming from  
7 here. He figures if he could get a little more direction  
8 here, he could perhaps eliminate one group of people from  
9 maligning him.  
10          BOB WILSON: I'm always looking for that.  
11          MARK SWARTZ: Exactly. And basically we're saying,  
12 you know, you're just going to have to deal with it.  
13          BENNY WAMPLER: Okay, any other...any other  
14 questions or comments on the draft Field order.  
15          (No audible response.)  
16          BENNY WAMPLER: Hearing none, is there a motion to  
17 approve.  
18          CLYDE KING: So move.  
19          BENNY WAMPLER: Is there a second?  
20          MASON BRENT: I second.  
21          BENNY WAMPLER: Motion and second. Any further  
22 discussion?  
23          (No audible response.)

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1           BENNY WAMPLER: All in favor, signify by saying yes.

2           (All members signify yes.)

3           BENNY WAMPLER: Opposed, say no.

4           (No audible response.)

5           BENNY WAMPLER: We have the approved rules. The  
6 next item on the agenda is number nine on the agenda, a  
7 petition from Buchanan Production Company for pooling of  
8 Coalbed Methane Unit under the Oakwood Coalbed Methane Gas  
9 Field I order and identified as A-22, Docket Number VGOB-00-  
10 09/19-0820. We'd ask the parties that wish to address the  
11 Board to come forward in this matter.

12           MARK SWARTZ: Mark Swartz and Les Arrington. Mr.  
13 Chairman, I would like to ask the Board to consider combining  
14 for purposes of hearing the item you just called with number  
15 10 and 11.

16           BENNY WAMPLER: Any objection to that, Members of  
17 the Board?

18           (No audible response.)

19           MR. WAMPLER: No other parties here in those areas,  
20 so I will call Docket Number VGOB-00-09/19-0821 and VGOB-00-  
21 09/19-0822.

22           (Copies of Exhibits are distributed.)

23           MR. SWARTZ: While Les and Anita are passing out  
24

1 the Exhibits that pertain to these three units regarding  
2 mailing and so forth, I would just, by way of introduction,  
3 advise the Board that each of these units is an Oakwood I  
4 Unit, so it's a frac unit. Each of the units pools the same  
5 heirship. So, we've got the same people; and each of the  
6 units deals with the one tract that this heirship represents.  
7 So, you know, the three units cover various pieces of the  
8 tract and you'll see that there are very minimal interests in  
9 one, up to almost a half interest in the other. They're the  
10 same folks, the same tract.

11 We'll try to take you through each of the  
12 applications, but there's a fair amount of commonality  
13 between the three of them and that's why we've asked that  
14 they be combined.

15 Have you given them a set of those, Les?

16 MR. ARRINGTON: Yes.

17 (Witness is duly sworn.)

18

19 LESLIE K. ARRINGTON

20 having been duly sworn, was examined and testified as  
21 follows:

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SWARTZ:

24

--

1 Q. Mr. Arrington, you need to state your name  
2 for the record.

3 A. Leslie K. Arrington.

4 Q. Who do you work for?

5 A. Consol.

6 Q. What do you do for them?

7 A. Permitting and pooling.

8 Q. There are three applications that we're  
9 talking about today, A-22, B-22 and ZZZ-23.

10 A. Yes.

11 Q. Can you tell me whether or not you prepared  
12 the notices, amended notices, applications, amended  
13 applications and related exhibits for each of these?

14 A. Yes, I did.

15 Q. And, in fact, you signed them?

16 A. Yes, I did.

17 Q. Who is the applicant?

18 A. The applicant is Buchanan Production  
19 Company.

20 Q. Are the same folks respondents in all three  
21 instances?

22 A. Yes, they are.

23 Q. That's basically in heirship?

24

1 A. Yes, it is.

2 Q. And that heirship has an interest in one  
3 tract that happens to be in all three of these units?

4 A. Yes, it does.

5 Q. The Buchanan Production Company is a  
6 Virginia General Partnership, is that right?

7 A. Yes.

8 Q. And Buchanan Production Company has two  
9 partners, Appalachian Operators, Inc. and Appalachian  
10 Methane, Inc., and both of those partners are wholly owned,  
11 indirect subsidiaries of Consol Energy, Inc., is that  
12 correct?

13 A. Yes, it is.

14 Q. Is Buchanan Production Company authorized to  
15 do business in the Commonwealth?

16 A. Yes, it is.

17 Q. And who is Buchanan Production requesting be  
18 designated as the Board's operator with regard to these  
19 three units?

20 A. Consol.

21 Q. And is that Consol, Inc.?

22 A. Yes.

23 Q. At least at this point?

24

--

1 A. Yes, it is.

2 Q. Okay. Is Consol, Inc. a Delaware  
3 corporation?

4 A. Yes, it is.

5 Q. Is it authorized to do business in the  
6 Commonwealth, has it registered with the Department of Mines,  
7 Minerals and Energy, and does it have a blanket bond on file  
8 as required by law?

9 A. Yes, it does.

10 Q. Has Buchanan Production Company delegated to  
11 Consol, Inc. essentially all management of its lease assets?

12 A. Yes, it has.

13 Q. And Consol, Inc. has accepted that  
14 delegation?

15 A. It has.

16 Q. Have you listed all of the folks that you  
17 are seeking to pool in the notices of hearing and in Exhibit  
18 B-3?

19 A. Yes, we have.

20 Q. And in the Exhibits B-3 to each one of the  
21 applications that list the people that are respondents and  
22 are seeking to pool, are there some folks for whom we do not  
23 have addresses?

24

--

1           A.       There is.

2           Q.       So, is it going to be necessary to escrow  
3 for unlocatable people?

4           A.       It will be.

5           Q.       Is the interest in each of these three units  
6 that we're trying to pool a fee interest?

7           A.       Yes, it is.

8           Q.       So, there is no need to escrow for  
9 conflicting claims?

10          A.       Correct, there is not.

11          Q.       Do you wish to add any respondents today or  
12 dismiss any respondents?

13          A.       No, we do not.

14          Q.       Was there notice mailed?

15          A.       Yes, there was. The notice was mailed  
16 certified mail, return receipt requested on November...yeah,  
17 November 17th, 2000.

18          Q.       And I notice there's an amended notice of  
19 hearing?

20          A.       There was.

21          Q.       And was that what was mailed on November  
22 17th?

23          A.       Yes, it was. I'm sorry.

24

--

1 Q. And there was a prior mailing when this  
2 was...these were first---?

3 A. It was.

4 Q. Because these have been continued from  
5 September?

6 A. It has, due to continuing, trying to locate  
7 all those parties.

8 Q. I understand, but with regard to this  
9 hearing today for these three units, there was a mailing to  
10 everybody that you had addresses for on November---?

11 A. 17th.

12 Q. ---17th?

13 A. Correct.

14 Q. And have you filed certificates of mailing  
15 and indications as to who signed for what and so forth with  
16 the Board today---?

17 A. Yes.

18 Q. ---with regard to each of these units?

19 A. For each one of them, we did.

20 Q. Okay. Was there also a publication in  
21 advance of this hearing today?

22 A. Yes, it was, in the Bluefield Daily  
23 Telegraph on November the 23rd, 2000.

24

--

1 Q. And what did you publish?

2 A. The amended notice of hearing.

3 Q. And the amended notice of hearing was also  
4 accompanied by other amended exhibits, application and so  
5 forth?

6 A. Yes.

7 Q. Correct?

8 A. Yes, it was.

9 Q. So, essentially, after you did your due  
10 diligence, you went back and amended the application and  
11 notices appropriately?

