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IN THE COUNTY OF WASHINGTON

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

DECEMBER 16, 2003

APPEARANCES:

- MASON BRENT - REPRESENT GAS & OIL INDUSTRY
- DENNIS GARBIS - PUBLIC MEMBER
- KENNETH MITCHELL - PUBLIC MEMBER
- DONALD RATLIFF - COAL REPRESENTATIVE
- JAMES McINTRYE - PUBLIC MEMBER
- BENNY WAMPLER - DIRECTOR OF THE DMME & CHAIRMAN
  
- SHARON PIGEON, COUNSEL FOR THE BOARD WITH THE ATTORNEY GENERAL'S OFFICE
- BOB WILSON, DIRECTOR OF THE DIVISION OF GAS & OIL AND PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

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1           BENNY WAMPLER: Good morning. My name is Benny  
2 Wampler. I'm Deputy Director for the Virginia Department of  
3 Mines, Minerals and Energy, and Chairman of the Gas and Oil  
4 Board. I'll ask the Board members to introduce themselves,  
5 starting with Mr. Brent.

6           MASON BRENT: My name is Mason Brent. I'm from  
7 Richmond, and I represent the gas and oil industry.

8           DENNIS GARBIS: My name is Dennis Garbis, public  
9 member from Fairfax County.

10          KEN MITCHELL: My name is Ken Mitchell. I'm from  
11 Stafford County. I'm a public member, also.

12          SHARON PIGEON: I'm Sharon Pigeon from the office  
13 of the Attorney General.

14          DONALD RATLIFF: I'm Donnie Ratliff. I'm  
15 representing the industry from Wise County.

16          JIM McINTYRE: Jim McIntyre from Wise, Virginia,  
17 and I'm a citizen appointee.

18          BOB WILSON: I'm Bob Wilson. I'm the Director of  
19 the Division of Gas and Oil and Principal Executive to the  
20 Staff of the Board.

21          BENNY WAMPLER: Thank you. Well, first on behalf  
22 of the Board, we wish all of you a Merry Christmas and Happy  
23 New Year. Get that...get that out before you get upset with  
24

--

1 us, in case you do. We do sincerely hope you have good  
2 holidays.

3           The first item on today's agenda is the Board will  
4 receive a quarterly report on the Board's escrow account as  
5 administered by the Wachovia Bank, escrow agent for the  
6 Board. We'll ask Mr. Wilson to talk with the Board about the  
7 information he has handed out.

8           BOB WILSON: Okay. And I will remind you that this  
9 is actually the third quarter report, the quarter ending  
10 September. As you remember, I was not at the October  
11 hearing. Then everything in November was carried forward.  
12 So, this is actually somewhat old material. But as of the  
13 end of September, the escrow account had a balance of  
14 \$7,754,578.61. I can tell you that as of the end of November  
15 that balance is \$8,130,708.78.

16           BENNY WAMPLER: Repeat that one more time---.

17           BOB WILSON: Okay.

18           BENNY WAMPLER: ---the balance at the end of  
19 November.

20           BOB WILSON: November balance is \$8,130...1-3-  
21 0...708.78. During the third quarter, there were deposits of  
22 \$473,829.14; interest earned totals \$16,336.88. Also, during  
23 that quarter, the twice yearly withdrawal of fees by the  
24

1 bank, according to our contract terms, was executed. \$30,000  
2 was removed from the account to cover six months of the fees,  
3 which, of course, are 5,000 a month. The interest rate for  
4 the first time in a long time we can say that at least it  
5 didn't go down during this quarter. It didn't go back up  
6 either. At .91%, it maybe has at least stabilized for a  
7 while. There were no disbursements during this period of  
8 time other than the extraction of fees for the bank. In a  
9 nutshell, that's it.

10 BENNY WAMPLER: Questions or comments from members  
11 of the Board?

12 KEN MITCHELL: Maybe one clarification of Bob's  
13 statement. It did go down. It went from .93 to .91 to .91.

14 BOB WILSON: Okay.

15 KEN MITCHELL: But I'm just saying---.

16 BOB WILSON: Yeah. You're absolutely correct. It  
17 started out at .93 in July, the first month of the quarter  
18 and went to .91. It stayed...it stood at .91 until the end  
19 of September.

20 KEN MITCHELL: Can you tell me---?

21 BOB WILSON: It's the first time we've seen two  
22 numbers that managed to stay the same for subsequent months  
23 for a long time.

24

--

1           KEN MITCHELL: Can you tell me what the interest  
2 rate is today? This report apparently is ending...officially  
3 ending September.

4           BOB WILSON: No, sir, I don't have that.

5           KEN MITCHELL: Okay, okay. I just...because right  
6 now we're three months---

7           BOB WILSON: Sure.

8           KEN MITCHELL: ---behind, you know.

9           BOB WILSON: We will have another report next month  
10 for the end of the end of the year...quarter end of the year.  
11 So, hopefully, we'll have some more information for you.

12           KEN MITCHELL: And my...my only comment, and I  
13 will...I will...I will close it, is that if you take the  
14 interest, the accrued interest, that we're getting and then  
15 this shows the 15,000, and then if you add another 15,000  
16 worth of interest, and I'm doing that on an assumption basis,  
17 basically the interest is at least paying the 30,000 payment,  
18 which comes out twice a year. So, I can see---

19           BOB WILSON: That's correct.

20           KEN MITCHELL: ---the interest is at least making  
21 up for it. I'd just love to see higher number than .91.

22           BENNY WAMPLER: I think we all would. As we've  
23 discussed before, we're trying to keep the funds so that if

24

--

1 we did get an ability to pay it out to the various  
2 individuals, this money is there and available. When we tie  
3 it up in longer term securities, then it's not as available  
4 without a penalty. Here again, that's always open for  
5 discussion. But that's, to date, been the decision of the  
6 Board, to keep the money to where if someone comes forward  
7 with a Court order or an agreement that we can...we can order  
8 that you have to be written.

9 Any other discussion or comment?

10 (No audible response.)

11 BENNY WAMPLER: Thank you very much. For the next  
12 items on the agenda, to try to move things along here a  
13 little bit today. We have a lot of cases, we...CNX Gas  
14 Company has agreed to let Equitable Production Company go  
15 forward and get their cases on. So, we'll go to....number  
16 eighteen on the agenda is the first one. That is a petition  
17 from Equitable Production Company for a well location  
18 exception for proposed well V-502720. This is docket number  
19 VGOB-03-1118-1233. We'd ask the parties that wish to address  
20 the Board in this matter to come forward at this time.

21 JIM KISER: Mr. Chairman and members of the Board,  
22 Jim Kiser on behalf of Equitable Production Company. Our  
23 witness in this matter will be Mr. Don Hall. We'd ask that  
24

1 he be sworn at this time.

2 (Don Hall is duly sworn.)

3 BENNY WAMPLER: Before you start, do you have any  
4 housekeeping with any of your cases that you have on the  
5 agenda today?

6 JIM KISER: I don't think, do we?

7 DON HALL: We've got some exhibits.

8 JIM KISER: Yeah, we'll have some revised exhibits,  
9 but we'll pass them on a case by case basis.

10 BENNY WAMPLER: Okay. Nothing continued or---?

11 JIM KISER: No, nothing continued.

12 BENNY WAMPLER: All right. You may proceed...the  
13 record will show there are no others. You may proceed.

14

15 DON HALL

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

18 DIRECT EXAMINATION

19 QUESTIONS BY MR. KISER:

20 Q. Mr. Hall, if you'd could state your name for  
21 the Board, who you're employed by and in what capacity.

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

24

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1 Q. And do your responsibilities include the  
2 land involved here for this unit and in the surrounding area?

3 A. They do.

4 Q. Are you familiar with the application we  
5 filed seeking a location exception for well number V-502720?

6 A. Yes.

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

10 A. They have.

11 Q. Now, we're also going to force pool this  
12 well in the hearing after this one. But could you at this  
13 time indicate for the Board the ownership of the oil and gas  
14 underlying the unit for this well?

15 A. Penn Virginia Oil and Gas Corporation owns  
16 82.16%. Ricky and Cheryl Dinkous own 14.43%, Denver Jay and  
17 Greta Miller own .44%, C. H. Lambert owns 2.22%, and Charles  
18 Mutter owns .75%.

19 Q. Okay, thank you. And does Equitable have  
20 the right to operate the reciprocal wells, that being V-2337  
21 and V-502355?

22 A. We do.

23 Q. And are there any correlative rights issues?  
24

1           A.       None other than the one particular tract  
2 that---.

3           Q.       Unleased party that we'll force pool in the  
4 next hearing, which I believe is Charles Mutter?

5           A.       That's correct.

6           Q.       Could you explain for the Board why we're  
7 seeking an exception from the two reciprocal wells?

8           A.       This...this location is on the U. S. Forest  
9 Service surface and is part of the EIS that we have with them  
10 and the location was chosen at that spot by---.

11          Q.       So, the Forest Service chose the spot?

12          A.       That's correct.

13          Q.       Okay. And in the event this location  
14 exception were not granted, could you project the estimated  
15 loss of reserves that would not be produced resulting in  
16 waste?

17          A.       300,000,000 cubic feet.

18          Q.       And what is the total depth of this well  
19 under the plan of development?

20          A.       50...567 feet.

21          Q.       And this will be sufficient to penetrate and  
22 test the common sources of supply in the subject formations  
23 as listed in the permit application?

24

--

1           A.       Yes.

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

6           A.       Yes.

7           Q.       And in your professional opinion, would the  
8 granting of this location exception application be in the  
9 best interest of preventing waste, protecting correlative  
10 rights, and maximizing the recovery of the gas reserves  
11 underlining the unit for V-502720?

12          A.       It would.

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

15          BENNY WAMPLER: Questions from members of the  
16 Board?

17          KEN MITCHELL: Mr. Chairman, just maybe a  
18 procedural question.

19          BENNY WAMPLER: Mr. Mitchell.

20          KEN MITCHELL: I would like to have seen a map in  
21 this one prior to voting on the pooling. You know, I don't  
22 know if you all were saving paper or this was just a cost  
23 cutting measure.

24

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1           DON HALL: Isn't there a plat in the application?  
2           BENNY WAMPLER: Not in mine. There's one in the  
3 next one. It's on nineteen.  
4           JIM KISER: There is in both of mine.  
5           DON HALL: Yeah.  
6           JIM KISER: It must have been a cost cutting  
7 measure by the DGO.  
8           BOB WILSON: We don't copy these. I believe you  
9 do. We...actually the original in the file does contain an  
10 Exhibit A plat, and we don't check to make sure that they're  
11 complete when we get them in. We just mail them out.  
12           JIM KISER: But the one you got from us had a plat  
13 in it?  
14           BOB WILSON: Yeah, I got them all from you.  
15           JIM KISER: Right.  
16           BOB WILSON: You send me all the copies and then we  
17 have to mail them out to the Board.  
18           JIM KISER: Right.  
19           BOB WILSON: So, we don't do the copying. If our  
20 original is correct---.  
21           JIM KISER: Oh, you're saying our copies must not  
22 have...okay.  
23           BOB WILSON: If we get a correct original, we

24  
~

1 assume that everything else is correct rather than going  
2 through each one of them.

3 JIM KISER: Well, it must be something...I don't  
4 know why we would have done it that way.

5 BENNY WAMPLER: But a plat is available in the...in  
6 item nineteen.

7 JIM KISER: With the force pooling.

8 KEN MITCHELL: Okay.

9 JIM KISER: It should have been...it should have  
10 been with both of them.

11 KEN MITCHELL: It just makes it easier if it's in  
12 there.

13 JIM KISER: Sure.

14 BENNY WAMPLER: Other questions from members of the  
15 Board?

16 MASON BRENT: So this is National Forest Land here  
17 except for the folks that you have in your pooling?

18 JIM KISER: Right. Well, the...is it all National  
19 Forest Service?

20 DON HALL: No, as I testified, there are several  
21 other tracts that we had leased other than the one tract that  
22 we don't.

23 JIM KISER: Yeah, you'll see in the next hearing,  
24

--

1 there's just one oil and gas tract that's not leased. All of  
2 the surface is National Forest in the whole unit.

3 MASON BRENT: Okay.

4 BENNY WAMPLER: The entire tract is National  
5 Forest?

6 JIM KISER: It's about a four thousand acre tract.

7 BENNY WAMPLER: Any other questions or comments?

8 (No audible response.)

9 BENNY WAMPLER: Do you have anything further?

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

12 BENNY WAMPLER: Is there a motion?

13 DONALD RATLIFF: So moved, Mr. Chairman.

14 BENNY WAMPLER: Motion to approve.

15 MASON BRENT: Second.

16 BENNY WAMPLER: Second. Any further discussion?

17 (No audible response.)

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

20 (All members signify by saying yes, but Ken  
21 Mitchell.)

22 BENNY WAMPLER: Opposed, say no.

23 KEN MITCHELL: No.

24

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1           BENNY WAMPLER: You have approval.

2           The next item on the agenda is a petition from  
3 Equitable Production for pooling of a conventional gas unit  
4 V-502720, docket number VGOB-03-1118-1234. We'd ask the  
5 parties that wish to address the Board in this matter to come  
6 forward at this time.

7           JIM KISER: Mr. Chairman and members of the Board,  
8 Jim Kiser and Don Hall, again, on behalf of Equitable  
9 Production.

10          BENNY WAMPLER: The record will show there are no  
11 others. You may proceed. Mr. Hall, you've been previously  
12 sworn.

13          JIM KISER: Excuse me?

14          BENNY WAMPLER: You may proceed.

15

16                                   DON HALL

17                                   DIRECT EXAMINATION

18          QUESTIONS BY MR. KISER:

19           Q.       Don, could you again state your name, who  
20 you're employed by and in what capacity?

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

23           Q.       And do your responsibilities include the  
24

--

1 land involved here and the surrounding area?

2 A. They do.

3 Q. And you're familiar with Equitable's  
4 application seeking the establishment of a unit and pooling  
5 of any unleased interest in the unit for EPC well number V-  
6 502720, which was dated October the 17th, 2003?

7 A. Yes.

8 Q. Is Equitable seeking to force pool the  
9 drilling rights underlying the unit as depicted at Exhibit A,  
10 that being the plat to this application?

11 A. Yes.

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

14 A. We do.

15 Q. Now, prior to filing the application, were  
16 efforts made to contact each of the respondents in the unit  
17 and an attempt made to work out a voluntary lease agreement?

18 A. Yes.

19 Q. What is the interest of Equitable under  
20 lease within the unit?

21 A. As depicted in the Exhibit that you  
22 just...the revised exhibit you just passed out, we have  
23 99.25% leased.

24

--

1 Q. Can you point out for the Board how the  
2 revised Exhibit differs from the Exhibit that was filed with  
3 the original application?

4 A. Since the original application was filed,  
5 Denver Miller Tract #3 on the Exhibit has leased.

6 Q. Okay. So at this point in time, 99.25% of  
7 the unit is under lease?

8 A. That's correct.

9 Q. So, the only tract that remains unleased is  
10 Tract #4, which is .75% of the interest within the unit and  
11 that's a Charles Mutter, c/o of Harvest Management Group in  
12 Rapid City, South Dakota?

13 A. That's correct.

14 Q. Okay, we don't have any unknown folks in  
15 this unit, correct?

16 A. That's correct.

17 Q. In your professional opinion, was due  
18 diligence exercised to locate each of the respondents named  
19 in Exhibit B?

20 A. Yes.

21 Q. Now, are the addresses set out in this  
22 Revised Exhibit B the last known addresses for the  
23 respondents?

24

--

1 A. They are.

2 Q. Are you asking this Board to force pool all  
3 unleased interest listed in our Revised Exhibit B-3, which  
4 was also included with the Revised Exhibit B---?

5 A. Yes.

6 Q. ---being to Charles Mutter, correct?

7 A. Yes.

8 Q. Okay. Are you familiar with the fair market  
9 value of drilling rights here and in the surrounding area?

10 A. Yes.

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

13 A. A five dollar bonus, a five year term, with  
14 one-eighth royalty.

15 Q. Did you gain this knowledge by acquiring oil  
16 and gas leases, coalbed methane leases and other agreements  
17 involving the transfer of drilling rights in this unit  
18 involved here and in the surrounding area?

19 A. Yes.

20 Q. In your opinion, do the terms you've just  
21 testified to represent the fair market value of and fair and  
22 reasonable compensation to be paid for drilling rights within  
23 this unit?

24

--

1           A.       They do.

2           Q.       Now, as to the one respondent who remains  
3           unleased, do you agree that he be allowed the following  
4           options with respect to his ownership interest within the  
5           unit: one, participation; two, a cash bonus of five dollars  
6           per net mineral acre, plus a one-eighth of eight-eighths  
7           royalty; or three, in lieu of a cash bonus and a one-eighth of  
8           eight-eighths royalty, a share in the operation of the well on  
9           a carried basis as carried operator under the following  
10          conditions: Such carried operator shall be entitled to his  
11          share of production from the tracts pooled accruing to his  
12          interest exclusive of any royalty or overriding royalty  
13          reserved in any leases, assignments thereof, or agreements  
14          relating thereto of such tracts but only after the proceeds  
15          applicable to his share equal, A), 300% of the share of such  
16          cost applicable to the interest of a carried operator of a  
17          leased tract or portion thereof; or B), 200% of the share of  
18          such cost applicable to the interest of the carried operator  
19          of an unleased tract or portion thereof?

20          A.       Yes.

21          Q.       Do you recommend that the order provide that  
22          the elections by respondents be in writing and sent to the  
23          applicant at Equitable Production Company, P. O. Box 2347,  
24

--

1 Charleston, West Virginia 25328, attention Melanie  
2 Griffin...Melanie Freeman, Regulatory?

3 A. Yes.

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

7 A. Yes.

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

12 A. Yes.

13 Q. Should the unleased respondents be given 30  
14 days from the date that the Board order is executed to file  
15 their written elections?

16 A. Yes, they should.

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

20 A. Yes.

21 Q. Does the applicant expect the party electing  
22 to participate to pay in advance that party's share of  
23 completed well cost?

24

--

1           A.       Yes.

2           Q.       Should the applicant be allowed 120 days  
3 following the recordation date of the Board order, and  
4 thereafter annually on that date until production is  
5 achieved, to pay or tender any cash bonus becoming due under  
6 the force pooling order?

7           A.       Yes.

8           Q.       Do you recommend that the order provide that  
9 if the respondent elects to participate but fails to pay  
10 their proportionate share of well cost satisfactory to the  
11 applicant for payment of those costs, then their election to  
12 participate should be treated as having been withdrawn and  
13 void, and such respondent should be treated just as if no  
14 initial election had been filed under the force pooling  
15 order?

16          A.       Yes.

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

23          A.       Yes.

24

--

1 Q. This is a conventional well. We do not have  
2 any unknown or unlocateable interest owners within the unit.  
3 Don't have any conflicting claimants. So, the Board does  
4 not need to establish an escrow account in this case, is that  
5 correct?

6 A. That's correct.

7 Q. And who should be named the operator under  
8 any fore pooling order?

9 A. Equitable Production Company.

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

12 A. 5567 feet.

13 Q. Will this be sufficient to penetrate and  
14 test the common sources of supply in the subject formations  
15 consistent with the well permit?

16 A. Yes.

17 Q. And what are the estimated reserves for this  
18 unit?

19 A. 300,000,000 cubic feet.

20 Q. Are you familiar with the well costs for the  
21 proposed well under the plan of development?

22 A. Yes.

23 Q. Has an AFE been reviewed, signed and  
24

1 submitted to the Board as Exhibit C to this application?

2 A. It has.

3 Q. Was this AFE prepared by an engineering  
4 department knowledgeable in the preparation of AFEs and  
5 knowledgeable in regard to well cost in this area?

