VIRGINIA:

IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

DECEMBER 17, 2002

APPEARANCES:

MASON BRENT, GAS & OIL INDUSTRY REPRESENTATIVE
KEN MITCHELL, CITIZEN APPOINTEE
DONALD RATLIFF, COAL INDUSTRY REPRESENTATIVE
JIM McINTYRE, CITIZEN APPOINTEE

SHARON PIGEON, COUNSEL FOR THE BOARD WITH THE ATTORNEY GENERAL'S OFFICE
GARY EIDE, INSPECTOR WITH THE DIVISION OF GAS & OIL
AGENDA AND DOCKET NUMBERS:     UNIT   PAGE

Approve the minutes of last meeting  3

1)  VGOB-02-06/18-1038     CNR 24655  CONT.
2)  VGOB-03-06/18-1039     CNR 24629  CONT.
3)  VGOB-93-02/16-0330-02     P-40   5
4)  VGOB-02-12/17-1103     CNR 24542
   WITHDRAWN
5)  VGOB-02-12/17-1104     AY-100   13
6)  VGOB-01-04/16-1025-01     BA-112   23
7)  VGOB-02-12/17-1105     825091 (PPN-32)   30
8)  VGOB-02-12/17-1106     825070 (PPN-41)   36
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10) VGOB-02-12/17-1108     VC-504510
    WITHDRAWN
11) VGOB-02-12/17-1109     VC-502832   46

Jim Kiser asks the Board to place a matter on
the docket for next month asking for a modification
to field rules in the Nora Coalbed Gas Field and the
Oakwood Coalbed Gas Field.

****AGENDA ATTACHED
BENNY WAMPLER: Good morning. My name is Benny Wampler. I'm Deputy Director for the Department of Mines, Minerals and Energy and Chairman of the Gas and Oil Board. I appreciate all the members taking the time out. I know it's a really busy time of the year, but you took time to be here. I hope all of you have a Merry Christmas and a Happy New Year, and to those people that will be appearing before the Board as well today. I would like to start by asking you...you hopefully received the minutes and the results of the hearing from the last time, and see if there's any additions or corrections to those. If not, I'd ask you to approve those. So, if there are not any suggested changes, I'll entertain a motion---.

DONALD RATLIFF: Mr. Chairman, I move that the minutes be approved as presented.

KEN MITCHELL: Second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: They are approved. Thank you. The first item on today's agenda is a petition from Columbia Natural
Resources, Incorporated for pooling of a conventional gas unit CNR 24655, docket number VGOB-02-06/18-1038, continued from November. We ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KISER: Mr. Chairman and members of the Board, Jim Kiser on behalf of Columbia Natural Resources. We'd once again ask that this matter be continued. But we do have the good news to proffer at this point that a lease has been agreed to between the parties and is being circulated at this time for signatures. So, we hope to be able to withdraw both item one and item two at the January 21st hearing.

BENNY WAMPLER: Okay, so you're requesting to continue item number two as well---?

JIM KISER: Correct.

BENNY WAMPLER: ---which is VGOB-02-06/18-1039?

JIM KISER: Correct.

BENNY WAMPLER: Those will be continued, without objection, until the next hearing.

JIM KISER: And if I might---.

BENNY WAMPLER: Yes.

JIM KISER: ---I don't want to get ahead of myself, but item four on today's docket was an appeal of Mr. Wilson's decision regarding CNR well number 24542. That...that can be withdrawn. The parties have settled that matter.
GARY EIDE: Mr. Chairman, we have a letter withdrawing that appeal.

BENNY WAMPLER: Okay, thank you. That's withdrawn. Do you have anything further?

JIM KISER: Well, we're going to do something different with item ten, but I'll kind of wait until we get there.

BENNY WAMPLER: Okay. All right. The next item on the agenda is a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for tract 2 and 3 of coalbed methane unit P-40. This is docket number VGOB-93-02/16-0330-02. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz, Anita Tester and Les Arrington.

(Mr. Arrington passes out exhibits.)

MARK SWARTZ: Do you want to go ahead and swear Anita?

(Anita Tester is duly sworn.)

MARK SWARTZ: Mr. Chairman, we have...we have been here several times on this P-40 unit, and it has been continued because we had some missing money at the bank level that we were trying to track down. I think when we were last here, we had finally gotten some records just at the last minute that Anita needed to follow through on. I think we've got it...we've got
it figured and balanced here. So, that's what we're...that's why we've been here several times and why I think we're here today to finally to disburse some funds from this unit.

ANITA TESTER

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name for me.
A. Anita Tester.

Q. Who do you work for?
A. CNX Gas.

Q. Okay. Did you prepare the spreadsheet that we've distributed this morning to the Board members concerning unit P-40?
A. Yes.

Q. Okay. Which tracts are we talking about disbursing funds with regard to?
A. Tracts 2 and 3.

Q. 2 and 3?
A. Uh-huh.

Q. Okay. And is there a royalty split agreement with regard to the conflicting owners of those tracts?
A. Yes.
Q. And who are the conflicting owners?
A. It's the Hurt McGuire heirs and Reserve Coal Properties.
Q. Okay. And you've indicted that down at the bottom of those two columns, correct?
A. Yes.
Q. And the...is their split agreement, a 50/50 agreement?
A. Yes.
Q. And what is the percentage...what is the bank to do with the percentage that you've listed at the bottom of each column?
A. Each owner is to receive...for Tract 2, it's going to be 6.92893% of total escrow to each owner; and Tract 3 is 3.20742% to each owner.
Q. Okay. And that would be of any balances on hand when the distribution is made, correct?
A. Yes.
Q. And if money should come into escrow between today and the bank becoming aware of this order that they received, the same percentage would apply to split those funds, correct?
A. Yes.
Q. And are we also requesting that going forward
with regard to Tracts 2 and 3, that the Board's order allow the
operator to pay the Hurt McGuire heirs and Reserve Coal
Properties in accordance with their royalty split agreement
directly rather than escrowing that portion of these funds?
   A. Right.
   Q. And after the disbursement occurs, is it true
that there will continue to be an escrow account with the Board
with regard to the other tracts that are shown on this Exhibit?
   A. Yes.
   Q. Okay. So, there will still continue to be a
need for escrow?
   A. Yes.
   Q. Okay. Can you tell the Board what you've
done...what you've accomplished here and the comparison that
you've made between the bank and the royalty payment records that
you all maintain and how they compare?
   A. Okay, in comparing them, the royalty checks
that we have sent to the bank with the bank records, we were able
to balance this account to the penny. There's...one problem is
the reason this was continued a couple of months is because there
is an account with the wrong VGOB number. It's the deposits made
   Q. Do you mean October or November?
   A. October. I'm sorry.
Q. Okay. So, there were deposits on October the 25th and December the 25th, '01 that went into an account with the wrong VGOB number?