12 A. We did.

13 Q. Obviously, in each of these units, you have  
14 been able to lease a significant portion of the outstanding  
15 interests, and I would ask you to tell the Board what, in  
16 general, the lease terms that you've been offering are that  
17 folks have accepted and leased to you?

18 A. Yes. For the coalbed methane lease it's a  
19 dollar per acre per year, with a five year term, with a one-  
20 eighth royalty.

21 Q. And in that instance, the rental is payable  
22 until production commences, is that correct?

23 A. Correct.

24

--

1 Q. Would you recommend those terms to the Board  
2 for people who might be deemed to be leased?

3 A. Yes, we would.

4 Q. Each of these applications is to pool  
5 interests in an 80 acre frac well unit under the Oakwood I  
6 rules, is that correct?

7 A. It is.

8 Q. And you're seeking to pool and develop all  
9 coal seams below the Tiller?

10 A. We are.

11 Q. In each of these units, how many wells are  
12 we talking about?

13 A. One.

14 Q. Do we need well locations exceptions for any  
15 of these?

16 A. No.

17 Q. With regard to each well, is there a Exhibit  
18 C with regard to estimated well costs?

19 A. Yes, there is.

20 Q. And in the notes that you passed out for the  
21 December 19th, 2000 hearing to the Board today, have you  
22 captured those costs with regard to each of these  
23 applications?

24

--

1 A. Yes, sir, we have.

2 Q. Could you share those with the Board?

3 A. Yes. For Well A-22, the permit was issued  
4 on...permit number 3564, date issued was 10/27 of '97. The  
5 well was drilled to a total depth of 2,345.25 and estimated  
6 cost \$229,404.34. Unit or Well B-22, the permit number is  
7 3313. It was issued on June 4th, '96. It was drilled to a  
8 total depth of 2,485.5 feet, estimated cost of \$235,787.85.  
9 ZZZ-23, permit number is 3242. The permit was issued on  
10 December 5th, '96. It was drilled to a total depth of  
11 2,400.05 feet, at a cost of \$231,896.30.

12 Q. In each of these units, could you tell the  
13 Board what the interest percentage was that you're seeking to  
14 pool of both the coal and the oil and gas claims?

15 A. Yes. Both the coal, oil and gas claims for  
16 Unit A-22, we're seeking to pool 0.4375% of the unit; for  
17 Unit B-22, 19.80%; and ZZZ-23, 47.90%; and we have a 100% of  
18 the coal leased in each unit.

19 Q. With regard to leases that you've been able  
20 to obtain, or interests that you've been able to buy, what  
21 are the coal, oil and gas interest that you have acquired  
22 either by purchase or lease in each of these three units?

23 A. A-22 was 99.5625%; B-22 was 80.20%; and ZZZ-

24

--

1 23 is 52.10%.

2 Q. Now in each application, there is an Exhibit  
3 B-3, is there not?

4 A. Yes, it is.

5 Q. And does that list with regard to, for  
6 example, Unit A-22 is tract two in that?

7 A. Correct.

8 Q. Does that list all of the heirs that you  
9 have been able to identify who have claims to the fee  
10 interest in that tract under the ILO of Bowen and Crowell  
11 Estate?

12 A. It does.

13 Q. And it shows their acres in unit in one  
14 column, right?

15 A. Yes, it does.

16 Q. And then the last column shows percent of  
17 unit, does it not?

18 A. It does.

19 Q. And does percent of unit reflect their  
20 royalty share of the one-eighth royalty?

21 A. Yes, it does.

22 Q. And if these...any of these folks wanted to  
23 calculate their carried interest or their participation cost,

24

--

1 they would use that same percent of unit number?

2 A. Correct.

3 Q. And multiply it times the well development  
4 cost?

5 A. That's correct.

6 Q. And that would generate the participation  
7 multiplier...the participation cost or the carried interest  
8 multiplier?

9 A. It would.

10 Q. We've pointed this out in the beginning.  
11 There are folks that you do not have addresses for?

12 A. That's correct.

13 Q. With regard to these three units, is it your  
14 opinion that the plan for development that's disclosed by the  
15 plats and the applications is a reasonable plan to develop  
16 the coalbed methane under these three units?

17 A. Yes, it is.

18 Q. And is the...and would a pooling order along  
19 the lines that we have recommended to the Board and attached  
20 to each of the applications serve to protect the correlative  
21 rights of all owners and claimants with regard to each of  
22 these three units?

23 A. Yes, it does.

24

--

1           MARK SWARTZ: That's all I have.

2           BENNY WAMPLER: Questions from members of the Board  
3 of this witness?

4           (No audible response.)

5           BENNY WAMPLER: Do you have anything further?

6           MARK SWARTZ: No.

7           BENNY WAMPLER: Is there a motion?

8           CLYDE KING: So move.

9           BENNY WAMPLER: Is there a second?

10          MAX LEWIS: I second.

11          BENNY WAMPLER: Motion and second. Any further  
12 discussion?

13          (No audible response.)

14          BENNY WAMPLER: All in favor, signify by saying  
15 yes.

16          (All members signify yes.)

17          BENNY WAMPLER: Opposed, say no.

18          (No audible response.)

19          BENNY WAMPLER: You have approval.

20          (Exhibits are distributed.)

21          BENNY WAMPLER: The next item on the agenda is a  
22 petition from Pocahontas Gas Partnership for pooling of  
23 coalbed methane unit under the Oakwood Coalbed Gas Field of  
24

1 one order identified as C-26, Docket Number VGOB-00-11/21-  
2 0836. We'd ask the parties that wish to address the Board in  
3 this matter to come forward at this time.

4 MARK SWARTZ: Mark Swartz and Les Arrington again.  
5 I would request that the Board consider combining the C-26  
6 hearing with Docket Item 13, which is D-26.

7 BENNY WAMPLER: I'll go ahead and call that, also.  
8 Docket Number VGOB-00-11/21-0837. We'll combined those.

9 MARK SWARTZ: I would also point out that, for  
10 reasons that are unknown to me, Docket Items 12 through 20,  
11 Pocahontas Gas is shown as the applicant and it's actually  
12 Buchanan Production.

13 BENNY WAMPLER: Okay.

14 MARK SWARTZ: This is Buchanan Production day. All  
15 of the applications are BPC today.

16 BENNY WAMPLER: The actual application does in fact  
17 reflect Buchanan Production.

18 MARK SWARTZ: Right.

19

20 LESLIE K. ARRINGTON

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SWARTZ:

23 Q. Mr. Arrington, I will remind you that you  
24

25

1 are under oath for this one as well, all right?

2 A. Yes.

3 Q. The applicant in both of these pooling  
4 applications for unit C-26 and D-26, as noticed, is actually  
5 Buchanan Production Company, is that correct?

6 A. That's correct.

7 Q. And Buchanan Production Company is a  
8 Virginia General Partnership?

9 A. Yes, it is.

10 Q. It has two partners, Appalachian Operators,  
11 Inc. and Appalachian Methane, and both of those partners are  
12 wholly owned, indirect subsidiaries of Consol Energy, Inc.,  
13 is that right?