6 A. Yes.

7 Q. Does this AFE, in your opinion, represent a  
8 reasonable estimate of the well cost for this well?

9 A. It does.

10 Q. Would you state for the Board at this time  
11 both the dry hole cost and the completed well cost for  
12 502720?

13 A. The dry hole cost is \$168,269, and the  
14 completed well cost is \$304,987.

15 Q. Do these costs anticipate a multiple  
16 completion?

17 A. They do.

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

20 A. Yes.

21 Q. In your professional opinion, would the  
22 granting of this application be in the best interest of  
23 conservation, the prevention of waste and the protection of  
24

1 correlative rights?

2 A. Yes.

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

5 BENNY WAMPLER: Questions from members of the  
6 Board?

7 JIM McINTYRE: There was no response...to your  
8 letter, there was no response?

9 DON HALL: To our letter?

10 JIM McINTYRE: To this---?

11 JIM KISER: Charles Mutter.

12 DON HALL: Oh, yeah, we negotiated with them. We  
13 just didn't...he didn't want to lease.

14 BENNY WAMPLER: Mr. Garbis.

15 DENNIS GARBIS: Yes, would you be kind enough to  
16 explain in the extreme righthand column at the top, it says  
17 subsidiary, I guess, with .8346? What is that column in the  
18 extreme righthand side?

19 DON HALL: On the...oh, okay.

20 DENNIS GARBIS: On the AFE, I'm sorry.

21 JIM KISER: He's wanting to know what that is.

22 DON HALL: We have partners in this well. Our  
23 working interest...Equitable's working interest is .8346%.

24

--

1 We have the partners that take...or it's...well, it's  
2 actually 83.46%. We have partners for the remaining  
3 percentage.

4 DENNIS GARBIS: I see. Thank you.

5 BENNY WAMPLER: Other questions from members of the  
6 Board?

7 MASON BRENT: Yeah, if you'll clarify for me.

8 BENNY WAMPLER: Mr. Brent.

9 MASON BRENT: I think you previously testified that  
10 this was all National Forest land.

11 JIM KISER: Surface.

12 MASON BRENT: Surface. On this plat, though, this  
13 other party shows surface, oil and gas.

14 JIM KISER: Well, I guess except for Mutter.

15 DON HALL: Well, it's---

16 JIM KISER: Over here in this little square over  
17 here.

18 MASON BRENT: And Lambert is---

19 JIM KISER: And Lambert---

20 MASON BRENT: Lambert and---

21 JIM KISER: ---and Miller. Excuse me.

22 MASON BRENT: And Miller.

23 DON HALL: To clarify that, I didn't---

24

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1           MASON BRENT: Also Davis.

2           DON HALL: I listed all the owners in the original  
3 question, the oil and gas owners, and that was all of these  
4 people here. Where the location is on the National Forest.  
5 Penn Virginia owns the oil and gas, but the National Forest  
6 owns the surface.

7           MASON BRENT: But the entire unit is not---.

8           DON HALL: No, no.

9           JIM KISER: It's not. No, that whole---.

10          DON HALL: That's correct.

11          JIM KISER: ---cut out down there is not National  
12 Forest Service.

13          BENNY WAMPLER: That's why I was asking the  
14 question a minute ago.

15          MASON BRENT: Me, too.

16          BENNY WAMPLER: Thanks. Any other questions from  
17 members of the Board?

18          BOB WILSON: Mr. Chairman.

19          BENNY WAMPLER: Mr. Wilson.

20          BOB WILSON: On the revised Exhibit B, should not  
21 the acreage in unit that's unleased be 0.84? You have a  
22 discrepancy between your listing of Tract 4, which you show  
23 as 0.84 acres and your acreage unleased in the unit you show  
24

--

1 1.84.

2 JIM KISER: It should be 0.84.

3 BOB WILSON: Okay.

4 DON HALL: Yeah.

5 BENNY WAMPLER: Thank you.

6 JIM KISER: I'll get you a correct Exhibit B.

7 BENNY WAMPLER: Okay.

8 JIM KISER: Exhibit B-3 is right, just not Exhibit  
9 B.

10 BENNY WAMPLER: Anything further?

11 JIM KISER: Not at this time, Mr. Chairman. We'd  
12 ask that the application be approved as submitted with the  
13 caveat that we'll submit a Revised Exhibit B with the  
14 corrected unleased acreage.

15 BENNY WAMPLER: Is there a motion?

16 DONALD RATLIFF: So moved, Mr. Chairman.

17 BENNY WAMPLER: Motion to approve. Is there a  
18 second?

19 MASON BRENT: Second.

20 BENNY WAMPLER: Second. Any further discussion?

21 (No audible response.)

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

24

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1 (All members signify by saying yes, but Ken  
2 Mitchell.)

3 BENNY WAMPLER: Opposed say no.

4 KEN MITCHELL: No.

5 BENNY WAMPLER: You have approval. The next item  
6 on the agenda is a petition from Equitable Production Company  
7 for pooling of a conventional gas unit V-507921, docket  
8 number VGOB-03-1118-1235. We'd ask the parties that wish to  
9 address the Board in this matter to come forward at this  
10 time.

11 JIM KISER: Mr. Chairman, again, Jim Kiser and Don  
12 Hall on behalf of Equitable Production Company.

13 BENNY WAMPLER: The record will show there are no  
14 others. You may proceed.

15 DONALD RATLIFF: Got one coming.

16 SHARON McCOY HUTCHINSON: Sir?

17 BENNY WAMPLER: Oh, I'm sorry. I'm sorry. Come  
18 on. You're welcome. You can sit on either end. If you'd  
19 rather sit down here.

20 SHARON McCOY HUTCHINSON: No, this is good. Thank  
21 you.

22 BENNY WAMPLER: Would you state your name for the  
23 record, please?

24

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1                    SHARON McCOY HUTCHINSON: Yes, sir. I am Sharon  
2 McCoy Hutchinson.

3                    BENNY WAMPLER: Do you have any problems if we  
4 swear you in if you're going to offer any testimony or do you  
5 just want to ask questions?

6                    SHARON McCOY HUTCHINSON: I would like to make a  
7 statement. I'd be delighted to.

8                    BENNY WAMPLER: Okay.

9                    (Sharon McCoy Hutchinson is duly sworn.)

10                   BENNY WAMPLER: The way we'll do is we'll ask them  
11 to present their case and then you ask any questions or make  
12 any statement. Mr. Kiser, you may proceed.

13

14    DON HALL

15    DIRECT EXAMINATION

16                    QUESTIONS BY MR. KISER:

17                    Q.        Mr. Hall, you previously stated you're  
18 employed by Equitable as a senior landman and your  
19 responsibilities include the land involved in this unit and  
20 the surrounding area?

21                    A.        Yes.

22                    Q.        And you're familiar with Equitable's  
23 application seeking the establishment...well, I guess we're

24

--

1 not establishing a unit. This is at Pilgrim's knob. Seeking  
2 to pooling any unleased interest in the unit for well number  
3 V-507921, which was dated October the 17th, 2003?

4 A. Yes.

5 Q. Is Equitable seeking to force pool the  
6 drilling rights underlying the unit as depicted at Exhibit A,  
7 that being the plat to the application?

8 A. Yes.

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

11 A. We do.

12 Q. Now, prior to filing the application, were  
13 efforts made to contact each of the respondents in the unit  
14 and an attempt made to work out a voluntary lease agreement?

15 A. Yes.

16 Q. What is the interest of Equitable that is  
17 leased in the unit here?

18 A. We have 82.419216%.

19 Q. And the percentage that remains unleased?

20 A. Unleased is 17.580784%.

21 Q. Okay. And we do not have any unknown  
22 interest owners in this particular unit, is that correct?

23 A. That's correct.

24

--

1 Q. In your professional opinion, was due  
2 diligence exercised to locate each of the respondents named  
3 herein?

4 A. Yes.

5 Q. Are the addresses set out in Exhibit B to  
6 the application the last known addresses for the respondents?

7 A. They are.

8 Q. Are you requesting this Board to force pool  
9 all the unleased interest listed in Exhibit B...in B-3?

10 A. Yes.

11 Q. Are you familiar with the fair market value  
12 of the drilling rights in this unit and in the surrounding  
13 area?

14 A. Yes.

15 Q. Could you, again, advise the Board as to  
16 what those are?

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

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

23 A. They do.

24

--

1           JIM KISER: Mr. Chairman, at this time the  
2 testimony regarding the statutory elections afforded any  
3 unleased parties that was previously taken in VGOB docket  
4 number 03-1118-1234 we'd ask that that be incorporated in  
5 this hearing.

6           BENNY WAMPLER: That will be incorporated.

7           Q.       Okay, Mr. Hall, again we don't have any  
8 unknown or unlocateable interest or any conflicting claims.  
9 So, there's no reason for the Board to establish an escrow  
10 account for this particular case, is that correct?

11          A.       That's correct.

12          Q.       And who should be named the operator under  
13 any force pooling order?

14          A.       Equitable Production Company.

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

17          A.       4810 feet.

18          Q.       And then what are the estimated reserves for  
19 this unit?

20          A.       350,000,000 cubic feet.

21          Q.       And are you familiar with the well costs for  
22 this proposed well under the plan of development?

23          A.       Yes.

24

--

1 Q. Has an AFE been reviewed, signed and  
2 submitted to the Board as Exhibit C to the application?

3 A. It has.

4 Q. Was this AFE prepared by an engineering  
5 department knowledgeable in the preparation of AFEs and  
6 knowledgeable in regard to well cost in this area?

7 A. Yes.

8 Q. Does the AFE represent a reasonable estimate  
9 of the well cost under the applicant's plan of development?

10 A. It does.

11 Q. Would you state for the Board both the dry  
12 hole cost and the completed well cost for this well?

13 A. The dry hole cost is \$167,553, and the  
14 completed well cost is \$268,038.

15 Q. Do these costs anticipate a multiple  
16 completion?

17 A. They do.

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

20 A. Yes.

21 Q. In your professional opinion, would the  
22 granting of this application be in the best interest of  
23 conservation, the prevention of waste and the protection of  
24

1 correlative rights?

2 A. It would.

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

5 BENNY WAMPLER: Any questions from members of the  
6 Board of this witness?

7 (No audible response.)

8 BENNY WAMPLER: Ms. Hutchinson, go ahead.

9 SHARON McCOY HUTCHINSON: Good morning. I'm one of  
10 the J. K. McCoy heirs and I'd like to express my appreciation  
11 to you for hearing my comments this morning. I really know  
12 very little about this field and hope that what I have to say  
13 makes at least a little sense. I've talked with other family  
14 members concerning this property since it's in heirship.  
15 They agree that it's appropriate to at least bring our  
16 concerns to you. I'd like to first state that we're not  
17 opposed to entering into a lease for drilling on this  
18 property. But we feel that there should be a distinction  
19 between a lease for natural gas and a lease for coalbed  
20 methane. We believe it's important to protect our rights and  
21 interest in this regard. We ask for specific exclusion of  
22 coalbed methane from this lease, expressly stated. If they  
23 wish to ask for a lease of coalbed methane, we would be glad

24

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1 to consider that offer.

2           The paragraph which states "Gas produced from any  
3 well or wells may be taken by lessee for fuel in the  
4 operation on said premises free of charge. But if other use  
5 be made of the gas from any oil well or gasoline extracted  
6 therefrom, the lessee shall pay at the rate of \$25 annually  
7 for the gas from each oil well while so utilized." It seems  
8 to me to be allowing more latitude on their part than I'm  
9 comfortable with. As I understand it, diesel engines used to  
10 run the pumps common in these operations can use substantial  
11 amounts of fuel in a short time. They would...we would  
12 request payment for gas at the going rate. I believe they  
13 have meters to measure the amount of fuel used.

14           We request to have stricken the clause regarding  
15 warranty of title. Equitable is asking us for a lease even  
16 to the point of petitioning for a force pooling, yet it is  
17 threatening to demand reimbursement if their title search is  
18 faulty and they seem to be saying that I should put myself in  
19 the position of verifying the competence of their own  
20 attorneys. I don't think this would be wise on my part.

21           As far as the payment, we have been offered three  
22 dollars by Equitable, which is far less than the amount that  
23 we're receiving elsewhere and less than the five dollars just  
24

1 mentioned in the case before this one. The accessibility to  
2 decide is relatively easy. There's an existing road with a  
3 gate which is being used by a hunting club.

4 Our other two concerns regarding storage and term  
5 extension have already been addressed in a letter from Mr.  
6 Michael Wilson, the contract landman, in which he said those  
7 clauses could be eliminated.

8 In closing, I'd like to let you know that my  
9 appearance today could have been unnecessary had the company  
10 found a way to accommodate us. I've had to miss two days of  
11 work and take time from your busy schedule. I really think  
12 it's a low point in American business practice when a  
13 representative of a company can be invited into someone's  
14 home and then say...make an offer and then say to a reluctant  
15 landowner, we'll just force pool. I think this is arrogant  
16 at least and threatening at worse. It doesn't speak well. I  
17 ask you to protect our interest. Thank you.

18 BENNY WAMPLER: Thank you. Do you have any  
19 response?

20 JIM KISER: Well, I think we probably offered her  
21 the same lease we offer everybody else in regards to  
22 the...probably Don, and we may need to have Mike come down,  
23 he's the landman, and swear him in, depending on where your  
24

1 questions come from, if there any.

2           As far as the three dollars an acre, which is a  
3 discrepancy, the way Equitable structures their lease is  
4 there's a five dollar bonus, which is what we state in our  
5 testimony and a three dollar delay rental. So, she wasn't  
6 offered anything different than what our testimony stated  
7 today.

8           It's probably important to point out that,  
9 particularly for some of the new Board members, I've  
10 personally been conducting these force poolings for Equitable  
11 for twelve years now, which probably means I've done five or  
12 six hundred or four or five hundred of them. This is the  
13 first time, in my knowledge, that we've had anybody come and  
14 complain about our lease or our lease negotiations, for  
15 whatever that's worth.

16           BENNY WAMPLER: I mean typically these lease...the  
17 Board views the leases of private contract transaction  
18 between you and the company and not something subject to the  
19 Board from that standpoint. But the pooling is and if you  
20 raise questions there that are appropriate to ask, I think it  
21 would be good to call your landman, just in case the Board  
22 member...and let's get him sworn in just in case the Board  
23 members want to ask a question.

24

--

1 (Mike Wilson is duly sworn.)

2 BENNY WAMPLER: Did you understand what...what he  
3 just said about the payment? Did you understand that, what  
4 he said about the three dollars?

5 SHARON McCOY HUTCHINSON: He said five and my paper  
6 says three.

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

10 DIRECT EXAMINATION

11 QUESTIONS BY JIM KISER:

12 Q. Okay, Mike, did you...when you talked  
13 with---?

14 JIM KISER: What is your name?

15 SHARON McCOY HUTCHINSON: Hutchinson.

16 Q. ---Ms. Hutchinson. Did you make her the  
17 same offer that you made everybody else in this unit?

18 A. Yes, I did. I offered five dollars the  
19 first year and three for each year thereafter.

20 Q. The Board hears a lot about the threatening  
21 nature of land people and talking with folks. Let me just  
22 ask you, in making a presentation about the force pooling,  
23 how do you...how do you represent that to people when they

24

--

1 ...when you are not able to obtain a lease?

2           A.       Okay. I first speak to them about what  
3 Equitable is offering and if they have questions, if they  
4 say, for example, what happens if I don't sign your lease? I  
5 say Virginia statute provides for the force pooling of owners  
6 who do not lease with the...they have then three options if  
7 that force pooling is granted, which I think have been  
8 discussed here. I also tell them that if it comes to that,  
9 that there is a hearing in front of the Board and that they  
10 have the right to attend that hearing.

11           In this particular case, I sent a letter to the  
12 representative I was asked to deal with explaining that we  
13 had no problem with eliminating the storage clause and the  
14 extended term clause and if they desired to lease on  
15 those...on those terms with that...with that language  
16 stricken, that they should get in touch with either the  
17 Equitable office or call me on my cell phone and that's...we  
18 left it at that.

19           Q.       Mike, is the lease that you offered to Ms.  
20 Hutchinson, is it the same lease...when you're obtaining  
21 leases for a conventional unit, it's the same lease that you  
22 offer to everybody, correct?

23           A.       Exactly.

24

--

1           BENNY WAMPLER: She mentioned the desire to have a  
2 separate lease for coalbed methane versus conventional. Now,  
3 what you've asked for here today before the Board is  
4 conventional pooling. This is a conventional gas unit. Mr.  
5 Kiser, I'm addressing you, I guess, and any witness you pick  
6 on this one. But is it your representation here at the  
7 hearing that you're also asking to pool coalbed methane, or  
8 is it just conventional?

9           JIM KISER: Oh, it's just conventional gas. The  
10 application is only to pool for the production of  
11 conventional gas, and the order will reflect that, I'm  
12 certain.

13           BENNY WAMPLER: Right. I just wanted to get that  
14 clear for the record---

15           JIM KISER: Sure.

16           BENNY WAMPLER: ---for your benefit. If you did  
17 not lease, and I'm not trying to talk you out of leasing,  
18 that's your business, but if you didn't lease, this order  
19 that you'll have come to you will only address conventional  
20 gas. You'll have an option there to accept that at any point  
21 in time. It will always be your decision of whether or not  
22 to lease. It's not a matter before the Board. I'll hush and  
23 give the Board members a chance to ask questions.

24

--

1           JIM KISER: I'd like to point out that one of the  
2 heirs did sign a voluntary lease.

3           SHARON McCOY HUTCHINSON: Uh-huh, Ms. Fraley.

4           JIM KISER: Correct.

5           BENNY WAMPLER: Questions from members of the  
6 Board?

7           MASON BRENT: Ms. Hutchinson, did this gentleman  
8 explain to you the three options?

9           SHARON McCOY HUTCHINSON: I don't recall whether he  
10 explained them or whether I had read them. But I am aware of  
11 the three different options where we can become a paying  
12 partner and that sort of thing. Yes.

13           MASON BRENT: Thank you.

14           SHARON McCOY HUTCHINSON: Yes, sir.

15           BENNY WAMPLER: Mr. Garbis.

16           DENNIS GARBIS: Ma'am, would you be kind of enough  
17 to go back over your objections so we can look at these and  
18 scrutinize them one by one so we make sure that everything is  
19 answered to your satisfaction?

20           SHARON McCOY HUTCHINSON: Well, I would like to  
21 have it expressly stated that coalbed methane is not a part  
22 of this.

23           BENNY WAMPLER: As far as the Board goes...Mr.

24

--

1 Garbis, I'm not trying to jump in on anything you have to  
2 say, but as far as what the Board as before it today, it is a  
3 conventional gas unit, conventional pooling. There's no  
4 coalbed methane. Mr. Kiser just confirmed that for the  
5 record. Now, you're asking...you're asking that your lease  
6 be changed, that's a private matter between the two of you.

7 SHARON McCOY HUTCHINSON: Yes, sir.

8 BENNY WAMPLER: Mr. Kiser, are you willing to talk  
9 with her about a revised lease?

10 JIM KISER: Well, I think it's always been  
11 Equitable's policy to continue even after these unleased  
12 parties are force pooled, if there's any real interest at all  
13 in continuing to try to reach a voluntary lease agreement.  
14 I'm sure Mike and Don would be glad to continue to work these  
15 things out with you.

16 BENNY WAMPLER: Is that something that you could  
17 do...I'm just going ahead and pry into your business a little  
18 bit and ask you---?

19 JIM KISER: You'd have to ask them that.

20 BENNY WAMPLER: ---as far as changing the lease to  
21 only reflect conventional gas, which is what she's asking in  
22 this case?

23 DON HALL: I probably can't answer that question.

24

--

1 I'd have to talk to my superiors to see if they were willing.

2 BENNY WAMPLER: Go ahead.

3 SHARON McCOY HUTCHINSON: All right. And, again,  
4 as I said, I don't know a great deal about this. But the  
5 part of the lease which says gas produced from wells used for  
6 the operations. I don't see the necessity for that.