A. Yes.

Q. Do you know that number?

A. Instead of it being...it was 93-02/10-0330.

Q. Okay, instead of 93-02/16-0330?

A. Right. So, there's an existing separate account with those two checks that accumulated a little bit of interest and that was the reason we finally figured out where that extra dollars were coming...we thought they were missing, but then we come to find out there was a separate account.

Q. Okay, is that separate account...are the funds in that account the missing funds only or are they commingled with some other funds?

A. No, it's just those two with some interest.

Q. Okay. So, this incorrect account number will...that account will actually close when this money comes out?

A. Right. And I talked to Bob Wilson about it and he's aware of the fact there are still...at one time, we trans...there was...that account was in existence. I guess around...I can't remember the exact date, but they transferred a lump sum into this account. Well, somehow these two checks
got back into the wrong account again. But I've just included
in here to make it balance, you know, with interest and
everything.

Q. Okay, and the Board order needs to indicate
then though that the balance in the 93-02/10, is it---?
A. Uh-huh.
Q. ----0330 account needs to be placed into this
account...into this, meaning the 0330 account, so it can be
balanced?
A. Yes.
Q. And the disbursements made?
A. Yes.
Q. Okay. And when that happens, the incorrect
account ought to have a zero balance and can be closed?
A. Yes.
Q. Okay. Do you have anything else you want to
tell the Board with regard to what you've done here?
A. (No audible response.)
Q. You have to answer out loud.
A. No.

BENNY WAMPLER: Questions from members of the Board?
(No audible response.)

BENNY WAMPLER: So, the deposits that went in on
10/25/01 and 12/25/01 went into 93...let me make sure I've got
the number correct that it went into, 93-01/21-0330?

ANITA TESTER: 02/10.

BENNY WAMPLER: 02/10?

ANITA TESTER: Uh-huh.

BENNY WAMPLER: Okay.

ANITA TESTER: Instead of 16 it's 10.

BENNY WAMPLER: Right. It should have gone into 16 and---?

ANITA TESTER: Uh-huh.

BENNY WAMPLER: ---we're going to close out the 02/10 account?

ANITA TESTER: Yes.

BENNY WAMPLER: Okay.

ANITA TESTER: The only way I can really make it balance is if I took the interest that accumulated and added it to...just kind of put it into this one, because I couldn't come out with the right amount doing them separate.

BENNY WAMPLER: Right.

MASON BRENT: Mr. Chairman, what needs to be done to make that happen, to make that transfer out?

BENNY WAMPLER: With the Board order, that would actually clarify---.

MASON BRENT: Clarify.

BENNY WAMPLER: ---that that was---.
MASON BRENT: Will take be incorporated in this---?

BENNY WAMPLER: It would be in this order.

MARK SWARTZ: I would expect that it would, yes.

MASON BRENT: Okay.

SHARON PIGEON: Just directing the escrow agent to transfer---.

BENNY WAMPLER: Directing the escrow agent in closing out the other account is the way I understand---.

MARK SWARTZ: Right.

BENNY WAMPLER: ---what you're requesting. And that's what we handle in this order and the order would be instructions---.

MASON BRENT: Right.

BENNY WAMPLER: ---in other words, to the escrow agent.

BENNY WAMPLER: Any other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MASON BRENT: No, I do not.

BENNY WAMPLER: Is there a motion?

KEN MITCHELL: Mr. Chairman, I would move for approval of the disbursement of the escrowed funds in reference to Tracts 2 and 3.

BENNY WAMPLER: Is there a second?
DONALD RATLIFF: Second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. The next item on the agenda is a petition from Buchanan Production Company for pooling of a coalbed methane unit AY-100, docket number VGOB-02-12/17-1104. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Les, do you want to be sworn?

(Leslie K. Arrington is duly sworn.)

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, you need to state your name for us.
A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company.

Q. Okay. Did you either prepare, or have prepared under your direction, the notice of hearing and application with regard to the pooling application concerning AY-100?

A. Yes, I do...yes, I did.

Q. Okay. And did you sign both the notice of hearing and the application yourself?

A. Yes, I did.

(Mr. Swartz confers with Mr. Arrington.)

Q. Who is the applicant here?

A. Buchanan Production Company.

Q. And Buchanan Production Company is a Virginia General Partnership, correct?

A. It is.

Q. And it has two partners, and those partners are Consol Energy, Inc. and CNX Gas, L.L.C., is that correct?

A. Yes.

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

A. Yes, it is.

Q. Who is it that the applicant is requesting be
designated the operator in the event the Board approves this application?

Q. Okay. Now, Consol Energy is a corporation, correct?

A. It is.

Q. And its actual name is Consol Energy, Inc., I think?

A. It is.

Q. Is that a Delaware Corporation?

A. Yes, it is.

Q. Okay. And is Consol Energy, Inc. authorized to do business in the Commonwealth, has it registered with the Department of Mines, Minerals and Energy and does it have a blanket bond on file as required?

A. Yes, it does.

Q. Some considerable time ago, and I'm talking in terms of probably ten or twelve years ago, is it true that Buchanan Production Company delegated the responsibility to and authority to explore, develop and maintain its properties and assets and that that delegation has now fallen or come to Consol Energy, Inc.?

A. Yes, it has.

Q. And Consol has accepted that dele...
The respondents here, have you identified all of them in the notice of hearing?

A. Yes, we have.

Q. And have you...what have you done to notify them?

A. We mailed by certified mail/return receipt requested on November the 15th of 2002; and published in the Bluefield Daily Telegraph on November the 20th of 2002.

Q. And have you submitted proofs with regard to the mailings and with regard to the publication to the Board today?

A. Yes, we have.

Q. When you published, what was it that was published?

A. We published the notice of hearing and the attached location exhibit.

Q. The...the documents that you have handed out to the Board this morning, in addition to the publication and mailing information, shows that there's a Revised Exhibit B-3, is that correct?