14 A. Yes, it is.

15 Q. Is Buchanan Production Company authorized to  
16 do business in the Commonwealth?

17 A. Yes, it is.

18 Q. Do both of these applications request that  
19 somebody other than the applicant be designated as the  
20 Board's operator?

21 A. Yes, it is.

22 Q. And who is that?

23 A. Consol, Inc.

24

--

1 Q. Okay. Is Consol, Inc. a Delaware  
2 corporation, authorized to do business in the Commonwealth;  
3 has it registered with the Department of Mines, Minerals and  
4 Energy; and does it have a blanket bond on file as required  
5 by law?

6 A. Yes, it does.

7 Q. Has Buchanan Production Company basically  
8 delegated all responsibility for its leasehold assets to  
9 Consol, Inc., as its manager?

10 A. Yes, it has.

11 Q. And has Consol, Inc. in fact accepted that  
12 delegation and undertaken to manage those assets?

13 A. Yes, it has.

14 Q. The respondents here in both of these  
15 applications, it's an unknown interest in what...in the same  
16 tract, correct?

17 A. No.

18 Q. Different tracts?

19 A. Different tracts.

20 Q. So, it's an unknown interest in both cases,  
21 but they are two different tracts?

22 A. Correct.

23 Q. Okay. Would you describe for the Board what  
24

1 you have done in your due diligence inquiries to try and  
2 identify the owners or claimants in these tracts?

3 A. Yes. We have done our title work; spoke  
4 with the people in the area; courthouse research, of course;  
5 and we have not been able to determine who the owners are to  
6 these two tracts.

7 Q. And the interests, are they...are they going  
8 to require escrow for conflicting claims, or are they fee  
9 interests?

10 A. It is a fee interest.

11 Q. So that the escrow would be for an unknown  
12 as opposed to a conflicting?

13 A. It will be.

14 Q. Okay. And that's true in both C-26 and D-  
15 26?

16 A. Yes.

17 Q. Are both of these applications to pool  
18 interests in an Oakwood I frac unit?

19 A. Yes, it is.

20 Q. And are both of them 80 acre Oakwood I  
21 units, seeking to produce from the Tiller on down?

22 A. Yes, they are.

23 Q. Obviously, you were unable to mail?  
24  
25

1           A.       That's correct.

2           Q.       Did you publish?

3           A.       We did publish for both C and D-26 in the

4 Bluefield Daily Telegraph on October the 25th, 2000.

5           Q.       Did you publish the notice of hearing with

6 exhibits?

7           A.       Yes, we did.

8           Q.       Have you provided the Board with proof of

9 publication this morning?

10          A.       Yes, we have.

11          Q.       Let's look at the interest that you're

12 seeking to pool in these two units, and the interest that you

13 previously acquired.

14          A.       The interest that we acquired in Unit C-26

15 is 99.10%. That's coal, oil and gas and coal leased. In D-

16 26, we leased 97.75%; and again, that's everything, coal, oil

17 and gas and coal leased. We're seeking to pool in C-26,

18 0.90% of the fee ownership; and in D-26, 2.25% of the coal,

19 oil and gas.

20          Q.       Tell the Board what the situation is with

21 wells in these two units?

22          A.       Yes. Well C-26 is the permit number 3578.

23 It was issued on November 7, '97. We drilled it to a total

24

1 depth of 1,679 feet at a cost of \$230,213.08. D-26, it was  
2 permit number 4024, issued on 11/20 of '98, drilled to a  
3 total depth of 1,910.20 feet, at a cost of \$228,650.94.

4 Q. Do either of these...in both of these units,  
5 you're talking about one well?

6 A. Yes.

7 Q. Do either of them require a well location  
8 exception?

9 A. No.

10 Q. In both instances, do you have an Exhibit  
11 B-3 attached?

12 A. We do.

13 Q. And Exhibit B-3 with regard to C-26, for  
14 example, shows that you're pooling this unknown interest for  
15 these unknown folks in tract number three, correct?

16 A. It does.

17 Q. That is a fee interest?

18 A. Yes, it does.

19 Q. Lists the acres in unit as .72?

20 A. Yes.

21 Q. And the percent of unit as what?

22 A. 0.90%.

23 Q. And would this be the way in which royalty  
24

1 would be calculated?

2 A. Yes, it would be.

3 Q. You would take the 0.900% times the 12.5%  
4 royalty interest?

5 A. Yes.

6 Q. And it would be the same percentage...  
7 percent of unit that you would use for carried interest or  
8 participation calculations?

9 A. We would...it would be.

10 Q. Is it your opinion and recommendation to the  
11 Board that the development plans as disclosed by the plats  
12 and the other information submitted by these...with these  
13 applications is a reasonable plan to develop the coalbed  
14 methane resource beneath these two units?

15 A. Yes, it is.

16 Q. And you would recommend that to the Board?

17 A. Yes, we would.

18 Q. In addition, would you recommend to the  
19 Board the entry of a pooling order such as Exhibit F, which  
20 you've attached, with the idea that the entry of a pooling  
21 order would, in fact, contribute to the protection of the  
22 correlative rights of all claimants whether known or unknown?

23 A. Yes, it is.

24

--

1 Q. That's all I have, sir.

2 BENNY WAMPLER: Any questions for this witness,  
3 Members of the Board?

4 MASON BRENT: Mr. Chairman. I noticed a lot of  
5 these wells have been drilled for some time and shut in. I  
6 can't imagine why, you know, why you're putting them on line  
7 now, but what's the additional cost in reactivating a well?

8 A. Well, actually, these wells have just been  
9 sitting there. This was an area that we had to drill some  
10 wells to keep our lease in effect and we've just been  
11 drilling them all along ever since we've had that lease; and  
12 you needed a number of wells in that area before you could  
13 justify going in and, of course, now is the time to do it.

14 MASON BRENT: When we talk about these estimated  
15 costs for drilling the wells, are actual cost, are they not?

16 A. Well, parts...the drilling part will be, we  
17 actually didn't even complete the wells. We're going back to  
18 complete some of them now.

19 MASON BRENT: And those estimates are included in  
20 this?

21 A. Yes, they are. We did some of them. Some  
22 of the wells, as this whole group...nearly the whole group  
23 that you'll see today, not a 100%, we had setting up there

24

--

1 and we're going back and doing a lot of work to them now,  
2 getting them cleaned up, ready to produce, pipelines being  
3 laid. It's just a huge project right now.

4 MASON BRENT: So, any reactivation cost is included  
5 in there.

6 A. Reactivation cost? I won't say  
7 reactivation. I'll say actual completion cost because we did  
8 not actually complete. We did test some wells.

9 MASON BRENT: Yeah, I hear you say that, but are  
10 there some that are actually completed and shut in?

11 A. We tested some of them. A lot of them...  
12 there was a couple of them that we didn't even have the pipes  
13 set in.

14 MASON BRENT: Uh-huh.

15 A. So, we are going back now and getting it set  
16 up.

17 MASON BRENT: What's your additional cost?

18 A. Additional cost? I wouldn't think there's  
19 any additional cost. It's just cost that we never spent to  
20 begin with. We're just getting there.

21 MARK SWARTZ: Essentially, you deferred a \$70,000  
22 frac cost until you were closer to producing the wells. I  
23 mean, among other things.