7 BENNY WAMPLER: We don't have anything like that in  
8 this application either. So, that's not in what we're doing.

9 SHARON McCOY HUTCHINSON: Okay. All right. Don't  
10 suppose you deal with warranty of title either?

11 BENNY WAMPLER: That's not before us. No, ma'am.

12 SHARON McCOY HUTCHINSON: Okay.

13 BENNY WAMPLER: That's private negotiations between  
14 you and them. Did that cover your list then?

15 SHARON McCOY HUTCHINSON: To the extent that you're  
16 able to make decisions, I think it did.

17 BENNY WAMPLER: You understand, though, these other  
18 kinds of things are private party---?

19 SHARON McCOY HUTCHINSON: Yes, sir, I do. I do.  
20 But I did---

21 BENNY WAMPLER: It's important to keep it that way.

22 SHARON McCOY HUTCHINSON: I did think that it is  
23 important for you to know the sorts of things that land

24

--

1 owners don't always wish to agree to.

2 BENNY WAMPLER: Right.

3 SHARON McCOY HUTCHINSON: You know, if the force  
4 pooling is granted, then some of these things just sort of  
5 come along with it.

6 BENNY WAMPLER: Well, not as far as the Board order  
7 goes. Now, that's if you sign the lease. You know, when you  
8 sign a lease, you sign...you're agreeing to whatever is in  
9 that lease term. When you...when you accept the Board order  
10 or you make no decision whatsoever, it's what's in the Board  
11 orders and nothing more.

12 SHARON McCOY HUTCHINSON: Yes. Yes, sir, I  
13 understand that you're limited, too.

14 BENNY WAMPLER: Okay. Just so that you know that.  
15 The law does...the law does allow pooling and allows them to  
16 go forward with the production if they have in conventional  
17 over 25% of leased parties. They've accomplished that.

18 SHARON McCOY HUTCHINSON: Yes, sir.

19 JIM KISER: And we will...Mike and Don, after  
20 talking to whomever they need to talk to in the hierarchy  
21 concerning your concerns about the lease and get back to you  
22 and see what can be worked out.

23 BENNY WAMPLER: Any other questions from members of  
24

--

1 the Board?

2 MASON BRENT: I just have one.

3 BENNY WAMPLER: Mr. Brent.

4 MASON BRENT: On your Exhibit B-3, is that a  
5 complete Exhibit B-3? It seems to me there are a couple of  
6 facts that are not shown on there that contain unleased  
7 parties.

8 JIM KISER: Tract 2?

9 MASON BRENT: In Exhibit B, you've got unleased  
10 parties in Tracts 2, 3, 5,6 and 7. B-3, we only show 2, 5  
11 and 6.

12 JIM KISER: Well, let's see, it should be...what  
13 they've done is grouped 2...there needs to be a 3 out beside  
14 Ms. Hutchinson's name. We'll get you a revised Exhibit B-3.

15 BENNY WAMPLER: Also, 7, wouldn't it be?

16 MASON BRENT: Yeah, 3 and 7 are not included on the  
17 Exhibit.

18 BENNY WAMPLER: 7 is not included either.

19 JIM KISER: There needs to be a 7 out beside Ms.  
20 Hutchinson's name. Is that right? Yeah.

21 BENNY WAMPLER: Well, you also have...I mean,  
22 unless I'm reading 7 wrong on B.

23 DON HALL: Right.

24

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1           BENNY WAMPLER: There's several parties there.  
2           DON HALL: Yeah.  
3           JIM KISER: Well, I mean, it would be her on down.  
4           DON HALL: It's the same group of people, but  
5 it's---.  
6           JIM KISER: Yeah, it's the same group of people and  
7 there's no nomenclature out beside of either one of them.  
8           DON HALL: The interest exhibit would be the same.  
9           BENNY WAMPLER: Yeah.  
10          JIM KISER: Well, it's a different tract.  
11          DON HALL: Yeah.  
12          JIM KISER: So, what we need to do is---.  
13          DON HALL: We need to list 7 on our---.  
14          JIM KISER: Need to go 2 and then 3 beside her  
15 name, and then 7 beside her name there.  
16          DON HALL: Yeah. Okay. We just need a new Exhibit  
17 B-3.  
18          BENNY WAMPLER: And are you saying that Gillespie  
19 and Fraley---?  
20          DONALD RATLIFF: Fraley is leased.  
21          BENNY WAMPLER: I mean, Gillespie...I'm sorry,  
22 Gillespie is also a part of that?  
23          JIM KISER: I'm saying Gillespie is also part of  
24

1 the unleased people on Tract 7, correct? Tract 3 and Tract 7  
2 both have Sharon McCoy Hutchinson, Mary Elizabeth McCoy and  
3 Nevala Gillespie unleased. For some reason, the 3 and the 7  
4 didn't go out beside of them on Exhibit B-3.

5 BENNY WAMPLER: Repeat...clean up 3 for me for the  
6 record.

7 JIM KISER: Okay. Tract 2 unleased would be H. A.  
8 Street down through Gaynell Street Fowler. Draw a line  
9 there. Tract 3 unleased would be Hutchinson, McCoy and  
10 Gillespie. Draw a line there. 5 and 6 are right. At the  
11 end of 6, which is Knox Creek Coal Company, draw a line. 7  
12 would be Hutchinson, McCoy and Gillespie again.

13 DON HALL: The numbers were just omitted with that.

14 BENNY WAMPLER: I didn't hear you, Mr. Hall.

15 DON HALL: I said the numbers were just omitted  
16 beside those.

17 JIM KISER: We've got everybody down. We just  
18 didn't get 3 and 7 out in the tract column.

19 BENNY WAMPLER: Other questions from members of the  
20 Board?

21 (No audible response.)

22 BENNY WAMPLER: Mr. Garbis, did you have something?

23 DENNIS GARBIS: No, I just wanted to make sure that  
24

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1 the young lady had an opportunity to express herself. I  
2 guess not really a question, but a comment to Mr. Kiser that  
3 maybe perhaps your client might want to review their practice  
4 on how they approach the citizen. I understand there's three  
5 sides to every story. There's his side, her side and then  
6 there's the truth somewhere in between. But I believe and I  
7 understand that some of these documents can be rather  
8 intimidating to those of us who don't really deal with the  
9 things on a daily basis. So, sometimes I think if you  
10 approach, you can get a lot more a little bit with the, you  
11 know, the honey as opposed to, you know, vinegar.

12 JIM KISER: Again, I don't want to sound too  
13 defensive because, I mean, there's going to be disagreements  
14 and I understand your questions and concerns about the lease  
15 agreement, but I'll reiterate again for the record that out  
16 of hundreds and hundreds of poolings and thousands of  
17 individuals that have been force pooled, this is the first  
18 time that anybody has ever come before this board and  
19 complained about any of Equitable's landmen or the way that  
20 they were approached.

21 BENNY WAMPLER: Other questions or comments from  
22 members of the Board?

23 (No audible response.)

24

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1           BENNY WAMPLER: Do you have anything further?

2           JIM KISER: Yes, Mr. Chairman, we'd ask that the  
3 application be approved as submitted with the revised Exhibit  
4 B-3 to reflect Tract 3 and Tract 7.

5           BENNY WAMPLER: Ms. Hutchinson, do you have  
6 anything further?

7           SHARON McCOY HUTCHINSON: No, sir, thank you.

8           BENNY WAMPLER: Thank you. Is there a motion?

9           KEN MITCHELL: Mr. Chairman, I'm not particular---.

10          BENNY WAMPLER: Mr. Mitchell.

11          KEN MITCHELL: ---against this issue. But I'm  
12 going to make a motion on the floor and ask for support that  
13 we delay it thirty days to get some of her questions  
14 answered. I believe Mr. Hall said he had to go back and get  
15 something verified from his superiors. You know, I'm not  
16 particularly against it because the young lady mentioned that  
17 she's not particularly against the actual leasing.

18          SHARON McCOY HUTCHINSON: Yes, sir.

19          KEN MITCHELL: And I'm not against the leasing.

20          SHARON McCOY HUTCHINSON: Yes, sir.

21          KEN MITCHELL: But I'm asking for a thirty day, or  
22 at least until our next meeting, maybe twenty-nine days or  
23 whatever, but a thirty day time frame to bring it back in the  
24

1 January time frame and has some of these questions answered  
2 that can't be answered today or even have a specific  
3 statement saying even though it says conventional, I'm  
4 reading conventional, but I think a letter saying this is  
5 conventional and not coalbed methane, I think would protect  
6 her interest and at least protect her ideas. I'm making a  
7 motion to defer it for thirty days and I'm asking for a  
8 second.

9 DENNIS GARBIS: I second.

10 JIM KISER: Mr. Chairman, let me get on the record  
11 to oppose that motion because, as you stated, all these  
12 questions are private contractual matters. They don't have  
13 anything to do with the Board's jurisdiction. Therefore, the  
14 Board shouldn't even be able to consider them. Therefore,  
15 that motion should be null and void.

16 BENNY WAMPLER: I have a motion before the Board.  
17 Is there a second?

18 DENNIS GARBIS: Second.

19 BENNY WAMPLER: Motion is second. Any further  
20 discussion?

21 (No audible response.)

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

24

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1 (Ken Mitchell and Dennis Garbis signify  
2 affirmatively.)

3 BENNY WAMPLER: Opposed, say no.

4 (Benny Wampler, Donald Ratliff, Mason Brent and Jim  
5 McIntyre signify negatively.)

6 BENNY WAMPLER: The motion does not carry. Is  
7 there a motion...another motion?

8 MASON BRENT: Mr. Chairman, I move that we approve  
9 this application. As Mr. Kiser just mentioned, the issues  
10 that are still out there are issues that are beyond purview  
11 of this Board.

12 BENNY WAMPLER: We have a motion to approve. Is  
13 there a second?

14 JIM McINTYRE: Second.

15 BENNY WAMPLER: Motion is seconded. Any further  
16 discussion?

17 KEN MITCHELL: Yes, sir. Mr. Chairman, I will be  
18 voting against this issue. Not...the issue I'm voting  
19 against is not the lease itself. The issues I'm voting  
20 against, I've always believed that communication makes a  
21 better understanding. I'm not sure there's a better  
22 understanding out there. So, my vote is a vote against  
23 communication. And I too have heard threatening statements.

24

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1 People have testified before this Board, not today, I'm  
2 talking in my other years on this Board, people have said  
3 they are told...here again, I wasn't there, but they're told  
4 you will sign this or we'll force pool you. Well, force  
5 pooling it just means I'm going to bring it before the Board.  
6 It doesn't mean I'm going to get it approved. It means I'm  
7 going to bring it before the Board. So, I'm voting against  
8 it from a communications standpoint because I don't see the  
9 communication.

10 BENNY WAMPLER: Did we have a second?

11 JIM McINTYRE: Yes, I seconded.

12 BENNY WAMPLER: Any further discussion?

13 (No audible response.)

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

16 (Benny Wampler, Donald Ratliff, Mason Brent and Jim  
17 McIntyre signify affirmatively.)

18 BENNY WAMPLER: Opposed, say no.

19 (Ken Mitchell and Dennis Garbis signify  
20 negatively.)

21 BENNY WAMPLER: You have two nos. You have  
22 approval. Thank you. The next item on the agenda is a  
23 petition from Equitable Production Company for pooling of a  
24

1 conventional gas unit P-550455. This is docket number VGOB-  
2 03-1118-1236. We'd ask the parties that wish to address the  
3 Board in this matter to come forward at this time. Thank  
4 you, Ms. Hutchinson.

5 SHARON McCOY HUTCHINSON: Thank you, sir.

6 JIM KISER: We've got a revised Exhibit B and B-3  
7 for this one, also.

8 DONALD RATLIFF: Mr. Chairman, I'd ask to be  
9 excluded from this.

10 BENNY WAMPLER: Mr. Ratliff, excluded himself from  
11 this, recused himself.

12 (Neville Wiggs asks Court Reporter about getting a  
13 copy of the transcript.)

14 BENNY WAMPLER: What was your question to her?

15 NEVILLE WIGGS: I'd like a copy of these minutes be  
16 sent to my home, if that's possible.

17 BENNY WAMPLER: Mr. Wilson will. He's asking for a  
18 copy of the transcript, I guess, right?

19 NEVILLE WIGGS: Well, the minutes...she's keeping  
20 minutes, ain't she?

21 BOB WILSON: There's a transcript made of all the  
22 Board hearings. The Court Reporting company that this lady  
23 works for will type up the transcript for this hearing and it

24

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1 will be probably to us sometime about the middle of January  
2 because this is going to be an extended transcript. But if  
3 you would call the Division of Gas and Oil here in Abingdon,  
4 we'd be glad to get you a copy of the entire transcript or  
5 the section that you have a particular interest in as soon as  
6 we get it. We won't have it until the middle of next month.

7 NEVILLE WIGGS: All right.

8 BENNY WAMPLER: Need you to state your name for the  
9 record, please.

10 NEVILLE WIGGS: N-E-V-I-L-L-E W-I-G-G-S.

11 BENNY WAMPLER: Sir, I need you to state your name  
12 for the record.

13 GARY WAYNE EASTERLING: Gary Wayne Easterling.

14 BENNY WAMPLER: Here again, we'll have Mr. Kiser go  
15 forward with his information and you can ask questions and  
16 make comments as appropriate. Mr. Kiser, you may proceed.

17

18 DON HALL

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. KISER:

21 Q. Now, Mr. Hall, if you'd again state your  
22 name for the record, who you're employed by and in what  
23 capacity.

24

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1           A.       I'm employed by Equitable Production...my  
2 name is Don Hall. I'm employed by Equitable Production  
3 Company.

4           Q.       And do your responsibilities---?

5           BENNY WAMPLER: Excuse me just one second. Let me  
6 go ahead and get you two sworn so if you had questions along  
7 the line or comments.

8           (Neville Wiggs and Gary Wayne Easterling are duly  
9 sworn.)

10          BENNY WAMPLER: Go ahead, Mr. Kiser.

11          Q.       Okay. Do your responsibilities include the  
12 land involved here for this unit and the surrounding area?

13          A.       They do.

14          Q.       And are you familiar with Equitable's  
15 application seeking the establishment of a drilling unit and  
16 the pooling of any unleased interest for EPC well number P-  
17 550455, which was dated October the 17th, 2003?

18          A.       Yes.

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

21          A.       We do.

22          Q.       Now, prior to filing the application, were  
23 efforts made to contact each of the respondents and an  
24

1 attempt made to work out an agreement regarding a voluntary  
2 lease?

3 A. Yes.

4 Q. And what is the interest under lease to  
5 Equitable within the unit at this time?

6 A. We have 84.605% leased.

7 Q. And that reflects a difference from the  
8 Exhibit B that was filed with the original application, is  
9 that correct?

10 A. That's correct.

11 Q. Which showed 82.15. Can you state for the  
12 Board the changes since the time we filed the application,  
13 the additional lease that was picked up?

14 A. Since the application was filed, Veronica  
15 Buchanan being listed on Tract #10 of Exhibit B is leased.

16 Q. Okay. So, it brings us to a current total  
17 under lease of 84.605?

18 A. That's correct.

19 Q. And what percentage of the ownership remains  
20 unleased?

21 A. 15.395%.

22 Q. So, obviously subsequent to the filing of  
23 the application, you've continued to attempt to reach

24

--

1 voluntary lease agreements with the unleased parties?

2 A. Correct.

3 Q. Okay. Are all the unleased parties set out  
4 in the Revised Exhibit B?

5 A. They are.

6 Q. Again, we don't have any unknown or  
7 unlocateable owners?

8 A. That's correct.

9 Q. And in your professional opinion, was due  
10 diligence exercised to locate each of the respondents named  
11 herein?

12 A. Yes.

13 Q. And are the addresses set out in the  
14 revised Exhibit B and B-3 to the application the last known  
15 addresses for the respondents?

16 A. They are.

17 Q. Are you requesting the Board to force pool  
18 all the unleased interest as they are listed in Exhibit B-3?

19 A. Yes.

20 Q. Are you familiar with the fair market value  
21 of the drilling rights in the unit here and in the  
22 surrounding area?

23 A. Yes.

24

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1 Q. Could you, again, advise the Board as to  
2 what those are?

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

5 Q. In your opinion, do the terms you just  
6 testified to represent the fair market value of and fair and  
7 reasonable compensation to be paid for drilling rights within  
8 this unit?

9 A. They do.

10 JIM KISER: Mr. Chairman, at this time regarding  
11 the elections...statutory election options afforded any  
12 unleased parties and different times in which they have to  
13 make those elections and the implications of such that was  
14 the testimony that was taken in an earlier hearing today,  
15 that being VGOB docket number 03-1118-1234, we'd ask that  
16 that be incorporated.

17 BENNY WAMPLER: That will be incorporated.

18 Q. Okay, Mr. Hall, once again being a  
19 conventional well, no conflicting claimants, no unknown or  
20 unlocateables, we do not need the Board to establish an  
21 escrow account, is that correct?

22 A. That's correct.

23 Q. And who should be named the operator under  
24

1 any fore pooling order?

2 A. Equitable Production Company.

3 Q. And what is the total depth of the proposed  
4 well?

5 A. 5712 feet.

6 Q. And is the applicant requesting the force  
7 pooling of conventional gas reserves not only to include the  
8 designated formations, but any other formations excluding  
9 coal formations which may be between those formations  
10 designated from the surface to the total depth drilled?

11 A. Yes.

12 Q. What are the estimated reserves for the  
13 unit?

14 A. 400,000,000 cubic feet.

15 Q. Are you familiar with the well costs for  
16 this proposed well under the applicant's plan of development?

17 A. Yes.

18 Q. Has an AFE been reviewed, signed and  
19 submitted to the Board as Exhibit C?

20 A. It has.

21 Q. Was it prepared by an engineering department  
22 knowledgeable in the preparation of AFEs and knowledgeable in  
23 particular in regard to well cost in this area?

24

--

1 A. Yes.

2 Q. Does the AFE represent a reasonable estimate  
3 of the well cost under the plan of development?

4 A. It does.

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

7 A. The dry hole cost is \$180,102, and the  
8 completed well cost is \$299,500.

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

11 A. Yes.

12 Q. Is there a reasonable charge in the AFE for  
13 supervision?

14 A. Yes.

15 Q. In your professional opinion, would 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 at this  
21 time, Mr. Chairman.

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

24

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1           NEVILLE WIGGS: Are you talking to me?

2           BENNY WAMPLER: I was asking the Board first and  
3 then I'll come to you. I don't think we have anything from  
4 the Board. Mr. Wiggs, you may proceed.

5           NEVILLE WIGGS: First off, I'd like to (inaudible)  
6 with this gentleman right here. I don't know who you all's  
7 PR man is, public relation, but I can assure you if you'll go  
8 to Southwest Virginia and go around and talk to the people up  
9 there, you'll find out what a reputation you've got. I will  
10 take you if I have to pump it out from them. Does this  
11 gentleman want to talk to me?

12           DON HALL: Me?

13           NEVILLE WIGGS: Yeah. You've never saw me before.

14           DON HALL: I never talked to you.

15           NEVILLE WIGGS: Show me somebody here who has  
16 talked to me.

17           DON HALL: He's not here. Keith Wishem was the one  
18 that contacted you.

19           NEVILLE WIGGS: Do you agree that I made it right  
20 straight from the start that my land was not for lease?