A. It does.

Q. Okay. In terms of what has changed on Exhibit
B-3, the revised exhibit from the original, what has changed?  
A. The heading on it. We had it incorrectly listed on the heading of it. We corrected just the heading.  
Q. Okay.  
A. No names or percentages were changed.  
Q. The original Exhibit B-3 said...Exhibit B-3 gave the unit and the docket number and it said, "List of all owners/claimants", correct?  
A. Correct.  
Q. And what has been changed to...this is the only change---?  
A. Right.  
Q. ---is "List of unleased owners/claimants", which is what Exhibit B-3 normally addresses?  
A. Should be, uh-huh.  
Q. Other than that, you don't have any amendments?  
A. No, we do not.  
Q. Okay. Do you want to add any people as respondents?  
A. No.  
Q. Do you want to dismiss any?  
A. No.  
Q. Now, this particular unit, AY-100, is a Middle Ridge unit, is that correct?
A. It is.
Q. And the plat gives the acreage?
A. 58.78 acres.
Q. And there's a drilling window?
A. Yes, it is.
Q. And where is the proposed well, or the existing well, located in relation to that window?
A. Within it.
Q. How many wells are proposed?
A. One.
Q. And this would be...this proposed well would be a frac well, correct?
A. Yes.
Q. And it would...and it would propose to produce from the Jawbone on down if the Jawbone is below drainage?
A. Correct.
Q. Have you submitted a cost estimate with regard to this well?
A. Yes, we have. The estimated cost is $223,997.90 to be drilled to an estimated depth of 2,727 feet.
Q. And do you have a permit yet?
A. Yes, we do. It's permit number 5474, issued August the 16th of 2002.
Q. And I take it this well has not been drilled...
A. No, it has not.

Q. What are...let's turn for a moment to Exhibit A, page two, to the original application.

A. Yes.

Q. And if you could, could you explain to the Board what interests you've been able to acquire or lease and what interest remains outstanding that need to be pooled?

A. Yes. We have 100% of the coal leased, I think below drainage basically; 100% of the coal owners' claim to coalbed methane. We have 89.9543% of the oil and gas owners' claim to coalbed methane. We're seeking to pool 10.0457% of the oil and gas owners' claim to coalbed methane.

Q. And what terms have you offered to the folks in general that you've been able to lease?

A. Our standard lease terms for a coalbed methane lease is a dollar per acre per year with a five year paid up term, basically that's a rental, with a one-eighth production royalty.

Q. And would you recommend those terms to the Board to be inserted in any order it might enter with regard to folks who are deemed to have been leased?

A. Yes, we are.

Q. With regard to the need for escrow, if we look at Exhibit B-3, it appears that with regard to Tract 1-C there's...
an address unknown. Do you see that?

A. Yes, it is.

Q. And that would require escrow, correct?

A. Correct. There's addresses unknowns and conflicting claims.

Q. And then when we get further on, page five of six, there's some additional folks with addresses unknown who would require escrow and also at page six of six, do you see that?

A. Yes. Yes, it is.

Q. So, there is a need to escrow because of the inability to locate several people and that need is disclosed in Exhibit B-3, correct?

A. Correct.

Q. And then there's also attached an Exhibit E, which is a list of the owners who you can find but that are actually in conflict?

A. That's correct.

Q. And so there would be a further requirement with regard to Tract 1-A, 1-B, 1-C and 1-D to escrow to anticipate conflicting claims?

A. That's correct.

Q. Okay. And then lastly with regard to escrow issues, there's also an Exhibit EE, correct?

A. Yes.
Q. And that discloses that certain people whose funds might authorize be subject to escrow because of conflicts have entered into fee...or entered into royalty split agreements, correct?

A. That's correct.

Q. And so are you requesting that with regard to Exhibit EE, that the folks listed there with regard to Tract 1-A receive their royalty payments directly from the operator without a need to escrow?

A. That's correct, they are.

Q. Is it your opinion that the plan of development that's disclosed for this unit by the packet, the application and the exhibits, is a reasonable plan to develop coalbed methane under this Middle Ridge unit?

A. Yes, it is.

Q. Is it your opinion that between the leases that you have obtained and the pooling, if the order is granted, that the...that all of the owners or claimants having correlative rights will be protected in this unit?

A. Yes, they will.

Q. That's all I have.

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)
BENNY WAMPLER: Is there a motion?

MASON BRENT: Mr. Chairman, I move that we grant the application as submitted.

DONALD RATLIFF: Second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

We're honored to have the Chief Deputy Attorney General here. I hope you don't mind me doing this, Elizabeth. Elizabeth McClanahan. It's a honor to have you here today. I'll ask the Board members to introduce themselves just so you'll get an idea of who's up here starting with Mr. Mitchell.

KEN MITCHELL: I am Kenneth Mitchell from Stafford County, Virginia. I am an citizen appointee or one of the citizen appointees on this Board.

MASON BRENT: I'm Mason Brent from Richmond. I represent the Gas and Oil Industry.

SHARON PIGEON: I'm Sharon Pigeon with the office of the Attorney General.
DONALD RATLIFF: Donald Ratliff from Wise County, representing the coal operators.

JIM McINTYRE: Jim McIntyre, Wise Virginia. I'm a citizen representative.

GARY EIDE: I'm Gary Eide. I'm sitting in for Bob Wilson who couldn't be here.

BENNY WAMPLER: Good to have you here.

ELIZABETH McCLANAHAN: Thanks. It's good to be here.

BENNY WAMPLER: The next item on the agenda is a petition from Pocahontas Gas Partnership for a modification of a prior pooling order for coalbed methane unit BA-112, docket number VGOB-01-04/16-1025-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Mr. Swartz, do you have a copy of Mr. Rasnake's letter, James Rasnake? The Board was given a copy of this this morning. It was received by the office in Abingdon, Gas and Oil office, yesterday.

MARK SWARTZ: Mr. Rasnake never communicates with me. He always sends you stuff and apparently relies on you to give it to me.

BENNY WAMPLER: Well, you have it now. I'll give you a few minutes to read it. Hopefully, we can address it.

(Board members confer while Mr. Swartz reviews the
MARK SWARTZ: Okay, we can come back to that. We're certainly prepared to address that.

BENNY WAMPLER: Okay. You may proceed.

Leslie K. Arrington

Direct Examination

Questions by Mr. Swartz:

Q. Les, you're already sworn, right?

A. That's correct.

Q. Okay, you need to state your name again.

A. Leslie K. Arrington.

MARK SWARTZ: This application, Mr. Chairman, is identical to the application that we made when this pooling was approved except for one modification. If you'll look at the tract plat map that's submitted as Exhibit A, you'll see that we're dealing with a Middle Ridge unit of 58.74 acres. You'll see up in the right hand corner of the unit that's within the hash marks, there's a tract that has a 10 with a box on it and that's Tract 10. When we pooled this unit, somehow we managed to pool it with this plat showing that tract, showing the number 10 on that tract, but not identifying it in the tract identifications, okay? So, if you look at the tract identifications, the change that has occurred is that we've added
a Tract 10, which indicates the results or fruits of our title work. I have a title opinion with me this morning with regard to this small tract. And so the submission today is essentially to submit a revised tract identification page to identify the owners of that tract.