24

--

1 A. Among other things.

2 MARK SWARTZ: Essentially, that was the idea.

3 A. There was several wells that wasn't fraced.  
4 There was several wells that we didn't set casing in. It  
5 was commitment wells. We drilled and we sat on them for  
6 years.

7 MARK SWARTZ: And you paid shut in royalties to  
8 your lessors?

9 A. I...that---.

10 MARK SWARTZ: Normally.

11 A. I can't guess. I can't answer that.

12 BENNY WAMPLER: Any other questions, Members of the  
13 Board?

14 (No audible response.)

15 BENNY WAMPLER: Do you have anything further, Mr.  
16 Swartz?

17 A. No.

18 BENNY WAMPLER: Is there a motion?

19 CLYDE KING: I have a question. Actually, the  
20 wells were drilled in '97?

21 A. If you'll---.

22 CLYDE KING: I don't think I've seen this before.

23 A. Okay. For C-26, it was drilled in '97; D-

24

--

1 26, '98; and again---.

2 MARK SWARTZ: We'll be getting to a well, not these  
3 two, but we'll be getting the one that was drilled in '96?

4 A. Yes. Those wells have just been sitting up  
5 there. You can't...we couldn't justify laying pipeline, for  
6 one, to go out and just pick up one well. It took a  
7 compressor station, a lot of pipeline and we couldn't justify  
8 it until we had a whole group. And now we've got two  
9 different distinct groups of wells setting out there that  
10 we're laying a major pipeline to. We built four compressor  
11 sites. You know, so it took a lot of wells to justify that.

12 CLYDE KING: So, actually, the Board approved  
13 drilling the wells back then?

14 BENNY WAMPLER: Hadn't been before the Board. The  
15 inspector's office did---

16 MARK SWARTZ: We got a well permit back then. Our  
17 problem that we need to bring to you is we had come to you  
18 before we produced, not before we drilled. So, we get a  
19 permit to drill and as long as we're not producing the well,  
20 we don't have to deal with ownership. Once we start wanting  
21 to sell gas, then we have to deal with ownership issues.

22 BENNY WAMPLER: They've dealt with notice to get  
23 the application, surface location and those issues, and

24

--

1 they've done that with the inspector. Here we're dealing  
2 with producing the gas and who gets paid what.

3           MARK SWARTZ: And the thing which I'm not sure  
4 you're hearing Les on. We have leases that require us to  
5 drill wells to keep the leases in effect, commitment wells.  
6 So, if you don't drill X number of wells within a period of  
7 time, or finish one and drill another in a year, I mean  
8 they're all different, but we were in a situation here where  
9 we probably would not have wanted to drill this far in  
10 advance either. But, if you've got a commitments well, you  
11 want to keep the lease, you got to drill it.

12           CLYDE KING: I don't recall ever seeing this  
13 before.

14           MARK SWARTZ: We've been here once before, but not  
15 with the number that we're talking about this trip.

16           MASON BRENT: I assume all this activity is just  
17 coincidental with eight and nine dollar gas.

18           MAX LEWIS: There's a pipeline already close to  
19 those wells in there.

20           MASON BRENT: You don't need to comment on that.

21           A.       Speechless.

22           BENNY WAMPLER: Any other questions?

23           (No audible response.)

24

--

1           BENNY WAMPLER: Is there a motion?

2           MASON BRENT: So moved.

3           BENNY WAMPLER: Motion to approve. Is there a  
4 second?

5           MAX LEWIS: I second.

6           BENNY WAMPLER: Motion and second. Any further  
7 discussion?

8           (No audible response.)

9           BENNY WAMPLER: All in favor, signify by saying  
10 yes.

11           (All members signify yes.)

12           BENNY WAMPLER: Opposed, say no.

13           (No audible response.)

14           BENNY WAMPLER: You have approval. Let's take a  
15 five minute break. We're about half way through.

16           (Off record.)

17           BENNY WAMPLER: We'll go back on the record. The  
18 next items, I've had a request to combine several items here.  
19 So, I'll call Docket Numbers VGOB-00-11/21-0838, VGOB-00-  
20 11/21-0839, and 40 and 41; then VGOB-00-09/19-0820. We'd ask  
21 the parties that wish to address the Board in any of these  
22 matters to come forward.

23           MARK SWARTZ: I think you've got the wrong Docket.  
24

1           BENNY WAMPLER: Well, I did what you said.

2           MARK SWARTZ: No, on 21.

3           BENNY WAMPLER: Oh, the Docket Number.

4           MARK SWARTZ: I think it's 0849.

5           BENNY WAMPLER: It is. I was reading from my  
6 agenda and the agenda is wrong. It is 08...correction on the  
7 last number I called. It's VGOB-00-12/19-0849.

8           MAX LEWIS: 849...21, ain't it?

9           MARK SWARTZ: That was a good response. That's  
10 what you asked me for.

11           BENNY WAMPLER: I was fully prepared to defend  
12 myself. The record will show there are no others. You may  
13 proceed.

14

15

16                                   LESLIE K. ARRINGTON

17 QUESTIONS BY MR. SWARTZ:

a.           18           Q.       Mr. Arrington, I'll just remind you, you are  
19 under oath.

20           A.       Yes.

21           Q.       State your name again for us?

22           A.       Yes.

23           Q.       Which is?

24

--

1           A.       Leslie Arrington.  I'm sorry.

2           MARK SWARTZ:  I know it's a really hard question.

3           A.       I'm sorry.  I need to recount.

4           (Mark Swartz tells a story.)

5           Q.       Who do you work for?

6           A.       Consol.

7           Q.       What do you do for them?

8           A.       Permitting and pooling.

9           Q.       We have combined for purposes of hearing,

10       five pooling applications, D-28, 29, E-25, E-26, and A-20.

11       And my question is, did you either prepare, or have prepared

12       under your direction, the notices, the applications and the

13       related exhibits for each of those pooling applications?

14           A.       Yes, I did.

15           Q.       And, in fact, you signed the notices and you

16       signed the applications?

17           A.       Yes, I did.

18           Q.       With regard to these applications, are the

19       respondents, the people that we're seeking to pool, listed in

20       both the appl...both the notice and Exhibit B-3?

21           A.       Yes, they were.

22           Q.       And my recollection is that Yukon Pocahontas

23       is in all five of these units, is that right?

24

--

1           A.       That's correct.

2           Q.       And then there's one unit, which we'll come  
3 back to, Unit E-25 that has the Crenshaws in it, correct?

4           A.       Yes, it does.

5           Q.       And it also has Eastern American Gas Company  
6 because they have a lease from the Crenshaws?

7           A.       That's correct.

8           Q.       But Yukon Pocahontas is also in E-25?

9           A.       It is.

10          Q.       And the reason we combined these is  
11 essentially Yukon Pocahontas is in all five and we've got one  
12 miscellaneous interest in one of the units, is that right?

13          A.       That's correct.

14          Q.       Is Buchanan Production Company the applicant  
15 on each of these?

16          A.       Yes, it is.

17          Q.       Buchanan Production Company, is that a  
18 Virginia general partnership?

19          A.       Yes, it is.

20          Q.       Does Buchanan Production Company have two  
21 partners, Appalachian Operators, Inc. and Appalachian  
22 Methane, Inc., which are both indirect subsidiaries of Consol  
23 Energy, Inc.?