21           DON HALL: Yes.

22           NEVILLE WIGGS: This Board has got a letter that I  
23 wrote you. Fellow, as far as I'm concerned, I own my land  
24

1 sky high and hell deep. You all didn't pay for my land. I  
2 don't know about this law, but I'm a citizen of the United  
3 States and I don't believe anybody in this room will agree  
4 that somebody can come on your personal property and take  
5 what's yours, what you've worked...look at these grey hairs,  
6 son... what you've worked for all the days of your life and  
7 come in there. That's stealing, son. I can look anybody in  
8 this room in the eyeball and tell you the way I feel. That's  
9 all I've got to say. But my land, the Wiggs land, is not for  
10 lease, nor will it be for lease.

11 BENNY WAMPLER: Is the well supposed to be on your  
12 land anywhere?

13 NEVILLE WIGGS: No, the well is on Gary's land down  
14 there. They own all that land north. If they want the well,  
15 move the well north. What determines the location of the  
16 well? Somebody went out and marked an X on the ground?

17 DON HALL: Mr. Wiggs is...that's actually 7 and 8  
18 on the plat.

19 NEVILLE WIGGS: And 9. Well, the address is my  
20 brother. He owns it. Somebody has got the address of my  
21 property and I called him. It might be just be the front  
22 bumper on my truck, but I own it.

23 MASON BRENT: Did you say 9 is your property?  
24

1           NEVILLE WIGGS: No, 7 and 8 is my property and the  
2 family cemetery is right there. It was left by---

3           MASON BRENT: 9 is a relative's property.

4           NEVILLE WIGGS: My brother's, that he gave me  
5 permission to represent him, which he should have got  
6 somebody else, I guess.

7           BENNY WAMPLER: Mr. Easterling.

8           GARY WAYNE EASTERLING: My family...my mom and dad  
9 has a lifetime interest in Tract 1 where the well is going to  
10 be drilled. They signed a lease, which we had it leased to  
11 the other gas companies beforehand. For the last fifteen or  
12 twenty years, this land has been leased to one or the other  
13 gas company as Equitable has required over the years. The  
14 well is in the middle of our hayfield. We're the ones that  
15 has to put up with what's there. As far as the road, the  
16 pipeline. The pipeline, which I gave you a copy of the  
17 little handout that...I give also a copy of the letter I got  
18 from Mr. Wiggs stating what he did not want me to do for his  
19 land, which I have never tried to represent Mr. Wiggs in any  
20 form or anyone else. I can only lease what is ours, my  
21 family's and no one else. The well, as stated, will be on  
22 Tract 1. We own Tract 2 and a portion of Tract 3, which is a  
23 bigger...it's 19.15 acres and all of Tract 4, which consists

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1 of 30.83 of the 112.69 acres, approximately 27 and 35% of  
2 this well. We want the well drilled for the reasons I stated  
3 in this thing. It's going to benefit our country's energy  
4 shortage. It's going to benefit the local, state and federal  
5 government in taxes and, of course, it's going to benefit my  
6 family because we own the gas under our property. The  
7 pipeline will not effect Mr. Wiggs or his brother. It will  
8 be going across all of our tracts and then it goes...you  
9 know, like I said Tract 3 is a bigger tract. It even goes  
10 all the way across it onto another cousin that has leased  
11 hers. We want the well, you know. I can understand his  
12 objections. I don't want see anyone run over. I wouldn't  
13 want to be run over myself. But as far as this well and this  
14 property, my family, we want it.

15 JIM KISER: Mr. Easterling, let me ask you a  
16 question. Have your dealings with Equitable been  
17 satisfactory?

18 GARY WAYNE EASTERLING: Yes, sir.

19 BENNY WAMPLER: Thank you, Mr. Easterling.

20 GARY WAYNE EASTERLING: I think over the last, you  
21 know, years that this has...it started out it was a company  
22 here in Abingdon that we started leasing with. I leased  
23 mine. I talked to my parents and they leased theirs. The

24

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1 tract that the well is going to be drilled is in mine and  
2 wife's name, but my parents has got a lifetime heirship to  
3 it. Everything has been signed over as far as the dealing to  
4 myself and my wife.

5 BENNY WAMPLER: Thank you. Questions from members  
6 of the Board?

7 MASON BRENT: How are you going to approach this  
8 well? Can you show me on this plat?

9 DON HALL: Are you talking about the access road to  
10 it?

11 NEVILLE WIGGS: Just a minute, I've got a map of  
12 the whole property there, son. It shows the right-of-way  
13 road and all.

14 MASON BRENT: My question is directed to Mr. Hall.

15 DON HALL: I don't have a copy of the permit  
16 showing the road on it. Mr. Easterling, could you show us  
17 where the access road comes in?

18 GARY WAYNE EASTERLING: Well, you've got the line  
19 here that goes across Tract 1, Tract 2, which there's a 20  
20 foot right-of-way road that it came off of the W. M. Buchanan  
21 Estate, and it goes through Tract 3 and then there's a 30  
22 acre tract that my cousin owns that lives in Tennessee, the  
23 road goes out to the State road.

24

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1           BENNY WAMPLER: All the road and all the pipeline  
2 are on your---?

3           GARY WAYNE EASTERLING: Well, most of the road and  
4 the pipeline would be on mine, and then the other would be  
5 across roughly 30 acres that Crystal owns and she has leased  
6 hers because there's another well that's drawing gas out from  
7 under hers right now.

8           JIM KISER: It appears that apparently all of the  
9 road and pipeline for this unit, though, would be on tracts  
10 that he owns.

11          GARY WAYNE EASTERLING: That goes across Crystal's,  
12 the road, and the pipeline out to the main road.

13          JIM KISER: Right.

14          DON HALL: It goes back generally in the  
15 direction---.

16          JIM KISER: Towards that other well.

17          DON HALL: ---toward V-3193 on the plat.

18          MASON BRENT: So, for the purposes of this unit,  
19 the road and pipelines are Tracts 1, 2 and 3?

20          DON HALL: That's correct.

21          JIM KISER: Correct.

22          GARY WAYNE EASTERLING: All the unit will be on  
23 Tract 1.

24

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1           MASON BRENT: Thank you.

2           GARY WAYNE EASTERLING: See, we're the one that has  
3 to contend with, I'll use the term, the mess until it's all  
4 fixed back. They fix and dig the pits and all this stuff is  
5 in our hayfield.

6           BENNY WAMPLER: Mr. Wiggs, you know...I know you  
7 don't want to hear this and with all due respect to what you  
8 did say about ownership of land, we feel strongly about our  
9 property here in Southwest Virginia, the General Assembly  
10 decided that if they have over 25% of conventional well of  
11 people leased, then that the other parties cannot stop the  
12 production of that gas. That's a decision made by law and  
13 that's why this law is set up this way for pooling to occur.

14           NEVILLE WIGGS: That's a bad law, son.

15           BENNY WAMPLER: It's---.

16           NEVILLE WIGGS: It's a sad day when people like  
17 this group here and myself let a law be passed that anybody  
18 can take anything off of private property. What if I come  
19 out to your house and told you I wanted your electric stove  
20 and offered you \$5 for it? It's the same way.

21           BENNY WAMPLER: I understand...I understand what  
22 you're saying.

23           NEVILLE WIGGS: What if I was going to cut Gary's

24

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1 timber. Smile, Gary, you know it's the truth. If I was  
2 going to come in and offer Gary for his timber a certain  
3 price and I Gary said I don't want to sell it and I say  
4 that's tough shit. But, I mean, if you all can live with, I  
5 can sure live without it, son.

6 BENNY WAMPLER: Well, it's not us. What we're  
7 doing is carry out the law of the Commonwealth and the  
8 legislators are the people that enact those and that's who  
9 you have to work with if you seek the changes.

10 NEVILLE WIGGS: My hand is tied until they start  
11 pumping oil out from under me. Then I think I've got the  
12 resources to take it to Federal Court if I have to. Not to  
13 win or lose, but just the principle of it.

14 BENNY WAMPLER: I understand the principal that  
15 you're talking about.

16 NEVILLE WIGGS: You all fellows have a good day---.

17 BENNY WAMPLER: Thank you. Any other---?

18 NEVILLE WIGGS: ---and a Merry Christmas.

19 MASON BRENT: Same to you.

20 BENNY WAMPLER: Any other questions or comments?

21 GARY WAYNE EASTERLING: Can I make one more  
22 comment?

23 BENNY WAMPLER: Yes, sir, Mr. Easterling.

24

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1                   GARY WAYNE EASTERLING: God created all of this  
2 world. He made it perfect. Gas flows the way that he made  
3 it to do, the oil does, the water does. Now, if you own the  
4 coal rights or any other mineral that's a solid that's going  
5 to flow, yes, you can stop someone from getting it. If it  
6 flows out, you can't stop that. They can't stop it. I  
7 can't. You can't. But Mr. Wiggs will be paid for his gas.  
8 I understand, you know, the things he's talking about. He is  
9 one of my distant cousins. He inherited all of his land that  
10 he got from his mother. Either my parents or my family, we  
11 bought all that we've got that came off of the W. M. Buchanan  
12 tract of land. My great, great granddaddy, he decided to  
13 keep his gas and oil, which I thank him for that, you know.  
14 Like the road, it does go across four tracts of the original  
15 tract and we own three of them. You know, the other has been  
16 leased from Crystal. You know, I don't want anybody to run  
17 over Mr. Wiggs. I don't want them to run over me or anyone  
18 else in this room. But I think this well will be beneficial  
19 for our country and I know it would be beneficial for my  
20 family and that's the ones that I've got to look out for.

21                   BENNY WAMPLER: Well, obviously, I mean, as I was  
22 recognizing with Mr. Wiggs, you know, this is something that  
23 conflicts with the principle that we all have about what we  
24

1 own. You know, there's a conflict there. I think everybody  
2 on this Board understands that conflict.

3 GARY WAYNE EASTERLING: Well, ever since I was  
4 little, like the statement he made on it from hell to  
5 heaven---. Do you remember Fred B. Greer that was a lawyer  
6 that the gymnasium that your (inaudible) named after?

7 BENNY WAMPLER: Right.

8 GARY WAYNE EASTERLING: I was just little and I  
9 remember him making that statement. You know, I mean  
10 that...you know, I can see his point there, but you can't  
11 stop what's under the ground. If I drill a water well on  
12 mine, the water may be coming out from under your tract of  
13 land, I mean, you know, the way it flows. But, you know, I  
14 don't want him or no one else wronged. But I do know that  
15 they will be paying him for what gas comes out and they won't  
16 be getting on his land. I mean, you know, if they was going  
17 to get on the surface, yeah, I mean...myself and my family we  
18 made the choice to let them do this. I asked them to drill  
19 over there because the other site they had, it was going to  
20 be hard for them to get out, you know, which we own some land  
21 there that we own don't own the gas under it. Unfortunate  
22 for me and fortunate for them they own it. You know, that  
23 would be some more acreage that we would. But, you know, I

24

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1 don't own enough land there that they could have went out the  
2 other way.

3 BENNY WAMPLER: Right. Question, Mr. Mitchell?

4 KEN MITCHELL: Mr. Chairman, only a statement.  
5 I...none of these decisions are easy. None of them are easy.  
6 I think that's why they...they have such a mix of people on  
7 this Board to try to make a good comprehensive, quality  
8 decision. But, you know, people perceive...like our Chairman  
9 said, people perceive that you're taking something from them  
10 even though it's underground, but you're still taking it from  
11 them because you can drill a water well and you can get water  
12 from two miles away. But, you know, I would like to comment  
13 that in my home county...in my home county of Stafford  
14 County, in 1942 the Federal Government walked in and took the  
15 top 20%...the top 20% of our county that confiscated. They  
16 gave the citizens thirty days to move out. They told them  
17 what the price would be per acre. They told them they had  
18 thirty days and those that didn't move were forcibly removed  
19 by Federal troops. So, when you talked confiscation, that's  
20 confiscation. When you talk confiscating some gas that may  
21 be below your property, it's touch and go. When you  
22 confiscate someone's property and kick them off, that's  
23 different. So, when you...I just wanted to make that

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1 statement. None of these are easy. If Mr. Kiser don't have  
2 any other statement, I will make a motion for approval.

3 DENNIS GARBIS: I second.

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

6 (No audible response.)

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

9 (All members signify by saying yes.)

10 BENNY WAMPLER: Opposed, say no.

11 DONALD RATLIFF: I abstain, Mr. Chairman.

12 BENNY WAMPLER: One abstention, Mr. Ratliff. Thank  
13 you. You have approval.

14 GARY WAYNE EASTERLING: Mr. Chairman and ladies and  
15 gentleman of the Board, I appreciate you letting me present  
16 my case.

17 BENNY WAMPLER: Thank you very much. Have a good  
18 day.

19 GARY WAYNE EASTERLING: You all have a Merry  
20 Christmas and a Happy New Year.

21 BENNY WAMPLER: You do, too, sir. Thank you. The  
22 next item on the agenda is a petition from Equitable  
23 Production Company for pooling of a coalbed methane unit VC-

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1 509265, docket number VGOB-03-1118-1237. We'd ask the  
2 parties that wish to address the Board in this matter to come  
3 forward at this time.

4 Is the Board members okay? Do you need a break or  
5 anything?

6 DENNIS GARBIS: No, we're fine. We're tough.

7 JIM KISER: Mr. Chairman and members of the Board,  
8 Jim Kiser and Don Hall again on behalf of Equitable.

9 BENNY WAMPLER: The record will show there are no  
10 others. You may proceed.

11 JIM KISER: We did pass out an Exhibit EE to  
12 reflect a list of conflicting claimants with royalty split  
13 agreements under our new Exhibit format that we did not have  
14 filed with the original application. I have a copy of that  
15 split agreement. I believe you all have a copy of that, but  
16 if you need another one, let me know.

17

18 DON HALL

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. KISER:

21 Q. Mr. Hall, you're with Equitable and your  
22 land...do your responsibilities include the land involved  
23 here and in the surrounding area?

24

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1 A. That's true.

2 Q. Are you familiar with the application that  
3 we filed seeking a pooling order for EPC well number VC-  
4 509265, dated October the 17th, 2003?

5 A. Yes.

6 Q. Is Equitable seeking to force pool the  
7 drilling rights underlying the unit as depicted at Exhibit A,  
8 that being the plat to the application?

9 A. Yes.

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

12 A. We do.

13 Q. Now, prior to filing the application, were  
14 efforts made and an attempt made to work out a voluntary  
15 lease agreement with each of the respondents within the unit?

16 A. Yes.

17 Q. Okay. At this time, was professional...in  
18 your professional opinion, was due diligence exercised to  
19 locate each of the respondents?

20 A. It was.

21 Q. And are the...what is the interest of  
22 Equitable at this time leased within the gas estate within  
23 the unit?

24

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1           A.       The gas estate, we have 79.0625%.

2           Q.       And in the coal estate?

3           A.       We have a 100%.

4           Q.       So what percentage remains unleased of the  
5 gas estate?

6           A.       20.9375%.

7           Q.       And once again, there's no unknown or  
8 unlocateable parties in this unit?

9           A.       That's correct.

10          Q.       Okay. In your professional opinion, was due  
11 diligence exercised to locate each of the respondents named?

12          Q.       It was.

13          Q.       And are the addresses set out in Exhibit B  
14 to the application the last known addresses for the  
15 respondents?

16          A.       Yes.

17          Q.       Are you requesting the Board to force pool  
18 all the unleased interest listed at Exhibit B-3?

19          A.       Yes.

20          Q.       And are you familiar with the fair market of  
21 the drilling rights in the unit here and in the surrounding  
22 area?

23          A.       Yes.

24

--

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

3 A. We have five dollar bonus, a five year term  
4 and one-eighth royalty.

5 Q. In your opinion, do the terms you just  
6 testified to represent the fair market value of and fair and  
7 reasonable compensation to be paid for drilling rights within  
8 this unit?

9 A. They do.

10 JIM KISER: Mr. Chairman, at this time we'd again  
11 ask that the testimony regarding the election options and the  
12 time afforded the force pooled parties to make those  
13 previously taken in 03-1118-1234 be incorporated.

14 BENNY WAMPLER: That will be incorporated.

15 Q. We have a royalty split agreement in this  
16 case for any conflicting claims, is that correct, Mr. Hall?

17 A. That's correct.

18 Q. So, again, we do not need the Board to  
19 establish an escrow account?

20 A. That's correct.

21 Q. And who should be named the operator under  
22 any fore pooling order?

23 A. Equitable Production Company.

24

--

1 Q. And what is the total depth of the proposed  
2 well?

3 A. It's 2400 feet.

4 Q. Estimated reserves for the unit?

5 A. 400,000,000 cubic feet.

6 Q. Now, are you familiar with the well costs?

7 A. Yes.

8 Q. Has an AFE been reviewed, signed and  
9 submitted to the Board?

10 A. It has.

11 Q. In your opinion, does it represent a  
12 reasonable estimate of the cost for this well?

13 A. It does.

14 Q. Could you state both the dry hole costs and  
15 the completed well costs for 509265?

16 A. The dry hole cost is \$94,364 and the  
17 completed well cost is \$218,646.

18 Q. Do these costs anticipate a multiple  
19 completion?

20 A. They do.

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

23 A. Yes.

24

--

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

5           A.       Yes.

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

8           BENNY WAMPLER:   Questions from members of the  
9 Board?

10          MASON BRENT:   On your Exhibit B-3, you might want  
11 to identify Tract 1.  At least on my copy there's no number  
12 one.

13          JIM KISER:   Thank you.

14          JIM KISER:   Any other questions or comments?

15                   (No audible response.)

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

18          JIM KISER:   Mr. Chairman, again, we'll submit a  
19 revised Exhibit B-3.  But other than that, we'd ask that the  
20 application be approved as submitted.

21          BENNY WAMPLER:   Is there a motion?

22          JIM McINTYRE:   Motion to approve.

23          KEN MITCHELL:   Second.

24

--

1           BENNY WAMPLER: Motion and second. Any further  
2 discussion?

3           (No audible response.)

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

6           (All members signify by saying yes.)

7           BENNY WAMPLER: Opposed, say no.

8           (No audible response.)

9           BENNY WAMPLER: You have approval. Folks,  
10 just...just to kind of give you an update of where we are  
11 here if you need to take a break or anything, we've got three  
12 more Equitable. We'll go ahead and hear those. The Board  
13 will take a five minute break and then we'll come on and  
14 we'll call the Horn heirs cases and then go from there, okay.  
15 So, if you need to take a break or what have you, you'll  
16 have an idea of the time frame.

17           The next item on the agenda is a petition from  
18 Equitable Production Company for a well location exception  
19 for proposed well V-504610. This is docket number VGOB-03-  
20 1216-1245. This is number 36 on the Board's agenda. The  
21 record will show there are no others. You may proceed.

22

23

DON HALL

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1 DIRECT EXAMINATION

2 QUESTIONS BY MR. KISER:

3 Q. Mr. Hall, does your land include...do your  
4 responsibilities include the lands involved here and in the  
5 surrounding area?

6 A. They do.

7 Q. Are you familiar with the application we  
8 filed seeking a location exception for well V-504610?

9 A. Yes.

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

13 A. They have.

14 Q. I was going to say, would you indicate for  
15 the Board the ownership of the oil and gas underlying well V-  
16 504610, and what I'd like to do is just direct the Board to  
17 Exhibit B that is attached to the force pooling of the  
18 hearing that will follow this one. There's numerous parties  
19 and folks and they were all notified of both the location  
20 exception and the force pooling and there was some additional  
21 coal owners notified of the location exception. But anyway,  
22 as far as the ownership goes, you'll see it depicted in  
23 Exhibit B to the force pooling application if you want to  
24

1 glance at that. Mr. Hall, in this particular case we are  
2 seeking an exception from two reciprocal wells, V-1835 and V-  
3 505251, is that correct?

4 A. That's correct.

5 Q. And does Equitable have the right to operate  
6 those reciprocal wells?

7 A. We do.

8 Q. And other than the fact that we're having to  
9 in our next hearing, the next docket number, we're having to  
10 force pool unleased interest within this unit, are there any  
11 other correlative rights issues?