We're not pooling those people and didn't intend to pool them the first time around because we have a lease from them. So, it's a...I guess, kind of a housekeeping matter as opposed to affecting their interest in this unit. When the percentages of the various tracts were calculated in the beginning, you know, we got them right because we had Tract 10 on the map. We just didn't identify the folks.

Now, with regard to the Exhibit B-3, for example, there are some changes there because we've continued to lease. So, there are people that are, from a due diligence standpoint, I figured as long as we're coming back here, that there are some omissions from Exhibit B-3 today if you compared it to the one that was submitted back in March or April of 2001, and that is solely because of our leasing activities. And...so, I would propose to you, Mr. Chairman, that we do not really need to repool this unit because nothing is happening to anybody that we pooled, and we would just like to be allowed to file these revised exhibits and that we have a housekeeping order coming from the AG and you all that straightens out the information with regard
Now, getting to the point that you raised, what caused us to...or alerted us to the fact that we had not identified the owners of Tract 10 was a letter that we got, which was addressed to Mr. Arrington, back in August of this year and a copy was sent to Mr. Wilson. In that letter, and you may have that, Mr. Arrington...Mr. Rasnake indicated that we hadn't identified Tract 10. He was absolutely right. That's why we're here, to fix that.

He also claimed, as he has claimed many times in the past, to have an oil and gas interest in a tract. Mr. Rasnake definitely has oil and gas interest in certain tracts that he has either purchased or come to through his various members.

With regard to this roughly half-acre tract, you know, I have a title opinion from Altizer, Walk & White, I know personally from my own research with regard to his title that I've done in the past because we've been here in the past on this, that, you know, he does have some oil and gas interest pertaining to the Jacob Fuller heirs, and then in other interest situations, he does not. The title opinion dated January the 10th, 2002, that we have obtained from David Altizer out of Tazewell, as part of our due diligence, pertains specifically to the Ronald Hess tract. I do not see any reference in this title opinion to Mr. Rasnake having an interest...I mean, our Mr. Rasnake, James
Rasnake, having an interest in this tract. He shows the surface, oil and gas estate, he meaning Mr. Altizer, as being in Ronald R. Hess.

So, my response to the letter is that we don't agree with Mr. Rasnake that he has an ownership of record interest in this unit. Now, he has asserted a claim, and he did that previously. We have booked him as making a claim as a carried owner, because when he wrote to us in August, you know, even though we don't think he owns it, you know, we're carrying him currently as electing to go carried, which causes a conflict in this unit, or in this tract.

Now, I will tell you that if you look at Exhibit E to the original application, Tract 10...well, Exhibit E to this application, Tract 10 is actually in conflict with Buck Horn Coal Company and Ronald Hess. If we look at EE, they do not currently have a split agreement. So, this tract is going to be escrowed for a conflict anyway. Obviously, until he backs into his carried interest, you know, that's not going to be a problem either. But we are booking this as a carried interest claim that Mr. Rasnake will back into at some point that's going to have to be addressed by the other owners. But we are not prepared to amend our records with regard to the fruits of our labor in terms of identifying owners on Tract 10. We don't think he's an owner. But I'm telling you that he has claimed that he has,
as you already know, and that we're carrying...we're booking that
as a carried interest option.

BENNY WAMPLER: One thing specifically he raises in
the letter, if you're prepared to address, I'd like to have you
address, is that he's comparing the Exhibit A and Exhibit B and
saying that there's discrepancies.

MARK SWARTZ: But he's giving you, you know, an
Exhibit B to a completely different unit that's located somewhere
else. You know, if I had known that he had written to you guys
yesterday, you know, I could have brought my overall file with
regard to him that maps the various tracts that he has an interest
in and that he claims an interest in and I could give you a little
better indication of where FF is. But, you know, it is a long
ways from this unit. Do you know, Les?

LESLIE K. ARRINGTON: FF-22?

MARK SWARTZ: Right.

LESLIE K. ARRINGTON: It's kind of northwesterly of
this unit.

MARK SWARTZ: Go ahead.

LESLIE K. ARRINGTON: When I got...when we
seen...when we got this August the 12th letter, one of the reasons
that we went ahead and drafted this application was in
anticipation of something similar to this. However, I expected
to get a letter from him and say, "Hey, wait a minute, you didn't
show me. You need to include me." If it had have gotten it to us, you know, a day earlier, the Exhibits would have included him as a conflicting owner.

MARK SWARTZ: Claimant.

LESLIE K. ARRINGTON: Claimant. However, our title records do not indicate that he's an owner, has any ownership in Tract 10. That's the reason he was not included. Again, if we had have gotten this letter, we would have put it in there as a conflicting claimant. We can simply revise our exhibits to include him as a claimant.

MARK SWARTZ: I think the order will take care of that.

BENNY WAMPLER: You're agreeing to include him today?

MARK SWARTZ: Well, of course.

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No.

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

MASON BRENT: Mr. Chairman, I move that we grant the application.

KEN MITCHELL: I second the motion.

BENNY WAMPLER: Motion and second. Any further discussion?
(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER:  Opposed, say no.

(No audible response.)

BENNY WAMPLER:  You have approval. The next item on
the agenda is a petition from Columbia Natural Resources,
Incorporated.

MARK SWARTZ:  Thank you all and Merry Christmas.

BENNY WAMPLER:  Thank you and Merry Christmas. Thank
you very much. Merry Christmas, Anita and Les.

A petition from Columbia Natural Resources,
Incorporated, for a well location exception for proposed well
825091. This is docket number VGOB-02-12/17-1105. We'd ask
the parties that wish to address the Board in this matter to come
forward at this time.

JIM KISER:  Mr. Chairman and members of the Board, Jim
Kiser on behalf of Columbia Natural...Columbia Natural
Resources. Our witness in this matter will be Mr. Todd Tetrick.
I'd ask that he be sworn at this time. While you're doing that,
I'd like to pass out some exhibits for this matter and for the
matters following.

MASON BRENT:  Mr. Chairman, before we get started I'd
like the record to reflect that I recuse myself from this matter.
BENNY WAMPLER: Thank you.

(Todd Tetrick is duly sworn.)

(Jim Kiser distributes exhibits.)

BENNY WAMPLER: Can you spell your name?

TODD TETRICK: Last name?

BENNY WAMPLER: Last name.

TODD TETRICK: T-E-T-R-I-C-K.

JIM KISER: This is actually the same exhibit. We've just put the different well number on each one. It will pertain to both of these.

(Jim Kiser continues to distribute exhibits.)