24

1 A. Yes.

2 Q. Is Buchanan Production Company authorized to  
3 do business in the Commonwealth?

4 A. Yes, it is.

5 Q. In all five of these applications, is  
6 Buchanan Production requesting that Consol, Inc. be the  
7 designated operator?

8 A. Yes, it is.

9 Q. Consol, Inc., is that a Delaware  
10 corporation?

11 A. Yes, it is.

12 Q. Is Consol, Inc. authorized to do business in  
13 the Commonwealth; has it registered with the Department of  
14 Mines, Minerals and Energy; and does it have a blanket bond  
15 on file with regard to reclamation as required by law?

16 A. Yes, it does.

17 Q. Has Buchanan Production Company in essence  
18 delegated complete authority for its leasehold assets and  
19 management of its leasehold assets to Consol, Inc.?

20 A. Yes, it has.

21 Q. And has Consol, Inc. accepted that  
22 delegation?

23 A. Yes, it has.

24

--

1 Q. Do you wish to add any people as  
2 respondents?

3 A. No, we do not.

4 Q. Do you wish to dismiss any?

5 A. No.

6 Q. Did you publish?

7 A. Yes, we did.

8 Q. Where?

9 A. In the Bluefield Daily Telegraph. For Unit  
10 D-28, publication was in the Bluefield Daily Telegraph on  
11 October 25th of 2000. D-25, E-25 and E-26 were all October  
12 25th in the Bluefield Daily Telegraph. For Unit A-20, a  
13 publication was November 22nd of 2000 in the Bluefield Daily  
14 Telegraph.

15 Q. In all instances, what was published in the  
16 Bluefield newspaper was the notice and related exhibits?

17 A. Yes, it was.

18 Q. Did you mail?

19 A. Yes, we did. For D-28, D-29, E-25 and E-26,  
20 they were all mailed by certified mail, return receipt  
21 requested on October 20th of 2000. Unit A-20 was mailed by  
22 certified mail, return receipt requested on November the 17th  
23 of 2000.

24

--

1 Q. And have you filed a proof of publication  
2 and mailing with the Board this morning---

3 A. Yes.

4 Q. ---with regard to these units?

5 A. Yes, we have.

6 Q. Would you review for us the interest that  
7 you have leased in each of these units and the interest that  
8 you're seeking to pool in each of these units?

9 A. Yes. In Unit D-28, we have leased 87.0557%  
10 of the coalbed methane from the coal, oil and gas owner; and  
11 we leased 100% of the coal. Unit D-29, we have leased 91.90%  
12 of the coal, oil and gas; and we lease 100% of the coal.  
13 Unit E-25, we have leased 90.06% of the coal, oil and gas;  
14 and we lease 92.12% of the coal. E-26, we have leased 70.15%  
15 of the coal, oil and gas; and we have leased 100% of the  
16 coal. Unit A-20, we've leased 93.5625% of the coal, oil and  
17 gas; and we have leased 100% of the coal. We're seeking to  
18 pool in unit D-28 12.9443% of the coal, oil and gas interest.  
19 D-29, we're seeking to pool 8.10% of the coal, oil and gas  
20 interest. Unit E-25, we're seeking to pool 9.94% of the  
21 coal, oil and gas interest. Unit E-26, we're seeking to pool  
22 29.85% of the coal, oil and gas. Unit A-20, we're seeking to  
23 pool 6.4375% of the coal, oil and gas.

24

--

1 Q. Each of these units would have one well in  
2 them?

3 A. Yes, it does.

4 Q. And each of the units...and you're seeking  
5 to pool it under the Oakwood I rules as a frac unit?

6 A. Yes, we are.

7 Q. Do you need a location exception in any of  
8 these units?

9 A. No.

10 Q. Is the intent to produce and develop from  
11 the Tiller on down?

12 A. Yes, it is.

13 Q. Have you...could you summarize for the Board  
14 the status of the wells...the well in each unit, the depths,  
15 permits, and costs?

16 A. Okay. Well, or Unit D-28, the permit was  
17 3124. It was issued on 6/21 of '96. It was drilled to a  
18 total depth of 2,317.76 feet at a cost of \$236,907.45. Unit  
19 D-29 or Well D-29, it was permit number 4150. It was issued  
20 on March 30th of '99, drilled to a total depth of 1,717.40  
21 feet, at a cost of \$225,047.62. Unit E-25 or Well E-25,  
22 permit number is 3252. It was issued on December 12th of  
23 1996, drilled to a total depth of 1,858.14 feet, at a total  
24

1 cost of \$223,113.92. Unit or Well CBM E-26, permit number is  
2 3415. It was issued June 5th of '97, drilled to a total  
3 depth of 1,834.81 feet, at a cost of \$238,440.20. Well or  
4 Unit A-20, the permit number is 3923. It was issued on 8/31  
5 of '98, drilled to a total depth of 2,255.60 feet, at a cost  
6 of \$221,845.71.

7 Q. The...let's take the...let's take E-25 as an  
8 example here. This is the unit that has the Crenshaws and  
9 Eastern American, in addition to Yukon Pocahontas, correct?

10 A. Yes.

11 Q. Let's look at Exhibit B-3. Exhibit B-3 with  
12 regard to Unit E-25 lists all of the respondents, correct?

13 A. Yes, it does.

14 Q. It shows the Crenshaw acreage in the unit?

15 A. Yes, it does.

16 Q. And it shows the percent of unit associated  
17 with that acreage, correct?

18 A. Yes, it does.

19 Q. Would the 7.88% opposite the Leroy Crenshaw,  
20 III, et al interest represent the Crenshaw royalty if you  
21 take 7.88% times the 12.5% royalty rate?

22 A. Yes.

23 Q. Is there a need to escrow with regard to  
24

1 tract one in the B...in the Unit E-25, or is that a fee  
2 interest?

3 A. Both interests listed there are fee  
4 interests.

5 Q. So that the Crenshaw and the Yukon  
6 Pocahontas interest in tract four are fees, they will be paid  
7 directly?

8 A. That's correct.

9 Q. And there are no unknowns or unlocatables in  
10 E-25, correct?

11 A. No.

12 Q. No, there are not?

13 A. No. That's right.

14 Q. Has someone leased the Crenshaw interest?

15 A. Yes, Eastern...Eastern American.

16 Q. And they would then be afforded, through  
17 their lease, an opportunity to participate or be carried, or  
18 whatever?

19 A. That's correct.

20 Q. Have you been in contact with them?

21 A. Yes, we have.

22 Q. Have they made a decision as to what they  
23 want to do, as far as you know?

24

--

1           A.       We've talked about what they're going to do.  
2           Q.       Have they told you, we are going to do X, Y  
3 or Z?  
4           A.       No, not definitively.  
5           Q.       Not as yet?  
6           A.       No.  
7           Q.       With regard to Units D-28, D-29 and E-26, it  
8 appears to me that escrow is not required for any reason, is  
9 that correct?  
10          A.       That's correct, it is not.  
11          Q.       We've already discussed the escrow issue  
12 with regard to E-25, correct?  
13          A.       Right.  
14          Q.       And what is the escrow situation with regard  
15 to A-20? Can I assume that it is not required?  
16          A.       It's not required.  
17          Q.       Okay. Obviously, you've leased a  
18 significant amount of acreage, or acquired by purchase, a  
19 significant interest in all of these five units. Could you  
20 tell the Board what the lease terms are that you have been  
21 offering to the folks who have leased?  
22          A.       Yes. Our standard rate is a dollar per acre  
23 per year for a coalbed methane lease, with a five year term,  
24

1 with a one-eighth royalty.