12 A. No.

13 Q. Okay. Now in conjunction with the Exhibit  
14 that you prepared and was just passed out to the Board, could  
15 you explain for the Board our reasons in seeking this  
16 exception?

17 A. Well, as you can see from the Exhibit, the  
18 two reciprocal wells are the wells that we're spacing from  
19 are highlighted in the...in, I guess, that's pink, and the  
20 subject well is highlighted in orange. You can see there's  
21 right on the well circle for the well for 4610, for 504610,  
22 you see what appears to be sort of a cross. That's the 2500  
23 foot radius from 1825 is the one that...1835 is the one that

24

--

1 runs basically north and south and the distance from 52...  
2 505251 is the radius running basically east and west. And  
3 you'll see to the northeast of that X is an area that's  
4 highlighted in yellow. That would be the area where a legal  
5 location could be put. The closest legal location to those  
6 two reciprocal wells. The reason that it wasn't put there,  
7 first of all, 504610 is located on a natural bench that's  
8 approximately 60 feet wide and 300 foot long there, along  
9 the...just off the top of that ridge. That ridge is a real  
10 rocky point running down through there. But there's a  
11 natural bench in there that we were able to get a spot for a  
12 location. If you go any further down the hill or to the  
13 northwest of that location, you get into an area that has  
14 about an average of 50% grade. It's really too steep to try  
15 to get a location. The map doesn't depict all that well,  
16 But it's a very steep area there. The distances from those  
17 two reciprocal wells are---

18 Q. Minimal.

19 A. ---minimal distances.

20 BENNY WAMPLER: Less than 50 feet on both of them,  
21 is that correct?

22 A. Right, yes.

23 JIM KISER: Thank you.

24

--

1           A.       But if we...if we move any further that way,  
2 we'd be getting into a problem with the terrain.

3           JIM KISER:   Are there any questions of Mr. Hall  
4 while we have the Exhibit out?

5           BENNY WAMPLER:  Any questions from members of the  
6 Board?  Mr. Mitchell.

7           KEN MITCHELL:  Mr. Chairman, just to understand the  
8 entire map, on your Exhibit you passed out, above well number  
9 1835 it says "abandoned".  Can you tell me what that  
10 abandoned is referring to?  I just...the curiosity hit me  
11 real bad what's abandoned up there.

12          A.       Do you see those little Ys?

13          KEN MITCHELL:  Right.

14          A.       Sideway Ys?

15          KEN MITCHELL:  Right.

16          A.       That's an abandoned coal mine.

17          KEN MITCHELL:  Okay, okay.  Very good.

18          BENNY WAMPLER:  Any other questions?

19          (No audible response.)

20          BENNY WAMPLER:  You may proceed.

21          Q.       Mr. Hall, in the event this location  
22 exception were not granted, would you project the estimated  
23 loss of reserves that would not be produced resulting in  
24

1 waste?

2 A. 400,000,000 cubic feet.

3 Q. And what is the total depth of this proposed  
4 well?

5 A. 5932 feet.

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

10 A. Yes.

11 Q. And in your opinion, would the granting of  
12 this location exception be in the best interest of preventing  
13 waste, protecting correlative rights, and maximizing the  
14 recovery of the gas reserves underlying the unit for V-  
15 504610?

16 A. Yes.

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

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

21 MASON BRENT: Just one comment if I may, Mr.  
22 Chairman,---.

23 BENNY WAMPLER: Mr. Brent.  
24  
--

1           MASON BRENT: ---to reiterate what Mr. Mitchell had  
2 asked earlier just as a matter of housekeeping. It would be  
3 helpful in the future in you identified these tracts within  
4 this so that I don't have to go to the---

5           JIM KISER: Place your plat over the---

6           MASON BRENT: Yeah.

7           DON HALL: Identify the tracts on the Exhibit?

8           JIM KISER: On the Exhibit?

9           MASON BRENT: Yeah. Well, on your Exhibit A,  
10 you've got the numbers but there's no correlation between  
11 that and B as to who is on which---

12          JIM KISER: Oh, I'm sorry.

13          DON HALL: Well, there should be a...should be a  
14 supplement attached to that. But, obviously, it didn't  
15 get---

16          JIM KISER: It's probably because we're force  
17 pooling it. Also, again...so in the future when we have one  
18 with both, we can attach, I guess, the force pooling and  
19 Exhibit B to the location exception, also.

20          MASON BRENT: Well, just so I know when I look at  
21 this Exhibit---

22          JIM KISER: Right.

23          BENNY WAMPLER: It's helpful so you don't have to  
24

--

1 go back and forth.

2 JIM KISER: Sure.

3 MASON BRENT: ---who is on which tract.

4 BENNY WAMPLER: Any other questions or comments?

5 (No audible response.)

6 BENNY WAMPLER: Do you have anything further?

7 JIM KISER: Mr. Chairman, we'd ask that the

8 application be approved as submitted.

9 BENNY WAMPLER: Is there a motion?

10 DONALD RATLIFF: So moved, Mr. Chairman.

11 BENNY WAMPLER: Motion to approve.

12 MASON BRENT: Second.

13 BENNY WAMPLER: Second. Any further discussion?

14 (No audible response.)

15 BENNY WAMPLER: All in favor, signify by saying

16 yes.

17 (All members signify by saying yes.)

18 BENNY WAMPLER: Opposed, say no.

19 (No audible response.)

20 BENNY WAMPLER: You have approval. The next item

21 on the agenda is a petition from Equitable Production Company

22 for pooling of a conventional gas unit V-504610. This is

23 docket number VGOB-03-1216-1246. We'd ask the parties that

24

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1 wish to address the Board in this matter to come forward at  
2 this time.

3           JIM KISER: Mr. Chairman and members of the Board,  
4 Jim Kiser and Don Hall again on behalf of Equitable  
5 Production Company.

6           BENNY WAMPLER: The record will show there no  
7 others. You may proceed.

8

9

DON HALL

10

DIRECT EXAMINATION

11 QUESTIONS BY MR. KISER:

12           Q. Mr. Hall, do your responsibilities include  
13 the land involved here and in the surrounding area?

14           A. Yes.

15           Q. And are you familiar with the application we  
16 filed seeking the establishment of a drilling unit and  
17 pooling any unleased interest in that unit for EPC well  
18 number V-504610, which was dated November the 14th, 2003?

19           A. Yes.

20           Q. Is Equitable seeking to force pool the  
21 drilling rights underlying the unit as depicted at Exhibit A,  
22 that being the plat to this application?

23           A. We are.

24

--

1           Q.       And does Equitable own drilling rights in  
2 the unit involved here?

3           A.       Yes.

4           Q.       Now, prior to filing the application, were  
5 attempts made to work out a voluntary agreement with each of  
6 the parties in the unit?

7           A.       Yes.

8           Q.       And does Equitable own drilling rights  
9 within the unit?

10          A.       We do.

11          Q.       What is the interest of Equitable in the gas  
12 estate within this unit?

13          A.       We have 48.18%.

14          Q.       And are all the unleased parties set out in  
15 Exhibit B-3?

16          A.       They are.

17          Q.       Are you familiar with the ownership of  
18 drilling rights of parties other than Equitable underlying  
19 this unit?

20          A.       Yes.

21          Q.       And what is the percentage that remains  
22 unleased?

23          A.       51.82%.

24

--

1 Q. Okay. Once again, in this particular unit,  
2 we do not have any unknown or unlocateables, is that correct?

3 A. That's correct.

4 Q. In your professional opinion, was due  
5 diligence exercised to locate each of the respondents named  
6 herein?

7 A. Yes.

8 Q. And are the addresses set out in Exhibit B  
9 to the application the last known addresses for the  
10 respondents?

11 A. They are.

12 Q. Are you requesting this Board to force pool  
13 all the unleased interest listed at Exhibit B-3?

14 A. Yes.

15 Q. Again, are you familiar with the fair market  
16 value of the drilling rights in the unit here and in the  
17 surrounding area?

18 A. Yes.

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

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

23 Q. In your opinion, do the terms you just  
24

1 testified to represent the fair market value of and fair and  
2 reasonable compensation to be paid for drilling rights within  
3 this unit?

4 A. Yes.

5 JIM KISER: And again, Mr. Chairman and Board  
6 members, we'd ask that the testimony regarding the election  
7 options previously taken in 03-1118-1234 be incorporated  
8 here.

9 BENNY WAMPLER: That will be incorporated.

10 Q. Mr. Hall, again, we don't have to have the  
11 Board establish an escrow account for this unit, correct?

12 A. That's correct.

13 Q. And who should be named the operator under  
14 any fore pooling order?

15 A. Equitable Production Company.

16 Q. The total depth of the well under the plan  
17 of development?

18 A. 5932 feet.

19 Q. Estimated reserves for the unit?

20 A. 400,000,000 cubic feet.

21 Q. Are you familiar with the AFE?

22 A. Yes.

23 Q. Was it reviewed, signed and submitted to the  
24

1 Board as Exhibit C to the application?

2 A. Yes.

3 Q. In your professional opinion, does it  
4 represent a reasonable estimate of the well cost under the  
5 plan of development?

6 A. It does.

7 Q. Could you state both the dry hole cost and  
8 the completed well cost for 504610?

9 A. The dry hole cost is \$188,286 and the  
10 completed well cost is \$327,573.

11 Q. And do these costs anticipate a multiple  
12 completion?

13 A. They do.

14 Q. Does you AFE include a reasonable charge for  
15 supervision?

16 A. Yes.

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

21 A. Yes.

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

24

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1           BENNY WAMPLER: Mr. Hall, how long have you been  
2 working on this application? There's a lot of people here  
3 not leased.

4           DON HALL: We've...for the biggest part of the year  
5 we've...since probably earlier spring.

6           JIM KISER: Which I might notice again, highly  
7 unusual for this applicant.

8           BENNY WAMPLER: That's the reason I was asking the  
9 timing on it.

10          DONALD RATLIFF: Mr. Chairman.

11          BENNY WAMPLER: Mr. Ratliff.

12          DONALD RATLIFF: Who owns the surface where the  
13 well is? You've got gas exhibits, but no surface and no  
14 coal.

15          DON HALL: Roy Boatwright owns the surface.

16          DONALD RATLIFF: And it's leased?

17          DON HALL: Yes.

18          BENNY WAMPLER: What about where your roads will  
19 go? Is that going to be on leased property?

20          DON HALL: Yes. My understanding is it's all on  
21 Mr. Boatwright.

22          BENNY WAMPLER: The pipeline as well?

23          DON HALL: No, the pipeline, I think, will be  
24

1 on...on other parties as well. But those will be under  
2 pipeline agreements.

3 BENNY WAMPLER: Questions from members of the  
4 Board?

5 (No audible response.)

6 BENNY WAMPLER: Do you have anything further?

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

9 BENNY WAMPLER: Is there a motion?

10 KEN MITCHELL: Motion for approval, Mr. Chairman.

11 BENNY WAMPLER: Second?

12 DENNIS GARBIS: Second.

13 BENNY WAMPLER: Motion and second. Any further  
14 discussion?

15 (No audible response.)

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

18 (All members signify by saying yes.)

19 BENNY WAMPLER: Opposed, say no.

20 (No audible response.)

21 BENNY WAMPLER: You have approval. The next item  
22 on the agenda is a petition from Equitable Production Company  
23 for pooling of a coalbed methane unit VC-501825, docket  
24

--

1 number VGOB-03-1216-1247. This is item 38 on the Board's  
2 agenda today. We'd ask the parties that wish to address the  
3 Board in this matter to come forward at this time.

4 JIM KISER: Mr. Chairman and Board members, again  
5 Jim Kiser and Don Hall on behalf of Equitable Production  
6 Company. This is a force pooling of a coalbed methane well  
7 where the only interest that is unleased is Tract 3, which is  
8 in the Samuel J. M. Kiser heirs who are unknown and  
9 unlocateable. It represents 1.16% of the unit. So, here we  
10 go with our escrow account of the day, which is pretty good.

11

12

DON HALL

13

DIRECT EXAMINATION

14 QUESTIONS BY MR. KISER:

15 Q. Mr. Hall, do your responsibilities include  
16 the land involved here for this unit and the surrounding  
17 area?

18 A. They do.

19 Q. And are you familiar with our application  
20 seeking to pool any unleased interest in the unit for EPC  
21 well number VC-501825, which was dated November the 14th,  
22 2003?

23 A. Yes.

24

--

1 Q. And are we seeking to force pool the rights  
2 underlying the unit as depicted as Exhibit A, that being the  
3 plat to the application?

4 A. We are.

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

7 A. Yes.

8 Q. Now, prior to filing the application, were  
9 efforts made to contact each of the respondents and an  
10 attempt made to work out an agreement with them?

11 A. Yes.

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

14 A. We have 98.84% of the gas estate leased.

15 Q. And what percentage of the coal estate is  
16 leased?

17 A. 100%.

18 Q. And is the unleased parties set out in  
19 Exhibit B-3?

20 A. Yes.

21 Q. And are you familiar with the interest of  
22 the gas estate that remains unleased?

23 A. Yes.

24

--

1 Q. What is that?

2 A. 1.16%.

3 Q. And were efforts...were reasonable and  
4 diligent efforts made and sources checked to identify and  
5 locate the Samuel J. M. Kiser heirs including primary sources  
6 such as deed records, probate records, assessor's records,  
7 treasurer's records and secondary sources such as telephone  
8 directories, city directories, family and friends?

9 A. Yes.

10 Q. In your professional opinion, was due  
11 diligence exercised to locate each of the respondents named  
12 in the application?

13 A. Yes.

14 Q. And are the addresses set out in Exhibit B  
15 to the application the last known addresses for those  
16 respondents?

17 A. They are.

18 Q. Are you requesting the Board to force pool  
19 the unleased interest listed at Exhibit B-3?

20 A. Yes.

21 Q. Are you familiar with the fair market value  
22 of the drilling rights in the unit here and in the  
23 surrounding area?

24

--

1 A. Yes.

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

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

6 Q. In your professional opinion, do the terms  
7 you've just testified to represent the fair market value of  
8 and fair and reasonable compensation to be paid for drilling  
9 rights within this unit?

10 A. They do.

11 JIM KISER: Again, Mr. Chairman, we'd ask that the  
12 election option testimony from 03-1118-1234 be incorporated.

13 BENNY WAMPLER: That will be incorporated.

14 Q. Okay, Mr. Hall, in this particular case, we  
15 have both a conflicting claim and an unknown and unlocateable  
16 owner. So, the Board does need to establish an escrow  
17 account for Tract 3?

18 A. That's correct.

19 Q. Okay. And who should be named the operator  
20 under any force pooling order?

21 A. Equitable Production Company.

22 Q. And what is the total depth of this proposed  
23 well?

24

--

1           A.       23561 feet.

2           Q.       And the estimated reserves for the unit?

3           A.       300,000,000 cubic feet.

4           Q.       And has an AFE been reviewed, signed and  
5 submitted to the Board as Exhibit C?

6           A.       It has.

7           Q.       And does this AFE represent, in your  
8 opinion, a reasonable estimate of the well cost for this  
9 well?

10          A.       Yes.

11          Q.       And what are both the dry hole costs and the  
12 completed well costs for 1825?

13          A.       The dry hole cost is \$82,325 and the  
14 completed well cost is \$211,808.

15          Q.       Do these costs anticipate a multiple  
16 completion?

17          A.       Yes.

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

20          A.       Yes.

21          Q.       In your professional opinion, would the  
22 granting of this application be in the best interest of  
23 conservation, the prevention of waste and the protection of  
24

1 correlative rights?

2 A. Yes.

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

5 BENNY WAMPLER: Questions from members of the Board  
6 of this witness?

7 (No audible response.)

8 BENNY WAMPLER: Do you have anything further?

9 JIM KISER: We'd ask that the application be  
10 approved as submitted.

11 BENNY WAMPLER: Is there a motion?

12 JIM McINTYRE: Motion to approve.

13 BENNY WAMPLER: Motion to approve. Is there a  
14 second?

15 MASON BRENT: Second.

16 BENNY WAMPLER: Any further discussion?

17 (No audible response.)

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

20 (All members signify by saying yes, except Donald  
21 Ratliff.)

22 BENNY WAMPLER: Opposed, say no.

23 DONALD RATLIFF: I abstain, Mr. Chairman.

24

--

1           BENNY WAMPLER: One abstention, Mr. Ratliff. Thank  
2 you.

3           JIM KISER: Thank you all.

4           DON HALL: Thank you.

5           JIM KISER: Merry Christmas and Happy New Year. I  
6 know it's a busy time. I appreciate everybody showing up.

7           BENNY WAMPLER: Thank you. We'll take a ten minute  
8 recess.

9           (Break.)

10          BENNY WAMPLER: I'll ask everyone to come together  
11 for the Board continuing the hearing today. I'm going to go  
12 to item number 17 and deal with that first. It's a  
13 miscellaneous petition from the Linkous Horn heirs to appear  
14 before the Gas and Oil Board to address concerns regarding  
15 units S-35, S-36, S-37, T-36 and T-37. This is docket number  
16 VGOB-03-1118-1232. I have a request from their attorney, Mr.  
17 Peter G. Glubiak, requesting a continuance until January for  
18 that miscellaneous petition. That continuation is granted.

19                 We'll go to items 23 through 28 and call those.  
20 We'll ask Mr. Swartz to put on testimony covering all of  
21 those and then we'll go back and deal with them individually  
22 and take questions and comments. Starting with...the first  
23 one is a petition from CNX Gas Company, LLC from repooling of  
24

1 coalbed methane unit S-35, docket number VGOB-98-0915-0681-  
2 01; unit-S-36, VGOB-98-0324-0626-03; unit S-37, docket number  
3 98-0421-0649-02; unit T-35, docket number VGOB-98-1020-0695-  
4 01; unit T-36, docket number VGOB-98-0324-0625-03; unit T-37,  
5 docket number VGOB-98-0421-0650-02. We'd ask the parties  
6 that wish to address the Board in these matters to come  
7 forward at this time.

8 MARK SWARTZ: Mark Swartz and Les Arrington.

9 KENNETH OSBORNE: Kenneth Osborne, designated  
10 spokesman for the Linkous Horn heirs.

11 (Leslie K. Arrington and Kenneth Osborne duly  
12 sworn.)

13 BENNY WAMPLER: Anita, you're not going to testify?

14 ANITA TESTER: (Indicates in the negative.)

15 BENNY WAMPLER: Maybe?

16 MARK SWARTZ: You never know.

17 BENNY WAMPLER: You never know. We may call you.

18 MARK SWARTZ: She has never volunteered for that.

19 BENNY WAMPLER: I understand. I have called her  
20 before. All right, Mr. Swartz, you may proceed.

21 MARK SWARTZ: What I thought I would do with your  
22 permission, Mr. Chairman, is since CNX is the applicant in  
23 all of these applications today, that I would kind of get out  
24

--

1 the generic testimony that, you know, they are a corporation  
2 or they are this or they are that and they're registered with  
3 the...you know, and how we mail and so forth and then with  
4 the understanding that that testimony would then carry on in  
5 an incorporated basis in every hearing. Then what I would  
6 propose to do is take each unit in the order that they're on  
7 the docket---.

8 BENNY WAMPLER: Right.

9 MARK SWARTZ: ---and deal with the particularities  
10 for that unit. I think we can move through the stuff pretty  
11 efficiently today. So, I'm going to start with Les. But  
12 bear in mind that his testimony, at least initially, is going  
13 to be generic so it will be for everything.

14

15 LESLIE K. ARRINGTON

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

18 DIRECT EXAMINATION

19 QUESTIONS BY MR. SWARTZ:

20 Q. Les, you need to state your name for us.

21 A. Leslie K. Arrington.

22 Q. Who do you work for?

23 A. Consol Energy, CNX Gas Company as a manager

24

--

1 of permitting and environmental.