BENNY WAMPLER: The record will show there are no others. You may proceed.
having been duly sworn, was examined and testified as follows:

**DIRECT EXAMINATION**

**QUESTIONS BY MR. KISER:**

Q. Mr. Tetrick, if you'd state your name for the record, who you're employed by and in what capacity?

A. I'm Todd Tetrick. I'm a drilling engineer with Columbia Natural Resources.

Q. And you have previously testified before the Virginia Gas and Oil Board and your qualifications as an expert witness in the area of operations and production has been accepted by the Board?

A. Yes.

Q. And do your responsibilities include the land involved here and in the surrounding area?

A. Yes.

Q. And are you familiar with the application that we filed seeking a location exception for well number 825901?

A. Yes.

Q. Have all interested parties been notified as required by Section 4(B) of the Virginia Gas and Oil Board regulations?

A. Yes.

Q. At this time, would you indicate for the Board
the ownership of the oil and gas underlying the unit for well number 825901?

A. The oil and gas owner is Buchanan Energy Company and they own 100%.

Q. Does CNR have the right to operate the reciprocal well, that being the well that we're seeking the exception from?

A. Yes.

Q. Are there any correlative rights issues?

A. No.

Q. Now, Mr. Tetrick, in conjunction with the exhibit that we just passed out to the Board, would you explain why we're seeking this location exception?

A. There's a coal seam that you can see on the exhibit, the shaded area, that Buchanan Energy Company has requested that we maintain our well locations below that outcrop. From the existing well 24917, that was the location I had selected in the field due to the terrain and the location of the coal outcrop.

Q. So, the coal owner in this case, Buchanan Energy, has requested that we stay out of a particular outcrop area and then the only other location in order to capture the reserves underlying this unit that would be available because of typographic concerns, the location would be virtually
impossible to build, is that correct?

A. Yes.

Q. And in the event this location exception were not granted, would you project the estimated loss of reserves that result in waste?

A. Yes. 400 million cubic feet.

Q. And the total depth of the proposed well under the plan of development?

A. 5195...5,195 feet.

Q. Will this be sufficient to penetrate and test the common sources of supply in the subject formations?

A. Yes.

Q. Is the applicant requesting that this location exception cover conventional gas reserves to include the designated formations from the surface to the total depth drilled?

A. Yes.

Q. In your professional opinion, would the granting of this location exception application be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of gas reserves underlying the unit for 825901?

A. Yes.

JIM KISER: Nothing further of this witness at this
time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?
(No audible response.)

BENNY WAMPLER: You've actually been to the site---?

TODD TETRICK: Yes, sir.

BENNY WAMPLER: ---and looked at the proposed relocation? I did that for Don because we always ask Don that. I wouldn't want to let him down.

TODD TETRICK: Yes, sir, I have been there.

JIM KISER: Equal protection there.

BENNY WAMPLER: Any questions from members of the Board?
(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion>

DONALD RATLIFF: So moved.

BENNY WAMPLER: I have a motion for a approval. Is there a second?

JIM McINTYRE: Second.

BENNY WAMPLER: Motion and second. Any further discussions?
(No audible response.)

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

(All members signify by saying yes.)

**BENNY WAMPLER:** Opposed, say no.

(No audible response.)

**BENNY WAMPLER:** You have approval. The next item on the agenda is a petition from Columbia Natural Resources, Incorporated, for a well location exception for proposed well 825070. This is docket number VGOB-02-12/17-1106. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

**JIM KISER:** Mr. Chairman and members of the Board, Jim Kiser and Todd Tetrick, again, on behalf of Columbia Natural Resources. This well is a mirror image of---.

**MASON BRENT:** Mr. Chairman, before we start, I'd like the record to reflect that I once again recuse myself.

**BENNY WAMPLER:** Thank you, Mr. Brent. That will be reflected.

**JIM KISER:** This location exception is a mirror image of the one that we just did. It's again a Buchanan Energy Company unit in an outcrop situation. You have your exhibit that we passed out. It's the same exhibit, but if you'll look to the north of 25091 you'll see the proposed location for 25070. With that being said, we'll start our testimony.
TODD TETRICK

DIRECT EXAMINATION

QUESTIONS BY MR. KISER:

Q. Mr. Tetrick, if you'd again state your name for the Board, who you're employed by and in what capacity?

A. Todd Tetrick. I'm a drilling engineer with Columbia Natural Resources.

Q. And do your responsibilities include the land involved here and in the surrounding area?

A. Yes.

Q. And you're familiar with the application that we filed seeking a location exception for 825070?

A. Yes.

Q. Have all interested parties been notified as required by Section 4(B) of the Virginia Gas and Oil Board regulations?

A. Yes.

Q. Would you indicate for the Board the ownership of the oil and gas underlying the unit for this well?

A. It's owned by Buchanan Energy Company, 100% of the mineral.

Q. And, again, does CNR have the right to operate the reciprocal wells in this incident, the reciprocal well in which we're seeking an exception from?
A. Yes.

Q. That being 24728?
A. Yes.

Q. Are there any correlative rights issues?
A. No.

Q. And, again, would you explain for the Board in conjunction with the exhibit that we handed out, the reasons why we're seeking this exception, which as I've earlier stated are exactly the same as the reasons for 24901?
A. Again, if you look at the exhibit from well 24728, there's not a location 2500 feet away that would stay below the coal outcrop. The terrain is also a factor in the location.

Q. So, again, in this case, the coal owner, Buchanan Energy Company, basically selected this location?
A. Yes.

Q. In the event the location exception were not granted, would you estimate the loss of reserves resulting in waste?
A. Yes. 400 million cubic feet.

Q. And the total depth of the proposed well under the plan of development?
A. 5,530 feet.

Q. And are you requesting that the location exception cover conventional gas reserves to include the
designated formations from the surface to the total drilled?
A. Yes.

Q. In your professional opinion, would the granting of this location exception being the best interest of preventing waste, protecting correlative rights and maximizing the recovery of gas reserves underlying 825070?
A. Yes.

JIM KISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Have you been to this location?

TODD TETRICK: Yes, sir.

BENNY WAMPLER: Under your...on your Exhibit map you list the Buchanan Energy Company and you have percentages under there. Before it said Buchanan Energy 100% underneath there. This time you're breaking out acreage. My map has 80.71 acres at 71.62% of the 112.69 acres.

TODD TETRICK: The adjoining mineral tract is also Buchanan Energy Company. I think it was just broken up as a per unit.

JIM KISER: There's actually two tracts in this unit. They're both Buchanan Energy.

BENNY WAMPLER: I just wanted to get it clarified. This location is in Tract 96?

JIM KISER: Correct.
BENNY WAMPLER: The relocation to approve, the exception location that you're requesting is in 96?

JIM KISER: Correct.

TODD TETRICK: Yes, sir.

BENNY WAMPLER: Okay. Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

DONALD RATLIFF: Mr. Chairman, I move that the application be approved.