2 Q. And would you recommend those terms to the  
3 Board?

4 A. Yes, we do.

5 Q. Is it your recommendation that the Board  
6 pool the units as you have proposed in these five  
7 applications because it is your opinion that the plans of  
8 development as shown by the plats and the applications are  
9 reasonable plans to develop the coalbed methane within and  
10 under these units for the benefit of all owners?

11 A. Yes, it is.

12 Q. And will the entry of an order such as  
13 Exhibit F, which has been attached to each of the  
14 applications, serve to contribute to protect the correlative  
15 rights of all owners and claimants?

16 A. Yes, it does.

17 MARK SWARTZ: Mr. Chairman, I think that's all I  
18 have.

19 BENNY WAMPLER: Questions from Members of the  
20 Board?

21 MASON BRENT: I have one question, Mr. Chairman.  
22 If you look at the plat for E-25, just tell me what that  
23 structure, or symbol, or whatever it is on top of the well.

24

--

1 A. On top of what?

2 MASON BRENT: On top of the well. What is that  
3 structure, symbol, or whatever it is?

4 A. That was an old building and that was a  
5 concrete pad to it. We failed to take it off because we did  
6 tear it out.

7 MASON BRENT: So, you've not drilling under  
8 somebody's house?

9 A. No. No. I'm sorry. That was an old  
10 concrete pad from an old mine site.

11 MARK SWARTZ: Would it be safe to assume they'd  
12 probably be here today, but you never...good question.

13 BENNY WAMPLER: Any other questions from members of  
14 the Board?

15 (No audible response.)

16 BENNY WAMPLER: Do we have a motion?

17 MASON BRENT: I move that we grant the  
18 applications, Mr. Chairman.

19 BENNY WAMPLER: We have a motion to grant the  
20 applications. Is there a second?

21 RICHARD GILLIAM: I second.

22 BENNY WAMPLER: Any further discussion?

23 (No audible response.)

24

--

1           BENNY WAMPLER: All in favor, signify by saying  
2 yes.

3           (All members signify yes.)

4           BENNY WAMPLER: Opposed, say no.

5           (No audible response.)

6           BENNY WAMPLER: You have approval.

7           The next item on the agenda is a petition from  
8 Buchanan Production Company for pooling of a coalbed methane  
9 unit under the Oakwood Coalbed Methane Gas Field I order,  
10 identified as L-38, Docket Number VGOB-00-11/21-0842. We'd  
11 ask the parties that wish to address the Board in this matter  
12 to come forward at this time, please.

13           MARK SWARTZ: Mr. Chairman, Mark Swartz and Les  
14 Arrington again, and I would ask that you combine, or  
15 consider combining L-38 with L-39.

16           BENNY WAMPLER: Okay, I'll go ahead and call that  
17 docket number as well, VGOB-00-11/21-0843. Again, we'd ask  
18 any party that wishes to address the Board in this matter to  
19 come forward at this time. The record will show there are no  
20 others. You may proceed.

21

22                                   LESLIE K. ARRINGTON

23 QUESTIONS BY MR. SWARTZ:

24

--

a. 1 Q. Les, I'm going to remind you, you are under  
2 oath again.  
3 A. Yes.  
4 Q. Could you tell us your name?  
5 A. Leslie Arrington.  
6 Q. Who do you work?  
7 A. Consol.  
8 Q. What do you do for them?  
9 A. Permitting, pooling orders.  
10 Q. Were you the person who either prepared or  
11 caused to be prepared the notices of hearing, and  
12 applications, and the related exhibits for these two  
13 poolings, L-38 and L-39 that we're here on today?  
14 A. Yes, I was.  
15 Q. Okay. Have you filed with the Board proof  
16 of mailing?  
17 A. Yes, I have.  
18 Q. And what did you do with regard to mailing  
19 on these two applications?  
20 A. These two applications were mailed by  
21 certified mail, return receipt requested on October 20th of  
22 2000.  
23 Q. And have you filed a proof of mailing with  
24

1 the Board this morning?

2 A. Yes, we have.

3 Q. Did you also publish?

4 A. Yes, we did in the Bluefield Daily Telegraph  
5 on October the 25th of 2000.

6 Q. And what was published?

7 A. The notice of hearing and related exhibits.

8 Q. And are the respondents listed both in the  
9 notice of hearing and the Exhibit B-3 that are included?

10 A. Yes.

11 Q. Do you want to add anybody or dismiss  
12 anybody?

13 A. No.

14 Q. The applicant in both of these pooling  
15 applications is Buchanan Production, is that correct?

16 A. That's correct.

17 Q. Is Buchanan Production a Virginia general  
18 partnership with two partners who are Appalachian Operators,  
19 Inc. and Appalachian Methane, Inc., and both...is it the  
20 situation that both partners are wholly owned, indirect  
21 subsidiaries of Consol Energy, Inc.?

22 A. Yes.

23 Q. Is Buchanan Production Company authorized to  
24

1 do business in the Commonwealth?

2 A. Yes, it is.

3 Q. Is Buchanan Production requesting that  
4 someone else other than itself be appointed designated  
5 operator?

6 A. Consol, Inc.

7 Q. Is Consol, Inc. a Delaware corporation,  
8 authorized to do business in the Commonwealth; registered  
9 with the Department of Mines, Minerals and Energy; and does  
10 it have a blanket bond on file?

11 A. Yes.

12 Q. Has Buchanan Production Company essentially  
13 delegated the management responsibility for all of its  
14 leasehold assets to Consol, Inc.?

15 A. Yes, it has.

16 Q. And has Consol, Inc. accepted that  
17 delegation and undertaken to manage those assets?

18 A. Yes, it has.

19 Q. And is that in fact the reason why you are  
20 here?

21 A. Yes, it is.

22 Q. In looking at the Exhibits B-3, it appears  
23 to me that escrow is not required from a conflicting claims  
24

1 standpoint?

2 A. No, it is not.

3 Q. And it doesn't look like it's required from  
4 an unknown or unlocatable standpoint either?

5 A. That's correct.

6 Q. So, the royalties should be payable to the  
7 claimants listed in these three without any need to set  
8 aside?

9 A. That's correct.

10 Q. And that would be true in both of the  
11 applications---?

12 A. Yes.

13 Q. ---because we're dealing with the same  
14 people?

15 A. Uh-huh. That's correct.

16 Q. With regard to percentages here on Exhibit  
17 ...the B-3 Exhibits, you're showing an acreage and percent of  
18 unit for each of the respondents, correct?

19 A. That's correct.

20 Q. And would they use that percent of unit  
21 number times 12.5%, the royalty interest, to compute  
22 royalty?

23 A. Yes, they would.

24

--

1 Q. And also if they want to participate or be  
2 carried, they would use that same percentage?

3 A. They would.

4 Q. Could you summarize for the Board the  
5 interest in these two units that you've been able to acquire  
6 and the interest that you're seeking to pool?

7 A. Yes. For Unit L-38, we have leased  
8 99.91045% of the coal, oil and gas interest. We're seeking  
9 to pool 0.08955% of the coal, oil and gas interest. We have  
10 leased 100% of the coal. In L-39, we have leased  
11 99.9242%. We're seeking to pool 0.0758% of the coal, oil and  
12 gas; and we have leased 100% of the coal.