2 Q. Okay. Is CNX Gas Company the applicant in  
3 all of the pooling applications that you filed before the  
4 Board today?

5 A. Yes, they are.

6 Q. Okay. And in each one of those  
7 applications, is the request that CNX would be...if the  
8 pooling application was approved and an order was entered  
9 that to the extent that we need a new operator, that CNX  
10 would be that operator?

11 A. Yes.

12 BENNY WAMPLER: Let me...let me just interrupt you  
13 one second. When we're saying that, we're saying CNX Gas  
14 Company and our application says LLC.

15 MARK SWARTZ: Correct.

16 BENNY WAMPLER: So, it is the LLC?

17 MARK SWARTZ: Yes. Yes.

18 BENNY WAMPLER: Okay.

19 Q. Now, CNX Gas Company is a limited liability  
20 company, is that correct?

21 A. That's correct.

22 Q. And, in fact, it's a Virginia General  
23 Partnership that is a wholly owned indirect subsidiary of

24

--

1 Consol Energy?

2 A. Yes.

3 Q. And it's Consol Energy, Inc.?

4 A. Correct.

5 Q. Is CNX authorized to do business in  
6 Virginia?

7 A. Yes, it is.

8 Q. And as I mentioned a moment ago, in each of  
9 these applications or repooling applications, which frankly  
10 are the ones we're starting with today, is the request that  
11 CNX would be the desig...the Board's designated operator?

12 A. Yes, it is.

13 Q. Okay. Has CNX registered with the  
14 Department of Mines, Minerals and Energy?

15 A. Yes, it is.

16 Q. Does it have a blanket bond on file as  
17 required?

18 A. Yes, it does.

19 Q. And is CNX authorized to do business in the  
20 Commonwealth of Virginia?

21 A. Yes.

22 Q. With regard to all of the applications that  
23 you filed today, are there listed respondents?

24

--

1 A. Yes, it is.

2 Q. And in each of the applications, would the  
3 respondents that you're seeking to pool be listed first on  
4 the notice of hearing after the two?

5 A. Yes.

6 Q. And then would they also be listed in the  
7 application in Exhibit B-3?

8 A. Yes, they are.

9 Q. And there are only a few amended Exhibits  
10 today, correct?

11 A. That's correct.

12 Q. And as we get to those, we will bring those  
13 few amended Exhibits to your attention. What have you done  
14 to notify the respondents in the collection of applications  
15 that you filed for hearing today?

16 A. Yes. Each one of them was mailed to all the  
17 respondents by certified mail/return receipt requested. It  
18 was also published in the Bluefield Daily Telegraph.

19 Q. And...and...so did you mail to everyone that  
20 you had an address for?

21 A. Yes, we did.

22 Q. Okay. And was there any publication that  
23 wasn't in the Bluefield Daily Telegraph?

24

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1 A. No.

2 Q. Okay. Because sometimes...sometimes there  
3 is?

4 A. Sometimes there are.

5 Q. But not this time?

6 A. No.

7 Q. And today have you filed with...with Mr.  
8 Wilson proofs of publication and the return card...copies of  
9 the return cards and the certificates of the Bluefield Daily  
10 Telegraph with regard to publication?

11 A. Yes, we have.

12 Q. And also you've done sort of a spreadsheet  
13 today because we have so many items on the docket that  
14 actually reports the dates of mailing and the dates of  
15 publication, if I'm not mistaken---?

16 A. Yes.

17 Q. ---that the Board members can quickly find  
18 if they want to refer to that?

19 A. Yes, it is.

20 Q. Okay. As just a general proposition, would  
21 it be true that you do not have a request to add anybody  
22 today?

23 A. That's correct.

24

1 Q. Okay. And there are a couple of instances,  
2 and we'll deal with those as we get to them, where we may be  
3 dropping some folks because you've obtained leases or there  
4 were other issues that arose after the poolings were  
5 initially filed?

6 A. That's correct.

7 Q. So, there might be some instances, which we  
8 will specifically bring to the Board's attention as we go  
9 through one at a time, where we're going to be deleting some  
10 people but we don't need to add anybody today?

11 A. That's correct.

12 Q. Okay. Now, with regard to...there was a  
13 discussion earlier today, Equitable was here on some  
14 conventional gas.

15 A. Yes.

16 Q. Were you here for part of that?

17 A. Yes, I was.

18 Q. Okay. Your lease terms that you're offering  
19 do not include conventional gas generally, is that correct?

20 A. That's correct.

21 Q. Okay. What would your terms that you would  
22 recommend to the Board as the terms that you offer to people  
23 just for coalbed methane be?

24

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1           A.       Just for coalbed methane, it's a dollar per  
2 acre per year with a five year paid up term, with a one-  
3 eighth production royalty.

4           Q.       Okay. And would you recommend those terms  
5 to the Board as pertaining only to coalbed methane to be  
6 included in any orders that they might eventually issue?

7           A.       Yes, we would.

8           Q.       Okay. There are a collection of units  
9 today. Some are Oakwood I, correct?

10          A.       Yes.

11          Q.       Some are Oakwood II?

12          A.       Yes.

13          Q.       And, in fact, the ones that the Chairman has  
14 just called are all Oakwood II units, is that correct?

15          A.       Yes, they are.

16          Q.       Could you tell the Board what the difference  
17 between an Oakwood I and an Oakwood II unit is?

18          A.       Yes. The Oakwood II units...Oakwood I gives  
19 you the latitude to produce one well from each 80 acre unit  
20 along with a mine plan if there's additional wells needed.  
21 You may be able to drill additional wells within that unit.  
22 Oakwood II gives you an allocation means to allocate the  
23 production from the longwall panels within those 80 acre  
24

1 units to pay royalties to allow participation. That's the  
2 reason we're here today on that group of, I believe, six  
3 units.

4 Q. Okay. Now, these six units that we're  
5 talking about...that we're going to be talking about in this  
6 first group, all of these units were originally pooled in  
7 1998, is that correct?

8 A. They were pooled, yeah, somewhere around in  
9 '98, yes.

10 Q. Okay. Well, at least the applications were  
11 in---

12 A. Yes.

13 Q. ---'98?

14 A. Uh-huh.

15 Q. And now you're seeking to repool them to  
16 allow further production of gob gas, basically?

17 A. That's correct, it is.

18 Q. Okay. What mine is under these...what coal  
19 mine is under these six units?

20 A. This is a Buchanan No. 1 mine.

21 Q. Okay. And in most of the units when I was  
22 going through here, it looks like there's more than one  
23 longwall panel in most of these units?

24

--

1           A.       Yes, it is.

2           Q.       Okay.  And there's an Exhibit, which we'll  
3 talk about in particular as we go through these individually,  
4 but there is an Exhibit which actually shows the percentage  
5 of the acreage within the longwall units that is actually in  
6 the 80 acre Oakwood units and sort of shows how the  
7 allocation occurs?

8           A.       Yes, it is, Exhibit G.

9           Q.       Okay.  And also with regard to Exhibit B and  
10 during Oakwood I or a Middle Ridge or a Nora unit, you would  
11 normally only see 1% reported in Exhibit B-3 after  
12 everybody's name, is that correct?

13          A.       That's correct.

14          Q.       And here we're going to see more  
15 percentages?

16          A.       Yes.  You'll see a percentage for each  
17 longwall panel beside each person's name of the amount of  
18 production that will be allocated to that individual from  
19 that longwall panel within that production unit.

20          Q.       Okay.  So, if you wanted to figure out what  
21 your royalty share would be for the production from a  
22 particular longwall panel, there would be a longwall panel  
23 designation in Exhibit B and a percentage reported?

24

--

1           A.       Yes.

2           Q.       And you would multiply that times the  
3 royalty and that would be your percentage for the production  
4 from that longwall panel?

5           A.       From...correct, it would be.

6           Q.       Okay. And if you were going to allocate  
7 cost, you would take your percentage in the unit, which would  
8 be the first column to the left, correct?

9           A.       Uh-huh, correct.

10          Q.       And you would multiply that times the  
11 allocated cost?

12          A.       Yes.

13          Q.       Okay. Now, the allocated costs here are a  
14 collection of costs, is that correct?

15          A.       It is.

16          Q.       And could you tell the Board generally what  
17 you've done to capture costs and then allocate them?

18          A.       Yes. What we've done as we have in the  
19 past, the longwall panels have various frac wells within  
20 those panels. Some panels had 10 and some had 11 and some  
21 had 12. What we've done is the cost for all of the frac  
22 wells within those long wall panels, we added all of those  
23 costs together for each longwall panel and that's how we  
24

1 arrived at the estimated cost for each 80 acre unit. You'll  
2 see the basics for those costs in Exhibit G and then also in  
3 Exhibit C.

4 Q. And essentially what you did is you took the  
5 total costs for the longwall panel---?

6 A. For the frac wells.

7 Q. ---and then you took the percentage of the  
8 acreage in the 80 acre unit as a piece of the total longwall  
9 panel and used that percentage and multiply it times the  
10 total costs and that's how you allocated the entire panel  
11 cost to a given unit?

12 A. We did.

13 Q. Okay. And that's shown on Exhibit G as  
14 well?

15 A. It is. We could go back and actually do it  
16 by the number of gob wells in each longwall panel. However,  
17 I'm not sure that we...no one would ever be able to  
18 participate because in each longwall panel there's 30 gob  
19 wells. So, as the Board and as we came up with a way to give  
20 people a way to participate in each unit.

21 Q. Okay. And essentially you're allocating the  
22 costs of about a third of the number of the gob wells---?

23 A. Yes, sir, we are.

24

--

1 Q. ---to the cost to be allocated?

2 A. Yes, sir. Yes.

3 Q. Now, I'm going to ask you these questions,  
4 I'm sort of moving back now to sort of a generic discussion  
5 of all of the applications that we're going to be talking  
6 about today. Did you sign all of the notices of hearing and  
7 all of the applications?

8 A. Yes, I did.

9 Q. Okay. And did you either prepare them or  
10 have them prepared under your direction?

11 A. Yes, I did.

12 Q. Okay. And also, I noticed that the cost  
13 estimates are something that bear your signature?

14 A. Yes, they are.

15 Q. Okay. And is that something you actually  
16 did?

17 A. Yes.

18 Q. Okay. So, you're familiar with the  
19 development plan for each one of these units, is that  
20 correct?

21 A. I am.

22 Q. Okay. Is it your opinion that the plan to  
23 develop each of these units, and in this instance, we're

24

--

1 talking about gob gas, and some of the instances today we're  
2 going to be talking about frac wells, but is it your opinion  
3 that in each instance the plan for development is a  
4 reasonable plan to try and maximize the production of coalbed  
5 methane from the unit under discussion for the benefit of the  
6 owners of that gas?

7 A. Yes, it is.

8 Q. Okay. And is it...is it your further  
9 opinion that between the leases that CNX has obtained and any  
10 pooling orders that might be entered and any escrow orders  
11 that might be entered that the correlative rights of all of  
12 the owners and/or claimants will be protected?

13 A. Yes, they will.

14 Q. Now, let's turn specifically now to these  
15 six units and take them in order. So, we're going to start  
16 with S-35, Les, all right?

17 A. Yes.

18 Q. This is an 80 acre Oakwood II unit, correct?

19 A. It is.

20 Q. Okay. The...let's turn to Exhibit G first,  
21 okay. How many panels are involved here?

22 A. Two longwall panels.

23 Q. Okay. And what are their names?

24

--

1           A.       5 east and 6 east.

2           Q.       Okay. And the first calculation deals with  
3 allocating the 5 east longwall costs and the second  
4 calculation deals with allocating the 6 east costs, is that  
5 correct?

6           A.       Yes.

7           Q.       How many wells have you included in 5 and  
8 how many in 6?

9           A.       I included 11 in 5 and 13 in 6.

10          Q.       Okay. And what were the total costs for  
11 each of the panels of the 11 wells and the 13 wells?

12          A.       The eleven wells was \$2,150,396.82. For 6  
13 east, it was \$2,545,962.90.

14          Q.       Okay. Then you've listed each unit that is  
15 affected by the longwall panel in this chart, is that  
16 correct?

17          A.       Yes, we have.

18          Q.       And so we simply would....for this unit that  
19 we're talking about right now, we find S-35 on the list,  
20 correct?

21          A.       Yes.

22          Q.       And it would tell us the percentage of  
23 acreage that S-35 has in that panel, is that correct?

24

--

1           A.       It does.

2           Q.       And what is that percentage?

3           A.       S-35 has 15...yeah, 15.69343%.

4           Q.       Okay.  And you simply took that times the

5 total cost and that yielded the cost allocation in the right

6 hand column with regard to S-35, correct?

7           A.       Yes, it is.  Yes, sir.

8           Q.       And then you did the same thing again with

9 regard to S-35, but you had to do it again because there's

10 another panel, so you did it again for 6 east?

11          A.       We did.

12          Q.       And the number that's reported in the far

13 right hand column under cost allocation was calculated in a

14 way that you just described?

15          A.       Yes, it was.

16          Q.       And I take it at the bottom all you've done

17 is added those two numbers together?

18          A.       Yes.

19          Q.       And what is the total allocable costs for

20 unit S-35?

21          A.       Unit S-35 was \$610,601.15.

22          Q.       Okay.  Let's turn back to Exhibit A,

23 page...Exhibit A, page two, and talk a little bit about where

24

1 you stand in terms of leasing and pooling.

2 A. Yes.

3 BENNY WAMPLER: Can I interrupt you just one second  
4 before you go there? Would you just talk about repooling;  
5 what you're doing?

6 A. Yes. The reason we're repooling, we  
7 originally pooled it as an Oakwood I unit with basically at  
8 that time is one well per unit. Then we came in with our  
9 longwall panel and we've started putting in additional frac  
10 wells and now we're going to go in and put additional gob...  
11 all of our gob wells, not additional. It was never pooled  
12 Oakwood II to be able to allocate the longwall production for  
13 the entire longwall panel. The numbers that Mark has just  
14 gone through on Exhibit G tells you how the longwall  
15 production will be allocated amongst all the owners within  
16 all the 80 acre units along that panel.

17 Q. Well, and basically the Oakwood I pooling  
18 does not allow you to produce gas from a mine?

19 A. We'll---.

20 Q. You can't produce gob gas?

21 A. (No audible response.)

22 Q. So, to be able to use these...some of  
23 them...well, all of them, existing holes to produce gob gas,

24

--

1 you need a further order allowing you to do that under  
2 Oakwood II, correct?

3 A. I believe, yes. I believe.

4 Q. That's why we're here?

5 A. Uh-huh. That's why we're here.

6 BENNY WAMPLER: You may proceed.

7 Q. With regard to A, page two, what interest  
8 have you acquired and what is it you're seeking to pool?

9 A. Yes, if you'll notice on this spreadsheet  
10 that we give you, docket number...docket item number 23, unit  
11 S-35, we have a 100% of the coal owners claim leased; and  
12 98.59045% of the oil and gas owners interest leased. We have  
13 a 100% of the coal leased beneath the unit. We're seeking to  
14 pool 1.40955% of the oil and gas owners claim to coalbed  
15 methane.

16 Q. And then if we look at the Exhibit B-3 in S-  
17 35, we've got the three columns with percentages that we were  
18 talking about earlier?

19 A. We do.

20 Q. Okay. And the first column, the percent of  
21 unit, is relevant to cost?

22 A. It is.

23 Q. So, if you want to participate, you would  
24

--

1 take that percentage times the 600 and \$10,000 number and  
2 that would be your participation interest in the gob gas?

3 A. It would be.

4 Q. Okay. And then in terms of just looking at  
5 your royalty for 5 right and 6 right, there are your  
6 percentages of the allocation of that production?

7 A. It would, yes.

8 Q. Which you then multiply times the one-eighth  
9 or twelve and a half percent to get...to get the actual  
10 decimal?

11 A. That's correct.

12 Q. Okay. It looks like that there's going to  
13 be an escrow requirement here.

14 A. Yes, it is.

15 Q. And that's for conflicts in Tracts 2 and 3?

16 A. That's correct.

17 Q. And you've given the Board an Exhibit...an  
18 Exhibit E which shows that?

19 A. We have.

20 Q. It doesn't look like we have any amended  
21 Exhibits here?

22 A. No.

23 MARK SWARTZ: I'd like to move to S-36, unless  
24

--

1 there are any questions on this one.

2 BENNY WAMPLER: I'm just making sure you don't have  
3 any unknowns or unlocateables.

4 MARK SWARTZ: We don't on this one as far as...as  
5 far as I know.

6 LESLIE K. ARRINGTON: Hopefully on unknowns or  
7 unlocateables...I'm not sure I have that highlighted on the  
8 first sheet. If you'll notice on my Exhibit E, if you'll  
9 notice the bold will indicate a title conflict of some sort  
10 and if it's underlined, that's an address unknown.

11 MARK SWARTZ: And we're going to talk about that  
12 specifically because we have...we have our own...we each have  
13 our own notes with regard to those issues as well.

14 BENNY WAMPLER: Okay, before we go on, any  
15 questions from members of the Board of this one?

16 (No audible response.)

17 BENNY WAMPLER: Any questions, Mr. Osborne, or  
18 comments?

19 KENNETH OSBORNE: On this S-35, Exhibit 3 here  
20 shows Linkous Horn heirs all minerals except coal. If you go  
21 back to June the 9th, 1998, it shows us on Exhibit 3 as  
22 Linkous Horn heirs surface, oil and gas. In fact, on a  
23 couple of these, it shows us as the surface owners. Then

24

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1 when you get down to this breakdown, what they're petitioning  
2 for the repooling, it doesn't show us the surface owner. I  
3 don't understand why...not only that but on each one of  
4 these, I mean it shows a difference of the acreage. I don't  
5 understand why. I mean, it's showing a difference of  
6 acreages on these to start with. These have already been  
7 pooled and percentages are supposed to be in the escrow  
8 account. If the acreages are changed on these, I mean, how  
9 could there be an accurate account of the percentage for  
10 escrow.

11 SHARON PIGEON: Are you referring to B-3 on your  
12 Exhibit? You said Exhibit 3.

13 MASON BRENT: I think he's talking about Tract 3 in  
14 the tract identification.

15 SHARON PIGEON: Correct.

16 BENNY WAMPLER: Let me...before you...before you  
17 get into anything else, let me ask Mr. Swartz to address  
18 comments to this point.

19 MARK SWARTZ: Well, Tract 3, the surface owners are  
20 listed in the tract identification and they're not the  
21 Linkous Horn heirs. I mean, that would be the answer. You  
22 know, we're showing with regard to Tract 3, for example,  
23 Linkous Horn heirs all minerals except coal, which would be

24

--

1 the oil and gas. Then for 3A, B, C, D and E we're showing  
2 those people that we've listed as the surface owner.

3 KENNETH OSBORNE: And again, I'm just going by the  
4 package that they sent us where it states right there as us  
5 being surface owners.

6 BENNY WAMPLER: Your original pooling?

7 LESLIE K. ARRINGTON: That was the original  
8 application back in 1998. We've continued to do due  
9 diligence correcting minor mistakes. I believe if you'll  
10 look S-35 as submitted, is the way that we've gotten our  
11 title work all completed, you know, on the surface and we  
12 probably did have on the item he's speaking to, Tract 3E, not  
13 Tract 3, but Tract 3E, we did have a surface owner  
14 incorrectly listed.

15 BENNY WAMPLER: What about the percentages that  
16 he's talking about being different? Would you address those?

17 LESLIE K. ARRINGTON: Now, that...let me...let me  
18 look at that. If you'll notice Tract...on our application  
19 filed for this month...S-35 that was recorded Deed Book  
20 485/291, the acreage interest was 1.15; and today's  
21 application Tract 3 is 1.15 acres.