BENNY WAMPLER: I have a motion. Is there a second?

KEN MITCHELL: Second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KISER: Thank you.

BENNY WAMPLER: Merry Christmas. Thank you.
TODD TETRICK: Thank you.

BENNY WAMPLER: The next item on the agenda is a petition from Equitable Production Company for a well location exception for proposed well V-535460. This is docket number VGOB-02-12/17-1107. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

(Jim Kiser distributes exhibits.)

JIM KISER: Mr. Chairman and members of the Board, Jim Kiser on behalf of Equitable Production Company. Our witness in this matter will be Mr. Don Hall. We'd ask that he be sworn at this time.

(Don Hall is duly sworn.)

DON HALL having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KISER:

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

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

Q. And your qualifications as an expert witness have previously been accepted by the Board on numerous occasions?

A. They have.
Q. And do your responsibilities include the land involved here and in the surrounding area?
A. Yes.

Q. And are you familiar with the application that we filed seeking a location exception for well V-535460?
A. Yes.

Q. Have all interested parties been notified as required by Section 4(B) of the Virginia Gas and Oil Board regulations?
A. They have.

Q. Would you indicate for the Board the ownership of the oil and gas underlying the unit for well number V-535460?
A. Pine Mountain Oil and Gas owns 100%.

Q. Does Equitable have the right to operate the reciprocal wells in which we're seeking the exception?
A. Yes, we do.

Q. And there's two of those?
A. Yes.

Q. P-32 and P-408?
A. That's correct. Yes.

Q. Are there any correlative rights issues?
A. No.

Q. Would you explain for the Board in conjunction with the plat that we filed as Exhibit A to the application, which
will serve as our exhibit in this matter, why we are seeking this location exception?

A. Well, as you can see from the plat, we've got the two reciprocal wells in which we're getting exceptions from are 408 and P-32. But in addition to those two wells, we have three other wells that surround this 5460 well. There's no place...no place in the middle of these wells that we can legally get 2500 feet from all the wells. If we get 2500 feet from the two reciprocal wells, then we're too close to another well. So, in effect, there's really no legal location in this area.

Q. So, in other words, without this location exception the reserves underlying this particular unit would essentially be left there and result in waste?

A. That's correct.

Q. In the event that this location exception were not granted, what would the estimated loss of reserves be for this unit?

A. 450 million cubic feet.

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

A. 5578 feet.

Q. And is the applicant requesting this location exception cover conventional gas reserves to include the designated formations from the surface to the total depth
drilled?

A. Yes.

Q. In your professional opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the unit for V-535460?

A. Yes.

JIM KISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Have you been to the location, Mr. Hall?

DON HALL: No, I haven't. I didn't feel it was necessary since we can't get a legal location anyway.

BENNY WAMPLER: I didn't want to let you down.

Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further, Mr. Kiser?

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

BENNY WAMPLER: Is there a motion?

JIM McINTYRE: I make a motion that the application be approved as submitted.
DONALD RATLIFF: I second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. The next item on the agenda is a petition from Equitable Production Company for pooling of a coalbed methane unit VC-504510. This is docket number VGOB-02-12/17-1108. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KISER: Mr. Chairman and members of the Board, Jim Kiser and Don Hall once again on behalf of Equitable Production Company. We're pleased at this time to announce that we'll ask that this application be withdrawn in that we have obtained a voluntary lease since the time of filing the application from all the unleased parties.

BENNY WAMPLER: Very good. Thank you. The next item on the agenda is a petition from Equitable Production Company for pooling of a coalbed methane unit VC-502832, docket number VGOB-02-12/17-1109. We'd ask the parties that wish to address the Board in this matter to come forward at this time.
JIM KISER: Mr. Chairman and members of the Board, again, Jim Kiser and Don Hall on behalf of Equitable Production Company. Mr. Hall at this time is passing out a very revised Exhibit B.

(Don Hall distributes the exhibit.)

JIM KISER: Their computer system was down yesterday. We did pick up some additional leases in this unit too. Because of that fact, the revisions at this point are made, I think, in hand, aren't they, Don?

DON HALL: Yes.

JIM KISER: And what we will do is as soon as the system is back up, hopefully, I guess, today or tomorrow, provide Sharon with a neater copy of the revisions. At least this will suffice to provide the Board with the changes.

DON HALL

DIRECT EXAMINATION
QUESTIONS BY MR. KISER:

Q. Mr. Hall, if you could again, state your name, who you're employed by and in what capacity.

A. My name is Don Hall. I'm employed by Equitable Production Company as district landman.

Q. And do your responsibilities include the land involved here?
A. They do.

Q. And are you familiar with Equitable's application seeking a pooling order for EPC well number VC-502832, which was dated November the 15th, 2002?

A. Yes.

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

A. Yes.

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

A. We do.

Q. Now, prior to filing the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary agreement regarding the development of the unit?

A. They was.

Q. And at the time of the filing of the application, what was the interest of Equitable within the gas estate in the unit?

A. At the time of the filing of the application, it was 78.42 percent. But this revised exhibit will reflect that it's now 83.97%.

Q. Okay, so, you've...since the filing of the
application, you've continued to attempt to reach a voluntary agreements with the unleased parties and obviously have been successful to the extent of about 5%. If you could take the revised exhibit and point out the newly leased parties for the Board, please.

A. On page seven of the exhibit, you'll see in not very legible handwriting, Kennie O'Dell Kiser and Alma Simmerley, both have leased since the filing of the application and we're dismissing them.

Q. And the interest of Equitable in the coal estate at the time of the filing of the application?

A. A 100%.

Q. Okay. Now, all the parties who remain unleased within the gas estate are set out in revised Exhibit B?

A. Right.

Q. And you're familiar with the ownership of the drilling rights of parties other than Equitable underlying this unit?

A. Yes.

Q. And what is the percentage of the gas estate that remains unleased at this time?

A. As reflected in this revised exhibit, it's 16.02... or 16.03%.
Q. So, 16.03% of the gas estate remains unleased?
A. Right.
Q. Now, during these leasing efforts, were efforts to determine if individual respondents were living or deceased or their whereabouts; and if deceased, were efforts made to determine the names, addresses, and whereabouts of the successors to any deceased individual respondents?
A. Yes.
Q. In this particular application, we do...in this particular unit, we do have some unknown interest owners, is that correct?
A. We have some unknown addresses, yes.
Q. Yeah, unknown---.
A. Unlocateable.
Q. Unlocateable/unknown?
A. Yeah.
Q. And were reasonable and diligent efforts made and sources checked to identify and locate any unknown people including primary sources, such as deed records, probate records, assessors's record, treasurer's records, secondary sources such as telephone directories, city directories, family and friends?
A. Yes.
Q. And in your professional opinion, was due
diligence exercised to locate each of the respondents named in the Exhibit B?