13 Q. After today's hearing, would you like to  
14 file revised or amended Exhibits B-3 to add the word coal in  
15 front of oil and gas?

16 A. I would.

17 Q. Okay. So that it's clear that it's a fee  
18 interest?

19 A. That's correct.

20 Q. And you'll do that in both of these units?

21 A. Yes, we will.

22 Q. Are we talking about one well per unit?

23 A. We are.

24

--

1 Q. And do we need a location exception for  
2 either one?  
3 A. No.  
4 Q. Are we talking about 80 acre units under the  
5 Oakwood I rules?  
6 A. Yes, we are.  
7 Q. And we're talking about production then from  
8 the Tiller on down?  
9 A. Yes, we are.  
10 Q. Would you tell the Board about the  
11 permitting status and the drilling and the cost of drilling  
12 the wells in these units?  
13 A. Yes. For Unit or Well L-38, permit number  
14 is 4526. It was issued on April 3rd of 2000, drilled to a  
15 total depth of 1,887.90 feet. The cost was \$241,399.61.  
16 Unit or Well L-39, permit number was 4583. It was issued on  
17 May 17th of 2000, drilled to a total depth of 233...2,333...  
18 2,3...  
19 Q. 200.  
20 A. 2,333 feet and .6, at a cost of \$243,210.28.  
21 Q. The...got too many numbers.  
22 A. It did. It was.  
23 Q. The interest that you have been able to  
24

1 lease in L-38 and 39, basically, 99% plus, what are the terms  
2 that you have offered in general to those folks to lease just  
3 their coalbed methane interest?

4 A. General terms are a dollar per acre per year  
5 for coalbed methane lease, five year term with one-eighth  
6 royalty.

7 Q. And are you recommending those terms to the  
8 Board?

9 A. Yes, we are.

10 Q. Lastly, is it your opinion that the plans  
11 for development as disclosed by the well plats and the other  
12 exhibits represent a reasonable way to develop the coalbed  
13 methane under these two units to the benefit of all owners  
14 and claimants?

15 A. Yes, it is.

16 Q. And would it be your further recommendation  
17 to the Board that they enter an order similar to Exhibit F,  
18 which has been tendered as a proposed order to protect the  
19 correlative rights of all owners?

20 A. Yes, it is.

21 MARK SWARTZ: That's all I have.

22 BENNY WAMPLER: Questions from members of the  
23 Board?

24

--

1 (No audible response.)

2 BENNY WAMPLER: Do you have anything further?

3 MARK SWARTZ: No.

4 BENNY WAMPLER: Is there a motion?

5 MAX LEWIS: I make a motion we approve as  
6 presented.

7 BENNY WAMPLER: Motion to approve as presented. Is  
8 there a second?

9 MASON BRENT: I second.

10 BENNY WAMPLER: Any further discussion?

11 (No audible response.)

12 BENNY WAMPLER: All in favor, signify by saying  
13 yes.

14 (All members signify yes.)

15 BENNY WAMPLER: Opposed, say no.

16 (No audible response.)

17 BENNY WAMPLER: You have approval. Next item on  
18 the agenda is a petition from Buchanan Production Company  
19 under Section 45.1-361.22 for pooling of coalbed methane unit  
20 under the Oakwood Coalbed Methane Gas Field I order,  
21 identified as EE-6, Docket Number VGOB-00-11/21-0844. We'd  
22 ask the parties that wish to address the Board in any of this  
23 matters to come forward at this time.

24

--

1                   MARK SWARTZ: Mark Swartz and Les Arrington again.

2

3                   BENNY WAMPLER: The record will show that there are  
4 no others. You may proceed.

5

6                                   LESLIE K. ARRINGTON

7 QUESTIONS BY MR. SWARTZ:

a.                   8                   Q.           I'm going to remind you, you are under oath,  
9 Les.

10                   A.           Yes.

11                   Q.           You need to state your name for us?

12                   A.           Leslie Arrington.

13                   Q.           Who do you work?

14                   A.           Consol.

15                   Q.           What do you do for them?

16                   A.           Permitting and poolings.

17                   Q.           Did you, either yourself prepare the notice  
18 of hearing application and related exhibits for this pooling  
19 hearing today, or cause people working for you to help you?

20                   A.           Yes, I did.

21                   Q.           Okay. Did you sign both?

22                   A.           Yes, I have.

23                   Q.           Was there...tell us about the mailing?

24

--

1           A.       Yeah, it was mailed on October the 20th of  
2 2000 by certified mail, return receipt requested.

3           Q.       What about the publication?

4           A.       It was published in the Bluefield Daily  
5 Telegraph on October the 25th of 2000.

6           Q.       And what was published?

7           A.       The notice of hearing and related exhibits.

8           Q.       Did you have addresses for everyone, or do  
9 we have some unknowns?

10          A.       No, I think we...I think we did have it for  
11 everybody.

12          Q.       So, it looks like, looking at Exhibit B-3  
13 that you did have addresses...mailing addresses for everyone?

14          A.       Yes.

15          Q.       Have you filed this morning your proofs of  
16 mailing?

17          A.       Yes, we have.

18          Q.       And also your proof of publication?

19          A.       Yes, we have.

20          Q.       So, from a standpoint of escrow for unknowns  
21 or unlocatables, that is not a situation here, and we don't  
22 need escrow for that reason?

23          A.       That's correct.

24

--

1 Q. And with regard to conflicting claim escrow,  
2 are we dealing with a fee interest here, or an adverse  
3 interest that needs to be escrowed?

4 A. No, it is a fee interest.

5 Q. And do we need to do something with the  
6 first page of Exhibit B-3?

7 A. She may have it listed.

8 Q. We got it in here twice.

9 A. Yeah, it's listed.

10 Q. So, we've got separate entries for coal  
11 fee ownership, then there's a subsequent entry for oil and  
12 gas, so we've got it covered in terms of the fee entries?

13 A. Yes, we do.

14 Q. The applicant here in Buchanan Production  
15 Company?

16 A. Yes.

17 Q. And Buchanan Production Company is a  
18 Virginia general partnership?

19 A. Yes, it is.

20 Q. It has two partners that are Appalachian  
21 Operators, Inc. and Appalachian Methane, Inc., who are wholly  
22 owned, indirect subsidiaries of Consol Energy, Inc.? Is that  
23 correct?

24

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1           A.       That's correct.

2           Q.       Buchanan Production Company is authorized to  
3 do business in Virginia?

4           A.       Yes, it is.

5           Q.       Is Buchanan Production requesting that  
6 someone else be the designated operator?

7           A.       Yes, it is.

8           Q.       Who is that?

9           A.       Consol, Inc.

10          Q.       Is Consol, Inc. a Delaware corporation?

11          A.       Yes, it is.

12          Q.       Is it authorized to do business in the  
13 Commonwealth; has registered with the DMME; and does it have  
14 a blanket bond on file as required by law?

15          A.       Yes, it does.

16          Q.       Is it true that Buchanan Production Company  
17 has essentially delegated the management function of its  
18 coalbed methane assets to Consol, Inc.?

19          A.       Yes, it has.

20          Q.       And has Consol, Inc. accepted that  
21 delegation and is that, in fact, why you are here on their  
22 behalf this morning?