22 BENNY WAMPLER: But you're saying there's no...no  
23 change?

24

--

1           LESLIE K. ARRINGTON: You know, unless he's got  
2 something different than...because I---

3           BENNY WAMPLER: I understand. I'm just---

4           LESLIE K. ARRINGTON: Yeah.

5           BENNY WAMPLER: Your comment is it has not changed?

6           LESLIE K. ARRINGTON: Not on that tract.

7           BENNY WAMPLER: Okay. Mr. Osborne, did your  
8 numbers differ for that tract, for Tract 3?

9           KENNETH OSBORNE: If you'll bear with me.

10          BENNY WAMPLER: Sure.

11          (Kenneth Osborne reviews his notes.)

12          KENNETH OSBORNE: In packet dated December the 16th  
13 of '98, June the 9th of '98, and August the 13th of '98, it  
14 shows in Exhibit 3, it states 1.15 acres in all of those. It  
15 lists 3E Linkous Horn heirs surface. This packet, January  
16 the 15th of '99, it shows 3A at 0.19 acres and then there's a  
17 3B 0.49 acres. 3C and a 3D and 3E...well, 3C is 0.01 acres,  
18 3D is 0.42 acres, 3E 0.04 acres and on the 3E, it has it  
19 listed on the 0.04 acres, again, the Linkous Horn heirs  
20 surface, oil and gas. So, it's really confusing. I mean,  
21 what's the...what is the, you know, percentages? At one  
22 point 1.5 acres or is it---

23          MARK SWARTZ: If he's referring to stuff from 1999,

24

--

1 it has nothing to do with this unit.

2 BENNY WAMPLER: Well, I think the issue he's  
3 raising is.....he is raising the issue that the percentages  
4 that were represented in '98 on Oakwood I is one thing, if  
5 I'm understanding correctly..

6 KENNETH OSBORNE: Yes, sir.

7 BENNY WAMPLER: He's thinking, rightly or wrongly,  
8 that the percentages presented before the Board today have  
9 changed.

10 BOB WILSON: Mr. Chairman.

11 BENNY WAMPLER: Mr. Wilson.

12 BOB WILSON: I've just gone through the file here,  
13 our Board file, and as best as I can find, the original  
14 application, which was filed for the September the 15th, 1998  
15 hearing under Tract 3 shows the Linkous Horn heirs, etc. at  
16 1.5 acres and their percentage of unit 1.43750, which I  
17 believe is the same as today's application.

18 MASON BRENT: Mr. Chairman, I just---.

19 BENNY WAMPLER: Mr. Brent.

20 MASON BRENT: ---noted the percentages, Mr.  
21 Osborne, that you allocated to 3A, B, C, D and E and added  
22 them up. It adds up to 1.15, which is consistent with what  
23 we're hearing here.

24

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1           BENNY WAMPLER: And that's what they're saying, Mr.  
2 Osborne, that those percentages haven't changed. That they  
3 are the same.

4           MASON BRENT: That's not percentage, that's acres.

5           MARK SWARTZ: Acres.

6           BENNY WAMPLER: Well, acres. I mean, yeah, acres.

7           MARK SWARTZ: But it would get the percentage the  
8 same.

9           BENNY WAMPLER: Right.

10          MARK SWARTZ: And the Board order, I don't know if  
11 Mr. Wilson is referring to that, but, you know, at Book 485,  
12 page 291, the Order that was entered with regard to Tract 3,  
13 this was the Order that was entered...well, it was recorded  
14 in December of '98, it reports 1.15 acres and 1.4375%. So,  
15 the Order that ultimately got entered is consistent with the  
16 application as well.

17          BENNY WAMPLER: Okay.

18          MARK SWARTZ: So, I mean, as far as we can tell the  
19 numbers actually agree.

20          BENNY WAMPLER: Are you okay to move on to the next  
21 one or did you have other---?

22          KENNETH OSBORNE: Well, with those changes then  
23 would that also reflect on the...the new application, what  
24

--

1 we're here about today shown on the plat maps is listed as  
2 1K, 1L, 1Q, 1M these are different as on the other orders, on  
3 the plat maps. So, with what he just said as the changes in  
4 this the...this 3C, 3D, 3E, I mean, would that reflect on the  
5 difference in those Tract IDs?

6 LESLIE K. ARRINGTON: I don't understand his  
7 question because the acreages do match.

8 KENNETH OSBORNE: Okay.

9 LESLIE K. ARRINGTON: Its surface owners are all  
10 identified here. On those small tracts, you'll notice that  
11 we've identified those owners. The reason we do that, the  
12 reason we have to identify a 100...I won't say a 100% of the  
13 surface owner, as we come in now with our gob wells, we're  
14 looking for many places to drill to get all of those 30 plus  
15 wells in there. So, we do a real massive amount of surface  
16 mapping so we can get in there and drill our gob wells now.  
17 The...I believe if you'll look...give me those two Board  
18 Orders back. Take note to Tract 1, for instance, and it does  
19 have numerous surface owners listed. Back in '98, when we  
20 originally filed it, we only had A through O surface owners  
21 listed. Now, we have A through T, but your acreage is the  
22 same, 71.02 acres.

23 BENNY WAMPLER: So, your due diligence has  
24

1 identified additional surface owners?

2 LESLIE K. ARRINGTON: It does.

3 MASON BRENT: And with regard to Tract 3, did you  
4 not say you had one change and that was the surface ownership  
5 in 3E?

6 LESLIE K. ARRINGTON: 3E, if you'll take note to  
7 Tract 3E, we have it identified now. Originally, we did have  
8 it identified as the Linkous Horn heirs, which was not  
9 correct. Tract 3E surfacewise is as identified on our map  
10 now, John David Osborne.

11 MASON BRENT: That's the only change in 3?

12 LESLIE K. ARRINGTON: I believe it is, yes. I mean,  
13 I don't see anything else, you know.

14 KENNETH OSBORNE: The point I'm getting at is  
15 January the 15th, 1999, in this packet on the plat maps, it's  
16 showing as ID here 1N and 1M. According to the breakdown, 1M  
17 should be a Mary Crawford surface. 1N should be Bascom  
18 Clifton surface. This one that they presented today where  
19 they want to repool, if you look at that breakdown, instead  
20 of that 1N and 1M it's 1L and 1Q. 1L is Sylvia V. Clifton,  
21 surface. 1Q is a Naomi Clifton surface.

22 BENNY WAMPLER: Do you want to explain that?

23 LESLIE K. ARRINGTON: The same mineral owner...I  
24  
~

1 mean, so the Tract IDs have just changed some. Plus I think  
2 if you'll take note, I believe if you'll note also---.

3 BENNY WAMPLER: You just said you had additional  
4 surface owners identified and relettered.

5 LESLIE K. ARRINGTON: Yes, we did. And I believe  
6 you'll note that several of the surface owners now are  
7 Consolidation Coal Company where we have been in there  
8 purchasing surface. And we also, with numerous ones of these  
9 owners, we have also done surface easements and right-of-ways  
10 with these folks.

11 BENNY WAMPLER: So, the bottom line is your acreage  
12 hasn't changed?

13 LESLIE K. ARRINGTON: Yeah.

14 BENNY WAMPLER: Your...they're saying you're not a  
15 surface owner in that one particular Tract ID. It's someone  
16 else. That's the key thing here. They have identified  
17 additional surface owners and added them and changed the  
18 lettering to the Tract 1.

19 KENNETH OSBORNE: Okay.

20 BENNY WAMPLER: Okay. Anything further on that  
21 one?

22 KENNETH OSBORNE: (No audible response.)

23 BENNY WAMPLER: Okay, you can go to the next one.

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DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. SWARTZ:

Q. Okay, the next one on your docket is S-36.  
Now, is S-36 is that also a repooling?

A. Yes, it is.

Q. Okay. And in this instance, what is  
the...what are the costs that are allocated on G, page one?

A. Yes, \$535,578.81.

Q. Okay, and you use the same calculation  
methodology?

A. We did.

Q. Tell the Board what...what interest you've  
acquired in this particular unit and what interest you're  
seeking to pool.

A. Yes, we have 100% of the coal leased beneath  
this unit...coal owners claim beneath this unit leased. We  
have a 100% of the coal leased beneath the unit. We have  
58.78608% of the oil and gas owners claim to coalbed methane  
leased. We're seeking to pool 41.21392% of the oil and gas  
owners claim to coalbed methane within this unit.

Q. Okay. And this is an 80 acre Oakwood II  
unit, right?

1 A. Yes, it is.

2 Q. Okay. There are...there are some escrow  
3 requirements here, correct?

4 A. Yes.

5 Q. And you've shown those on your Exhibit?

6 A. Yes, we have.

7 Q. And basically to summarize, there are  
8 conflicts that require escrow in 3, 3C, 3C1 and 4.

9 A. That's correct.

10 Q. And there is...there is a title issue with  
11 regard to 3C1, is that correct?

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

13 Q. Okay. And those would be the two reasons  
14 that escrow would be required here.

15 MARK SWARTZ: That's all I have additional...that's  
16 particular to this unit, Mr. Chairman.

17 BENNY WAMPLER: Questions from members of the  
18 Board?

19 (No audible response.)

20 BENNY WAMPLER: Tell me again how I would recognize  
21 that there was a title issue with them.

22 LESLIE K. ARRINGTON: Just look at---

23 MARK SWARTZ: You have to...you have to look at B-

24

--

1 3. Oh, in terms of the chart?

2 LESLIE K. ARRINGTON: The chart. It's actually  
3 suppose to be bold. I just noticed that. I didn't...on the  
4 original, it was bold. You can barely tell it. The four is  
5 a little bolder.

6 BENNY WAMPLER: Okay. All right. Well, we'll just  
7 highlight those in our own way. I thought you said that and  
8 then I was just asking for the Board's convenience. Any  
9 questions from members of the Board on this?

10 (No audible response.)

11 BENNY WAMPLER: Mr. Osborne, did you have anything  
12 on this one?

13 KENNETH OSBORNE: If you'll just bear with me just  
14 a minute, Mr. Chairman.

15 (Kenneth Osborne reviews his notes.)

16 KENNETH OSBORNE: The question that I have on  
17 this...of course, now we're talking S-36, correct?

18 BENNY WAMPLER: Yes, sir.

19 KENNETH OSBORNE: It shows Exhibit 3, Linkous Horn  
20 heirs, all minerals except coal, 27.44 acres.

21 MASON BRENT: You say Exhibit 3, you mean Tract 3?

22 KENNETH OSBORNE: I'm sorry, Tract 3.

23 BENNY WAMPLER: Tract 3.

24

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1           KENNETH OSBORNE: It shows 27.44 acres. This  
2 is...this is kind of confusing right here. Again, going back  
3 to this packet, December the 18th, 1997. It says notice of  
4 application for permit. I'm just reading what is wrote here.  
5 It says, "Take notice that Pocahontas Gas Partnership,  
6 pursuant to the Code of Virginia S45.1-361.29 is filing this  
7 notice and application of a permit with the Virginia Division  
8 of Gas and Oil with respect to the operations on Hurt  
9 McGuire, et al, coal tract, a tract of 143.6 acres, more or  
10 less; Albert Ball Heirs, surface tract, a tract of 15 acres,  
11 more or less; Beulah Osborne surface tract, a tract of 4  
12 acres, more or less; and the Linkous Horn surface tract, a  
13 tract of 100 acres, more or less, in the Garden District of  
14 Buchanan County." Now, that states a 100 acres. I'm sorry I  
15 don't have this to pass out to everybody. In that packet, it  
16 states a 100 acres. The rest of these---

17           BENNY WAMPLER: Well, the whole unit's 80 acres.  
18 So, I mean, it might have stated that, but if it did, it must  
19 have been an error, you know, at that point. I'm not  
20 questioning what you're reading.

21           KENNETH OSBORNE: Okay. Well, that states a 100  
22 acres. Again, the one we're looking at today, it states the  
23 Linkous Horn Heirs, all minerals except coal, 27.44 acres.

24

--

1 This packet dated May the 26th, 1998, in section three it  
2 states the Linkous Horn Heirs, oil and gas, 35.63 acres.  
3 Packet dated September the 20th, 1999, in Tract 3, again  
4 states Linkous Horn Heirs 35.05 acres. Packet dated February  
5 the 15th of 2000, section three states the Linkous Horn Heirs  
6 27.44 acres.

7 BENNY WAMPLER: Are you picking up 3...all of  
8 3...3, 3C and 3C1? Let me ask you folks to address that.  
9 I'm not trying to sit here and address something you should  
10 be addressing. Is that what...is that where the numbers  
11 aren't adding up for him? He would add 3, 3C and 3C1 because  
12 he's listed in each one of those.

13 (Lady comes in and announces lunch is here.)

14 MARK SWARTZ: The problem...you may recall Danny  
15 McClanahan. I don't think Danny's here today. But there's  
16 this little feather of a tract. Mr. McClanahan, we spent a  
17 fair amount of time with him back in '98, and he was claiming  
18 to own land that the Linkous Horn heirs owned. It was...I  
19 will say it was a boundary dispute. It sort of was, I guess.  
20 We had to create a tract, which is this sort of feather  
21 sticking up in here, to deal with Mr. McClanahan's claim and  
22 the money from that tract is being escrowed because there's a  
23 title issue that was created by his boundary claim. And now

24

--

1 that was just to kind of refresh everybody. Les, did you  
2 have to take that into consideration when you redid the  
3 numbers?

4 LESLIE K. ARRINGTON: Yes, we did.

5 MARK SWARTZ: And is the...is the...how do  
6 you...could you explain to the Board why the number is lower  
7 in the application that's being heard today than---?

8 BENNY WAMPLER: Excuse me just one second. Folks,  
9 I'm going to have to ask you not talk while we're going  
10 because she's having difficulty picking up the record and the  
11 record is going to be real important to all of you, too.  
12 Thanks.

13 KENNETH OSBORNE: Mr. Chairman, can I speak to you  
14 just a second, please?

15 (Benny Wampler and Kenneth Osborne step out in the  
16 hallway. Off record.)

17 BENNY WAMPLER: ---not feeling well. So, he's not  
18 going to be able to continue on this. So, we have to...have  
19 to decide whether go ahead and let you just put the  
20 information on the record and then let him work from the  
21 record later or how we deal with this. You know, he's having  
22 some difficulties and not feeling well. I have no problem  
23 continuing it if that's...if that's in agreement with the

24

--

1 parties here to do that. That's probably the wisest thing  
2 because you're going to have to address them anyway.

3 MARK SWARTZ: Yeah, we're going to be here next  
4 month with them.

5 BENNY WAMPLER: Right. Right.

6 MARK SWARTZ: Do you mind?

7 BENNY WAMPLER: Don't you folks think...I mean, I'm  
8 going to go ahead now and just kind of address all of you.  
9 Don't you think that's the best thing to do since he's your  
10 spokesperson and he's not feeling well. There's no point in  
11 trying to---.

12 AUDIENCE MEMBER: He's done the research on it, Mr.  
13 Chairman.

14 BENNY WAMPLER: I'm sorry?

15 AUDIENCE MEMBER: He has done the research on it.

16 BENNY WAMPLER: Well, that's what I thought. It  
17 would be better just to go through it one at a time. We  
18 covered one. We'll pick this one back up. We took care of  
19 35. We'll---.

20 PATSY MOORE: Can I just say just one thing?

21 BENNY WAMPLER: You need to come forward because we  
22 can't...we have to have your name for the record.

23 PATSY MOORE: They said they had sent them all out  
24

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1 and I didn't get mine. That's why I just wanted to see if  
2 they'd get my name.

3 BENNY WAMPLER: I understand. I need you to state  
4 your name for the record.

5 PATSY MOORE: My name is Patsy Moore/Clyde Moore.  
6 We had got all of our papers before until this time and we  
7 didn't get it. That's why I just needed to see---

8 LESLIE K. ARRINGTON: It shows that it was returned  
9 to us. It was mailed.

10 PATSY MOORE: That's why I didn't know nothing  
11 about this until, you know, my sister called me.

12 BENNY WAMPLER: What's your address, ma'am?

13 PATSY MOORE: It's H. C. 62, Box 114, Raven,  
14 Virginia.

15 BENNY WAMPLER: Is that what you had?

16 LESLIE K. ARRINGTON: Again, please.

17 PATSY MOORE: H. C. 62, Box 114, Raven, Virginia  
18 24639.

19 LESLIE K. ARRINGTON: That's not the address that  
20 we've had in the past.

21 PATSY MOORE: No, you had 138.

22 LESLIE K. ARRINGTON: Yes, ma'am, we did.

23 PATSY MOORE: So, I changed it to Post Office and  
24

--

1 that's why I guess.

2 BENNY WAMPLER: Okay, thank you very much. Come  
3 forward, please.

4 LESLIE K. ARRINGTON: We'll mail her a package.

5 BENNY WAMPLER: We have another lady. State your  
6 name.

7 JOYCE LINEBERRY: This is my family. I heard about  
8 this about five or six years ago. One of my aunts told me  
9 that I would be included as an heir. I'm the granddaughter.  
10 My father was the oldest of the 11. Most of my family  
11 thinks that I should be an heir. My father has passed away  
12 and my mother has remarried. She says she's going to be the  
13 heir and I'm not. I would like to know how I can go about  
14 getting this situation rectified; who I should be talking  
15 with about this.

16 BENNY WAMPLER: Mark, are you comfortable  
17 addressing that?

18 MARK SWARTZ: Well, I guess we need...we need your  
19 name. Okay, can you spell your last name for me?

20 JOYCE LINEBERRY: L-I-N-E---.

21 MARK SWARTZ: L-I-N-E.

22 JOYCE LINEBERRY: ---B-E-R-R-Y.

23 MARK SWARTZ: And your first name is Joyce, right?

24

--

1           JOYCE LINEBERRY: Yes, sir.

2           MARK SWARTZ: Who...what was...what was your dad's  
3 name?

4           JOYCE LINEBERRY: Willie Ray Osborne, the first  
5 born of the family.

6           AUDIENCE MEMBER: It's listed as Ruth Keene heirs.

7           JOYCE LINEBERRY: It's listed as Ruth Keene heirs.  
8 That's my mother.

9           MARK SWARTZ: Okay. And your mother was Ruth  
10 Keene. Is that K-E-E-N-E?

11          JOYCE LINEBERRY: Yes.

12          MARK SWARTZ: Let me just take a second here to  
13 look at it. Do you know which unit you're in?

14          LESLIE K. ARRINGTON: She's in the Linkous Horn---.

15          MARK SWARTZ: Oh, she's in the---.

16          LESLIE K. ARRINGTON: I mean, Ruth Keene. Letter  
17 number W.

18          MARK SWARTZ: Les, where are we on that, do you  
19 know?

20          LESLIE K. ARRINGTON: I'm looking at unit S-36,  
21 Exhibit E...I mean, B-3. I'm looking at Tract NO. 3, and  
22 she's letter...the Ruth Keene heirs is letter number W.

23                   (Mark Swartz and Leslie K. Arrington confer.)

24

1           LESLIE K. ARRINGTON: We'll have to get with her  
2 and just research it. We'll make the proper corrections.  
3 It's no problem.

4           BENNY WAMPLER: That's fine. One thing I would  
5 like to do since we heard all the testimony on S-35 is going  
6 ahead and deal with that one. Do you have anything further  
7 on that, Mr. Swartz?

8           MARK SWARTZ: Is your mom still alive?

9           JOYCE LINEBERRY: Yes, she is. But she's  
10 remarried.

11           (Mark Swartz and Leslie K. Arrington confer.)