A. They was.

Q. Now, are the addresses set out in revised Exhibit B to the application the last known addresses for the respondents, to the best of our knowledge?

A. Yes.

Q. Are you requesting this Board to force pool all the unleased interest listed at the revised Exhibit B?

A. Yes.

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

A. Yes.

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

A. A five dollar bonus, five year term and a one-eighth royalty.

Q. Did you gain your familiarity by acquiring oil and gas leases, coalbed methane leases and other agreements involving the transfer of drilling rights in the unit involved here and in the surrounding area?

A. Yes.

Q. And in your professional opinion, do the terms you have testified to represent the fair market value of and the
fair and reasonable compensation to be paid for drilling rights
within this unit?

   A. They do.

Q. Now, as to those respondents at revised Exhibit B who remain unleased, do you recommend that they be allowed their statutory options regarding their elections as force pooled parties being: One, participation; two, a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eighths royalty; or three, in lieu of the cash bonus and one-eighth of eight-eighths royalty be a carried interest?

   A. Yes.

Q. Do you recommend that the order provide that the elections by the respondents be in writing and sent to the applicant at Equitable Production Company, 1710 Pennsylvania Avenue, P. O. Box 2347, Charleston, West Virginia 25328, Attention: Melanie Freeman, Regulatory?

   A. Yes.

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

   A. It should.

Q. Do you recommend that the order provide that if no election is properly made by a respondent, then such respondent should be deemed to have elected the cash royalty
option in lieu of participation?

A. Yes.

Q. Should all unleased respondents be given 30 days from the date of the execution of the Board order to file their written elections?

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay the applicant for their proportionate share of the well costs?

A. Yes.

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

A. Yes.

Q. Should the applicant be allowed a 120 days following the recordation date of the Board order and thereafter annually on that date until production is achieved to pay or tender any cash bonus becoming due under the order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay that respondent's proportionate share of well costs satisfactory to the applicant for payment of those costs, then their election to participate shall be treated as having been withdrawn and
void, and such respondent should be treated just as if no initial
election had been filed under the force pooling order, in other
words, deemed to have leased?
A. Yes.

Q. Do you recommend the order provide that where
a respondent elects to participate but defaults in regard to the
payment of well costs, any cash sum becoming payable to that
respondent be paid within 60 days after the last date on which
such respondent could have paid or made satisfactory arrangement
for the payment of those well costs?
A. Yes.

Q. In this particular unit, we have both
unlocateable interest owners and we have conflicting claimants,
so does the Board need to establish an escrow account into which
all costs or proceeds attributable to these interest can be held
until such time as the folks are found or the conflicting claim
is resolved to the operator's satisfaction?
A. Yes.

Q. And who should be named operator under any
order?
A. Equitable Production Company.

Q. Now what is the total depth of the well under
the applicant's plan of development?
A. 2440 feet.
Q. And the estimated reserves for the unit?

A. 500 million cubic feet.

Q. Are you familiar with the well costs for this well?

A. Yes.

Q. Was an AFE reviewed, signed and submitted to the Board as Exhibit C to the application?

A. It was.

Q. Was the AFE prepared by an engineering department knowledgeable in the preparation of AFEs and knowledgeable in particular to well costs in this area?

A. Yes.

Q. In your opinion, does this AFE represent a reasonable estimate of the well costs for the proposed well under the plan of development?

A. It does.

Q. Could you state for the Board at this time both the dry hole costs and the completed well costs?

A. The dry hole costs are $83,199 and the completed well costs would be $211,780.

Q. And do these costs anticipate a multiple completion?

A. They do.

Q. Does your AFE include a reasonable charge for
supervision?

A. Yes.

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

A. Yes.

JIM KISER: Nothing further of this witness at this time, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KISER: Mr. Chairman, we'd ask that the application be approved as submitted with the caveat that we will submit a type written revised Exhibit B to reflect the additional interest that we have got under lease since the time of the filing of the application.

BENNY WAMPLER: Is there a motion?

DONALD RATLIFF: So moved.

BENNY WAMPLER: Motion for approval.

MASON BRENT: Second.

BENNY WAMPLER: Any further questions?

(No audible response.)

BENNY WAMPLER: All in favor, signify by saying yes.
(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Mr. Kiser?

JIM KISER: Mr. Chairman, if we might, we do have one other item that we would like to address the Board on today. Once again, it will be on behalf of Equitable Production Company. We have met with the DGO, with both Mr. Wilson and Mr. Eide on this issue.

Equitable is planning to drill some, or would like to drill some horizontal CBM wells in 2003. In order to do that, what we would like to do, the first two wells, one will be drilled in existing units in the Nora Coalbed Gas Field and the other one will be drilled in existing units in the Oakwood Coalbed Gas Field.

At this time, we have some information that we would like to pass out to the Board regarding this project. But our purpose in holding you over today is to request that the Board, in the January docket on their own motion, place two items on there on our behalf. The first one would be a request to...for a modification of the existing field rules in the Nora Coalbed Gas Field and request to set up provisional drilling units for the purposes of these horizontal CBM wells; and then the second matter would be the same request for the Oakwood Coalbed Gas...
BENNY WAMPLER: We're not formally on the agenda to take any action on this per se. But I would ask you to amplify for the Board why you would request that we do that on our motion rather than you.

JIM KISER: Because we're not seeking the establishment of new field rules. This would be a modification of existing field rules in both cases. So, there has been...the parties involved have been previously notified, you know, when the original set of field rules were established.

BENNY WAMPLER: So, in your legal opinion, there's not a notice...there won't be a notice issue here from the standpoint---?

JIM KISER: Correct.

BENNY WAMPLER: ---of individual notice being required?

JIM KISER: Correct. And in furtherance of our request, in this particular...these first two particular instances, the Nora well is completely on Pine Mountain/Clinchfield property, and the Oakwood is completely on the Rogers property. What we propose to do is, you may see him going through the packages, is in Nora, we'll take four, you know, basically 60 acre units...58.77 acre units and combine them in a provisional drilling unit and then in the...you know,
essentially establish a 240 acre unit; and then in the Oakwood
Field, the same thing, except for, obviously, it will be a 320
acre unit.

We'll be prepared in January to, you know, make a
presentation as to the technology of this and the impact and the
land issues, and address any questions the Board may have at that
time. But this, at least, gives you a little bit of a background
information as to what the plan is. Like I said, we have...I
had at least one meeting that I'm aware of with the DGO folks
and been consulting with them and the coal people are obviously
very interested in this. There's less surface disturbance, less
disturbance to the coal. It's...we see it anyway as a win/win
for all the various estate owners.