23          A.       Yes, it is.

24

1 Q. It looks like the respondents are part of a  
2 ...an heirship, is that correct?

3 A. It is.

4 Q. Are all of the respondents interested in one  
5 tract?

6 A. Yes, it is.

7 Q. Do you want to add anybody as a respondent  
8 today, or subtract anybody?

9 A. No.

10 Q. With regard to the Exhibit B-3 that's  
11 attached, have you shown a percentage of unit for each  
12 respondent?

13 A. Yes, we have.

14 Q. And that would be the percentage they would  
15 use in conjunction with the royalty rate and production  
16 figures to calculate the royalty?

17 A. Yes, it is.

18 Q. Or to calculate their participation interest  
19 or carried interest?

20 A. Yes.

21 Q. The unit that we're talking about here is an  
22 Oakwood I unit, correct?

23 A. It is.

24

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1 Q. So, it would be a frac unit with one well?  
2 A. Yes, it is.  
3 Q. I notice the well plat does not show the  
4 well?  
5 BENNY WAMPLER: We noticed that, too.  
6 Q. But does it show the road to the well?  
7 A. It does show the road to it. Oops.  
8 Q. That's all right. At least he can---.  
9 BENNY WAMPLER: Which road?  
10 Q. Okay. If you look in the upper right hand  
11 corner, there's a road that sort of goes to nowhere.  
12 BENNY WAMPLER: Right.  
13 Q. Is that where the well---?  
14 A. That's correct. It is it.  
15 Q. Do we need a location exception?  
16 A. No, we do not.  
17 Q. Could you tell the Board about the well, the  
18 cost, the drilling and so forth?  
19 A. Yes. It's Well EE-6. It was permit number  
20 is 4708. It was issued on September 11 of 2000. It was  
21 projected to be drilled, and I'm not sure whether it has  
22 been. I think it's on a DWE, to a total depth...it has been  
23 drilled. I'm sorry. To a total depth of 2,211 feet. It was  
24

1 drilled on November the 2nd, 2000, at a cost of \$208,036.06.

2 Q. Six cents or twenty-six cents?

3 A. It says six here...twenty-six. You're  
4 right.

5 Q. And the idea here would be to develop and  
6 produce gas from the Tiller on down---?

7 A. Yes.

8 Q. ---under the Oakwood I rules?

9 A. Yes, it is. Yes, it is.

10 Q. Now with regard to the interest that you've  
11 acquired already in EE-6, some 99%, what have been the lease  
12 terms that you've offered?

13 A. Yes. For coalbed methane lease, it's a  
14 dollar per acre per year, five year term with a one-eighth  
15 royalty.

16 Q. And would you recommend those same terms to  
17 the Board here?

18 A. Yes, I would.

19 Q. And what is the percentage interest that  
20 you're seeking to pool?

21 A. 0.425% of the coal, oil and gas.

22 Q. Does someone have a lease from some of the  
23 people you're seeking to pool?

24

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1 A. Yes, Equitable Resources.

2 Q. Have you been talking to them about this?

3 A. Yes, we have.

4 Q. Are they kind of like the Commonwealth and  
5 they just can't seem to make a decision?

6 A. No decision yet.

7 BENNY WAMPLER: Excuse me. Do you want to be clear  
8 about that?

9 MARK SWARTZ: Okay. VDOT.

10 Q. Are you recommending to the Board that they  
11 pool this unit for production consistent with the development  
12 plans shown in the application and the exhibits attached  
13 thereto as a reasonable plan for developing the coalbed  
14 methane assets?

15 A. Yes, we are.

16 Q. And would you also recommend the Board enter  
17 an order that is the substantial equivalent of Exhibit F that  
18 you've tendered and that...because the entry of such an order  
19 would serve to protect the correlative rights of all owners?

20 A. Yes, it would.

21 MARK SWARTZ: That's all I have.

22 BENNY WAMPLER: Any questions for this witness,  
23 members of the Board?

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1 (No audible response.)

2 MAX LEWIS: I make a motion we approve as  
3 presented.

4 CLYDE KING: Second.

5 BENNY WAMPLER: Motion and second. Any further  
6 discussion?

7 (No audible response.)

8 BENNY WAMPLER: All in favor, signify by saying  
9 yes.

10 (All members signify yes.)

11 BENNY WAMPLER: The application is approved.

12 MARK SWARTZ: Thank you all very much.

13 BENNY WAMPLER: Thank you.

14 BOB WILSON: Mr. Chairman.

15 BENNY WAMPLER: Yes.

16 BOB WILSON: One item, for the record, at our  
17 October hearing, the...Ms. Pamela Keene appeared and alleged  
18 that there were numerous permits issued on and surrounding  
19 her property, and that they had not received proper  
20 notification of these permit applications and we committed to  
21 check on that at that particular time. We've checked our  
22 records. We had Consol check their records and found that on  
23 each permit application the parties were properly notified.

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1 For each hearing, the people were properly notified as well.  
2 There was only one notification that was sent that was not  
3 actually signed for. They were given multiple notices by the  
4 Post Office and the application was returned, and the  
5 regulation was followed as far as time periods in that  
6 instance. So, again, just to set the record straight, these  
7 people were given adequate and proper notice, and all notice  
8 was given according to law and regulation.

9 BENNY WAMPLER: Thank you.

10 MARK SWARTZ: The only other thing, I just might  
11 alert you to the fact that when we come back, we're going to  
12 have a new name.

13 BENNY WAMPLER: I noticed that he said for the time  
14 being and I let him go since he didn't repeat it but the one  
15 time.

16 MARK SWARTZ: We just wanted to see if you all were  
17 listening. It will be Consol Energy.

18 BENNY WAMPLER: Anything further.

19 SANDRA RIGGS: As the operator on Buchanan's?

20 MARK SWARTZ: Yeah, Consol, Inc. is merging into, I  
21 think it's the---

22 LESLIE ARRINGTON: Consol, Inc. is merging into  
23 Energy.

24

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1           MARK SWARTZ: Yeah, is merging into Consol Energy.

2           MASON BRENT: If Mr. Arrington cannot remember his  
3 own name, how is he going to remember the name? It's still  
4 Consol?

5           MARK SWARTZ: Yes.

6           MASON BRENT: For the time being.

7           MARK SWARTZ: Right, until December 30, 12/31.

8 We're going to start the New Year with a new name.

9           BENNY WAMPLER: I there anything further?

10          SANDRA RIGGS: There was one other field rule order  
11 that the Board considered in October. It's not on the docket  
12 today, but I did distribute a form of the order for entry,  
13 and I've circulated that to the counsel as well. You didn't  
14 ask that that one come back, as I recall. You wanted the  
15 field rule one to come back and I have provided a copy.

16          BENNY WAMPLER: If nothing further, we'll wish  
17 everybody a Merry Christmas and a Happy New Year. Thank you  
18 all for coming today. Have a safe trip home.

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1 STATE OF VIRGINIA,

2 COUNTY OF BUCHANAN, to-wit:

3 I, Sonya Michelle Brown, Court Reporter and Notary  
4 Public for the State of Virginia, do hereby certify that the  
5 foregoing hearing was recorded by me on a tape recording  
6 machine and later transcribed by me personally.

7 Given under my hand and seal on this the 9th day of  
8 January, 2000.

9

10

NOTARY PUBLIC

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My commission expires: August 31, 2001.

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