BENNY WAMPLER: Any Board---?

JIM KISER: It's being done in West Virginia on a
fairly regular basis.

BENNY WAMPLER: Oh, no.

(Laughs.)

JIM KISER: For whatever that's worth.

(Laughs.)

BENNY WAMPLER: Yeah. That's a bad thing to say.

I'm just kidding.

DON HALL: It's actually being done by Consol in West
Virginia.
JIM KISER: Yeah.

BENNY WAMPLER: Does the Board members have any questions or concern about the Board listing this on its own motion for next month's agenda, which is what we've been requested to do? In other words, we would publish it on our motion that we're going to entertain a modification to field rules and provisional drilling units requests from Equitable Production Company.

KEN MITCHELL: I have one question, Mr. Chairman.

BENNY WAMPLER: Mr. Mitchell.

KEN MITCHELL: The estimated time lines, Jim, are they...are they looking at next year's scenario? Is this---?

DON HALL: Yeah, we're looking at---.

KEN MITCHELL: The reason I ask all the estimated time lines are dated 2002.

JIM KISER: It should say---.

DON HALL: It should be 3.

JIM KISER: Well, from---.

DON HALL: Well, the---.

KEN MITCHELL: December---.

JIM KISER: From the hearing forward, it should be 3, right.

KEN MITCHELL: I...okay, I presume from December on it would be 200---?
JIM KISER: The last...the last three should be 3.

DON HALL: Yeah.

KEN MITCHELL: Just a note.

DON HALL: Just another computer glitch.

(Laughs.)

BENNY WAMPLER: Any other questions on that?

(No audible response.)

BENNY WAMPLER: Thank you.

MASON BRENT: Mr. Chairman, I would just with regard to the notice, I would just feel better if our counsel concurred with that---.

BENNY WAMPLER: Request?

MASON BRENT: ---with that interpretation.

SHARON PIGEON: I can't concur with that without doing some research into that, quite frankly. I'm not---.

MASON BRENT: Well, that's fine. Just between now and---.

BENNY WAMPLER: The time we have to do the notice---.

MASON BRENT: ---create the agenda for the next meeting, if counsel could---.

BENNY WAMPLER: What's that, tomorrow?

(Laughs.)

JIM KISER AND DON HALL: Friday.
BENNY WAMPLER: Friday.

JIM KISER: Friday.

(Laughs.)

SHARON PIGEON: Sharon has nothing to do.

(Laughs.)

JIM KISER: I might...I might note for whatever its worth that there is precedent for the Board doing this.

BENNY WAMPLER: Yes, we have.

JIM KISER: So---.

SHARON PIGEON: You could send that to me if you'd like.

JIM KISER: Well, it's not something that I would have.

SHARON PIGEON: But I will, yes.

JIM KISER: And I think in that case, it was actually the creation of a new field and not the modification of the existing one. So, my argument there would be this would be less obtrusive from a notice standpoint, if at all, than that would have been.

BENNY WAMPLER: Subject to us not having opinion otherwise, we'll do that.

JIM KISER: Thank you. I appreciate that. Thank you.

BENNY WAMPLER: We wish you a Merry Christmas---.
JIM KISER:  You to.

BENNY WAMPLER:  ---and a Happy New Year.

JIM KISER:  Thanks everybody for their time and I know this is a tough week to get everybody here.

BENNY WAMPLER:  I've got another item I want to talk about a little bit.  Ms. McClanahan was in here earlier, Chief Deputy for the Attorney General.  She and I have been corresponding some trying...as we all are in the state government dealing with budget cutbacks and everything else.  I'm sorry she's not here to hear this.  But I was going to say in her presence that Sharon, I see her myself, working to 6:00 and 7:00 o'clock at night every night.

MASON BRENT:  What a life.

SHARON PIGEON:  Thank you.

(Laughs.)

BENNY WAMPLER:  We generally cut the lights and argue over who cuts the copier off.  But, anyway, you know, she's putting a lot of hours in and really can't...just can't get a lot of the...everything that needs to be done.

So, we've talked about a proposal that the applicants would present the direct order for consideration for review.  In back and forth discussions, what we have agreed to is that we will propose at the January meeting, draft orders for the Board...a formal order for the Board to...various types of orders
for the Board to concur with this as guidance to the folks that come before us. We would then give a couple weeks after the January hearing for people that have appeared before the Board, counsel for the people who have appeared before the Board before, to comment on those draft form of orders; and then in the February meeting we would propose...we would have received those comments, share that with the Board and propose a final form of order, various types of orders. For example, supplemental orders, including orders for pooling orders, all types that come before the Board, field rules, etc. That we would then ask you to adopt or approve, I guess I should say, as guidance, those forms of orders. Starting with the February hearing and subsequent hearings, we would ask that form of order be used by all applicants. That they would fill out everything, send it in to us and then we would review that rather than having to create it all times. I think if we provide a form of order, I guess since you're here, I'll just ask, that should not create an undue burden should it?

   JIM KISER: I don't have any problem with that at all.
   No.

   BENNY WAMPLER: We would...we would hope that we go to electronic and paper copy to begin with and maybe even get to where we can do electronic transfers totally until it’s finally approved and sent out. That would be our goal. We've
got...we have the software package that will compare word for word any changes that are made. So, you know, that will help as well just to quickly verify that, you know, it is a, in fact, a formal order that the Board approves at that time. So, that's just kind of a briefing to you what we have planned. Do you...is there any comment or do you think that's workable at this point, having not seen the various and what have you?

MASON BRENT: I think that's very positive. I've often wondered why there was not a system form of presentation---.

BENNY WAMPLER: Right.

MASON BRENT: ---amongst all the operators.

JIM KISER: We don't have...certainly have any problems with it. It's not going create any undue burden on the applicant. I might add that Sharon, considering her staffing situation, I think has done an excellent job, you know, of getting these things out. So, if this speeds it up even more, that's great.

BENNY WAMPLER: That's what we hope it will do, that's for sure. I guess that concludes the hearing for the day. Gary, do you have anything?

GARY EIDE: No.

BENNY WAMPLER: I appreciate you being here. Do you all get or do you have you---?
GARY EIDE: I'll give them out at the end of the meeting. I'll give them out.

BENNY WAMPLER: Okay. Travel vouchers. Merry Christmas and Happy New Year. Thank you very much.

MASON BRENT: Thank you.

STATE OF VIRGINIA,
COUNTY OF BUCHANAN, to-wit:

I, SONYA MICHELLE BROWN, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed by me personally.

Given under my hand and seal on this the 9th day of January, 2003.

______________________________
NOTARY PUBLIC

My commission expires: August 31, 2005.