12           SHARON PIGEON: Do you need address information  
13 from her?

14           MARK SWARTZ: Why don't you give us your address  
15 and your phone number so we can contact you?

16           JOYCE LINEBERRY: It's Joyce Lineberry.

17           MARK SWARTZ: Right.

18           JOYCE LINEBERRY: 110 Barn View Lane.

19           MARK SWARTZ: B-A-R, B as in boy, Barn View?

20           JOYCE LINEBERRY: Yes.

21           MARK SWARTZ: Is it one word?

22           JOYCE LINEBERRY: Two.

23           MARK SWARTZ: Two words. Lane?  
24  
~

1           JOYCE LINEBERRY: Uh-huh.

2           MARK SWARTZ: Okay. And that's---?

3           JOYCE LINEBERRY: Woodleaf.

4           MARK SWARTZ: Is that one word?

5           JOYCE LINEBERRY: Yes, sir.

6           MARK SWARTZ: Where is that?

7           JOYCE LINEBERRY: North Carolina.

8           MARK SWARTZ: The zip?

9           JOYCE LINEBERRY: 27054.

10          MARK SWARTZ: And your phone number was what,  
11 probably 919?

12          JOYCE LINEBERRY: 284---.

13          MARK SWARTZ: 284.

14          JOYCE LINEBERRY: ---4329. Some of my family has  
15 said that they requested for me to be put on this and they do  
16 not understand why I have never been put on it.

17          BENNY WAMPLER: Well, I guess until today they  
18 didn't know.

19          LESLIE K. ARRINGTON: No. I didn't realize it.  
20 Again, if any of them has problems with what we're doing,  
21 they all have my phone number.

22                   (Mark Swartz and Leslie K. Arrington confer.)

23          BENNY WAMPLER: Thank you very much.

24  
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1           JOYCE LINEBERRY: Thank you.

2           BENNY WAMPLER: Mr. Swartz, I was going forward  
3 with dealing with S-35 today with a vote.

4           MARK SWARTZ: Okay.

5           BENNY WAMPLER: Is there...do you have anything  
6 further on that?

7           MARK SWARTZ: No.

8           BENNY WAMPLER: Is there a motion?

9           DONALD RATLIFF: So moved, Mr. Chairman.

10          BENNY WAMPLER: Motion for approval on S-35.

11          MASON BRENT: Second.

12          BENNY WAMPLER: And a second. Any further  
13 discussion?

14          (No audible response.)

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

17          (All members signify by saying yes.)

18          BENNY WAMPLER: Opposed, say no.

19          (No audible response.)

20          BENNY WAMPLER: You have approval. So, we're going  
21 to continue S-36, S-37, T-35, T-36 and T-37.

22          MARK SWARTZ: I would like the record to reflect  
23 that we were...we were done and into Mr. Osborne's  
24

1 presentation on S-36. So, that we start with him.

2 BENNY WAMPLER: I understand.

3 MARK SWARTZ: Just logistic.

4 BENNY WAMPLER: I understand that's where we'll  
5 pick up.

6 MARK SWARTZ: Okay.

7 BENNY WAMPLER: And we're going to adjourn for  
8 lunch. We'll resume at 1:00 o'clock.

9 (Lunch.)

10 BENNY WAMPLER: The next item on the agenda is a  
11 petition from CNX Gas Company, LLC, for pooling of a coalbed  
12 methane unit AV-120, docket number VGOB-03-1118-1217. We'd  
13 ask the parties that wish to address the Board in this matter  
14 to come forward at this time.

15 MARK SWARTZ: Mark Swartz and Les Arrington.

16 BENNY WAMPLER: The record will show there are no  
17 others. You may proceed.

18

19 LESLIE K. ARRINGTON

20 DIRECT EXAMINATION

21 QUESTIONS BY MR. SWARTZ:

22 Q. Les, you're already under oath from  
23 testifying and being sworn this morning.

24

--

1 A. Yes.

2 MARK SWARTZ: And I would like to incorporate the  
3 generic sort of testimony that we gave with regard to the  
4 repooling units, Mr. Chairman, so that we don't have to  
5 repeat that, if I could.

6 BENNY WAMPLER: That will be incorporated.

7 Q. Okay. Les, turning specifically now to AV-  
8 120.

9 A. Yes.

10 Q. And some of this information is already on  
11 the chart. But just kind of go...I'd like to go through it  
12 here. This is a Middle Ridge unit, correct?

13 A. Yes, it is.

14 Q. 49.48 acres?

15 A. Yes.

16 Q. You're proposing one well, and I believe  
17 that's in the drilling window?

18 A. Yes, it is.

19 Q. What's your estimated cost?

20 A. \$245,157.97.

21 Q. Okay. And there's a permit issued and that  
22 is number is?

23 A. 5788. It's...it's a modification has been  
24

--

1 issued.

2 Q. Right. The dash and a zero and something  
3 just mean how many times you've gone back to the well and  
4 modified it?

5 A. Right.

6 Q. Okay. The estimated depth?

7 A. 2,555 feet.

8 Q. It looks like you have everything leased or  
9 owned except for a 3.9005% oil and gas interest which you  
10 need to pool today.

11 A. That's correct.

12 Q. Okay. There's an Exhibit E, which means  
13 that we've got some escrow requirements, correct?

14 A. Correct.

15 Q. And as I reviewed the escrow, I believe  
16 there's escrow required for conflicts in units 1B and 1C, is  
17 that correct?

18 A. Correct.

19 Q. There's also an Exhibit EE which indicates  
20 that some people have entered into split agreements.

21 A. Correct, Tract 1A.

22 Q. Okay. And would you request that any Board  
23 Order allow you to pay those folks directly consistent with

24

--

1 their royalty split agreements?

2 A. Yes, we would.

3 Q. Okay. And there are no amendments to this  
4 application?

5 A. Correct.

6 MARK SWARTZ: We're done with that one.

7 BENNY WAMPLER: Any questions from members of the  
8 Board?

9 KEN MITCHELL: One question, Mr. Chairman. Under  
10 Exhibit E, the last item, oil and gas fee ownership, Swords  
11 Creek Water Authority.

12 LESLIE K. ARRINGTON: Yes.

13 KEN MITCHELL: Is that a...is that a privately  
14 owned or is that a governmental institute?

15 LESLIE K. ARRINGTON: It's a government institute,  
16 but they're going to actually lease to us. They just have to  
17 go through their process.

18 KEN MITCHELL: Okay. I wondered why they weren't  
19 ...okay.

20 LESLIE K. ARRINGTON: Yes. They just have a  
21 process they have to go through and it's very lengthy.

22 KEN MITCHELL: Okay.

23 BENNY WAMPLER: Any other questions?  
24  
~

1 (No audible response.)

2 BENNY WAMPLER: Do you have anything further on  
3 that?

4 MARK SWARTZ: No, I do not.

5 BENNY WAMPLER: Is there a motion?

6 DONALD RATLIFF: So moved, Mr. Chairman.

7 BENNY WAMPLER: Motion to approve.

8 KEN MITCHELL: Second it.

9 BENNY WAMPLER: Motion and second. Any further  
10 discussion?

11 (No audible response.)

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

14 (All members signify by saying yes.)

15 BENNY WAMPLER: Opposed, say no.

16 (No audible response.)

17 BENNY WAMPLER: You have approval. The next item  
18 on the agenda is CNX Gas Company, LLC for pooling of AV-121,  
19 docket number VGOB-03-1118-1218. We'd ask the parties that  
20 wish to address the Board in this matter to come forward at  
21 this time.

22 MARK SWARTZ: Mark Swartz and Les Arrington.

23 BENNY WAMPLER: You may proceed. There are no  
24

--

1 others.

2                   MARK SWARTZ: Les, I'm going to remind you that  
3 you're under oath. I'm going to, again, request that the  
4 Board incorporate the generic testimony that was offered this  
5 morning with regard to the applicant and so forth.

6                   BENNY WAMPLER: That will be incorporated.

7

8                                   LESLIE K. ARRINGTON

9                                   DIRECT EXAMINATION

10 QUESTIONS BY MR. SWARTZ:

11                   Q.       Les, turning specifically to this, this is a  
12 Middle Ridge unit?

13                   A.       Yes, it is.

14                   Q.       How many wells?

15                   A.       One.

16                   Q.       Where is it in relation to the window?

17                   A.       It's in the drilling window.

18                   Q.       Okay. Is this 49.35 acres?

19                   A.       Yes, it is.

20                   Q.       What's the cost estimate?

21                   A.       \$241,386.45, estimated depth is 2,425 feet.

22                   Q.       And the permit number?

23                   A.       5699.

24

--

1           Q.       Okay.  Is it...is it fair to say that you  
2 have leased or purchased every interest on either the coal or  
3 oil and gas site on this unit except for .0203% of the oil  
4 and gas?

5           A.       Yes.

6           Q.       And that's what you're seeking to pool by  
7 this application?

8           A.       Yes, we are.  Correct.

9           Q.       We've got an...we've got an escrow  
10 requirement here for two reasons:  Tract 1C needs to be  
11 escrowed because of conflicts?

12          A.       Correct.

13          Q.       And it also needs to be escrowed because  
14 there's a title issue in that same tract?

15          A.       That's correct.

16          Q.       We've got an Exhibit EE?

17          A.       Correct.

18          Q.       And are you requesting that the Board allow  
19 the operator to pay the folks listed on EE in accordance with  
20 their split agreement rather than escrowing their money?

21          A.       Correct, we are.

22          Q.       And there are no amendments?

23          A.       Correct.

24

--

1           MARK SWARTZ: That's all I have on that one.

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

4           (No audible response.)

5           BENNY WAMPLER: Is there a motion?

6           JIM McINTYRE: Motion to approve.

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

9           DENNIS GARBIS: 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 by saying yes.)

15          BENNY WAMPLER: Opposed, say no.

16          (No audible response.)

17          BENNY WAMPLER: You have approval. The next item  
18 on the agenda is a petition from CNX Gas Company, LLC, for  
19 pooling unit AV-122, docket number VGOB-03-1118-1219. We'd  
20 ask the parties that wish to address the Board in this matter  
21 to come forward at this time.

22          MARK SWARTZ: Mark Swartz and Les Arrington, again.

23          BENNY WAMPLER: The record will show there are no  
24

--

1 others. You may proceed.

2 MARK SWARTZ: Les, I'm going to remind you, you're  
3 still under oath.

4 LESLIE K. ARRINGTON: Yes.

5 MARK SWARTZ: Mr. Chairman, I'd ask that we be  
6 allowed to incorporate the testimony.

7 BENNY WAMPLER: That will be incorporated.

8

9 LESLIE K. ARRINGTON

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. SWARTZ:

12 Q. Specifically with regard to this unit, we've  
13 got another Middle Ridge unit, correct?

14 A. Yes.

15 Q. 49.32 acres?

16 A. Yes.

17 Q. How many wells and where is it in relation  
18 to the window?

19 A. It's one well in the drilling window.

20 Q. What's the cost estimate for that well?

21 A. \$238,865.19, to an estimated depth of 2141,  
22 permit number 5718.

23 Q. In this unit, would it be true that you  
24

--

1 have...that the applicant has either leased or purchased  
2 everything except 2.9% of...2.94% of the oil and gas claims  
3 to coalbed methane?

4 A. That's correct.

5 Q. And is that what you're seeking to pool  
6 today?

7 A. Yes, it is.

8 Q. Now, there are no amendments to this  
9 application?

10 A. Correct.

11 Q. And we've got an escrow requirement for a  
12 couple of reasons, right?

13 A. Yes.

14 Q. Okay. We regard to conflicts, we would need  
15 an escrow in 1B as in boy, 1D is in David, 1E, 1F, 1G, 1H, 1I  
16 and 1J. Then we've got some title issues in a couple...a  
17 couple of tracts which are 1D as in Davis, 1F, 1H and 1J, is  
18 that correct?

19 A. That's correct.

20 Q. And then you filed with the Board an Exhibit  
21 EE?

22 A. Correct.

23 Q. And are you requesting that the Board allow  
24

--

1 you to pay the folks that have entered into royalty split  
2 agreements directly in accordance with the terms of their  
3 agreement as opposed to requiring you to escrow those funds?

4 A. Yes, we are.

5 MARK SWARTZ: That's all I have on that unit, Mr.  
6 Chairman.

7 BENNY WAMPLER: Questions from members of the  
8 Board?

9 JIM McINTYRE: Yes. For my own edification on your  
10 plat on Exhibit A, why is that smallest rectangle...what is  
11 obscured in there like that?

12 LESLIE K. ARRINGTON: That actually...that little  
13 triangle was a reservation by someone. It was just a square.

14 JIM McINTYRE: Okay.

15 LESLIE K. ARRINGTON: Rectangular square  
16 reservation is what that was.

17 BENNY WAMPLER: Other questions from members of the  
18 Board?

19 (No audible response.)

20 BENNY WAMPLER: Is there a motion?

21 DONALD RATLIFF: So moved, Mr. Chairman.

22 BENNY WAMPLER: Motion to approve.

23 JIM McINTYRE: Second.

24

--

1           DENNIS GARBIS: Second.

2           BENNY WAMPLER: Any discussion?

3           (No audible response.)

4           BENNY WAMPLER: All in favor, signify by saying

5 yes.

6           (All members signify by saying yes.)

7           BENNY WAMPLER: Opposed, say no.

8           (No audible response.)

9           BENNY WAMPLER: You have approval. The next item

10 on the agenda is a petition from CNX Gas Company, LLC, for

11 pooling unit AX-112, docket number VGOB-03-1118-1220. We'd

12 ask the parties that wish to address the Board in this matter

13 to come forward at this time.

14           MARK SWARTZ: Mark Swartz and Les Arrington.

15           BENNY WAMPLER: The record will show no others.

16 You may proceed.

17           MARK SWARTZ: Les, I'm going to remind you that

18 you're under oath.

19           LESLIE K. ARRINGTON: Yes.

20           MARK SWARTZ: Okay. And I would ask, Mr. Chairman,

21 that we be allowed to incorporate the basic testimony that we

22 offered this morning.

23           BENNY WAMPLER: That will be incorporated.

24  
~

1                   MARK SWARTZ: Okay.

2

3

4                                   LESLIE K. ARRINGTON

5                                   DIRECT EXAMINATION

6 QUESTIONS BY MR. SWARTZ:

7                   Q.       Les, on your spreadsheet that you handed  
8 out, have you caught a mistake?

9                   A.       We did on the docket number. We have the  
10 last four digits on the docket number appeared to be 1120,  
11 and, of course, it should be 1220.

12                  Q.       It should be 1220, right?

13                  A.       Yes.

14                  Q.       Okay. This is a Middle Ridge unit again?

15                  A.       Yes.

16                  Q.       This one is 58.74 acres?

17                  A.       Correct.

18                  Q.       How many wells and where?

19                  A.       One, and I'm pretty sure it's in the  
20 drilling window. It is.

21                  Q.       Okay. What's your well cost estimate?

22                  A.       \$240,475.02.

23                  Q.       And the depth?

24

--

1 A. 2434.

2 Q. Okay. And it looks like you don't have...  
3 this one hasn't been drilled yet?

4 A. No, it hasn't.

5 Q. Okay. Would it be true that you have  
6 acquired by lease or purchase all of the claims to coalbed  
7 methane except 3.0105% of the oil and gas claims?

8 A. That's correct.

9 Q. And the reason you're here today is to pool  
10 that 3.0105% of the oil and gas claims?

11 A. That's correct.

12 Q. There are again escrow requirements here?

13 A. Yes.

14 Q. And your Exhibit E discloses that you need  
15 to escrow for conflicts in 1B as in boy, 1C and 2, and that  
16 you need to escrow because of some title issues the same  
17 three tracts?

18 A. I have 1B and 2, but I'll have to look.

19 BENNY WAMPLER: 1C you had a title issue it looks  
20 like, also.

21 A. Yes, 1C also.

22 Q. Okay. All right. So, we're square on that  
23 one. So 1B, 1C and 2 for conflicts and also all three for

24

--

1 title?

2 A. Yes.

3 Q. Okay. And we do not have any split  
4 agreements in this unit?

5 A. Correct.

6 Q. And we do not have any amendments pertaining  
7 to this application?

8 A. That's correct.

9 MARK SWARTZ: That's all I have.

10 BENNY WAMPLER: Questions from members of the  
11 Board?

12 SHARON PIGEON: I'm not on the Board, but I didn't  
13 understand where you said the docket number was wrong.

14 BENNY WAMPLER: It's on the spreadsheet.

15 MARK SWARTZ: On the spreadsheet.

16 SHARON PIGEON: Oh, okay.

17 MARK SWARTZ: Fortunately, we got it right on  
18 pleading.

19 BENNY WAMPLER: Yeah.

20 SHARON PIGEON: I was finding it only correctly  
21 stated.

22 DONALD RATLIFF: Move to approve.

23 BENNY WAMPLER: Motion to approve.

24

--

1           KEN MITCHELL: Second.

2           BENNY WAMPLER: Any further discussion?

3           (No audible response.)

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

6           (All members signify by saying yes.)

7           BENNY WAMPLER: Opposed, say no.

8           (No audible response.)

9           BENNY WAMPLER: You have approval. The next item  
10 on the agenda is a petition from CNX Gas Company, LLC, for  
11 pooling of a coalbed methane unit AW-122, docket number VGOB-  
12 03-1118-1221. We'd ask the parties that wish to address the  
13 Board in this matter to come forward at this time.

14           MARK SWARTZ: Mark Swartz and Les Arrington.

15           BENNY WAMPLER: The record will show there are no  
16 others. You may proceed.

17           MARK SWARTZ: Les, I'm going to remind you that  
18 you're under oath. Mr. Chairman, I would again ask to  
19 incorporate the basic testimony that was offered this  
20 morning.

21           BENNY WAMPLER: That will be incorporated.

22

23                                   LESLIE K. ARRINGTON

24

--

1 DIRECT EXAMINATION

2 QUESTIONS BY MR. SWARTZ:

3 Q. Les, there are no amendments that pertain to  
4 this application, correct?

5 A. Correct.

6 Q. This is a Middle Ridge unit?

7 A. Correct.

8 Q. 58.74 acres?

9 A. Correct.

10 Q. One well in the drilling window?

11 A. Yes.

12 Q. What's your well cost estimate?

13 A. \$238,711.78 to an estimated depth 2320,  
14 permit number 5722.

15 Q. And this...in this unit, would it be true  
16 that you have acquired by lease or purchase all of the claims  
17 to coalbed methane except for 5.2387% of the oil and gas  
18 claims?

19 A. That's correct.

20 Q. And that's the portion of the interest here  
21 that you're seeking to pool today?

22 A. Yes, it is.

23 Q. We've got quite a few tracts that require  
24

--

1 escrow here, right?

2 A. Yes.

3 Q. I show the escrow for conflicts as being 1C,  
4 1D, 1E, 1F, 1G, 1H, 1I, 1J, 1S, 1T, 1U, 1B, 1W and 3C; and  
5 the tracts that have title issues that would also require  
6 escrow include: 1S, 1T, 1U, 1B, 1W and 3C, is that correct?

7 A. That's correct.

8 MARK SWARTZ: That's all I have on this unit.

9 BENNY WAMPLER: Do you have the royalty split  
10 agreements?

11 LESLIE K. ARRINGTON: Yes.

12 MARK SWARTZ: Oh, yes, sorry, we do. Yes, and we  
13 would request...we've disclosed those in Exhibit EE. We  
14 would request that the operator be allowed to pay those  
15 people directly rather than escrowing those funds.

16 BENNY WAMPLER: Questions from members of the  
17 Board?

18 (No audible response.)

19 BENNY WAMPLER: Is there a motion?

20 JIM McINTYRE: Motion to approve.

21 DONALD RATLIFF: Second.

22 BENNY WAMPLER: Motion and second. Any further  
23 discussion?

24

--

1 (No audible response.)

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

4 (All members signify by saying yes.)

5 BENNY WAMPLER: Opposed, say no.

6 (No audible response.)

7 BENNY WAMPLER: You have approval. The next item  
8 on the agenda is a petition from CNX Gas Company, LLC for  
9 pooling of a coalbed methane unit AW-123, docket number VGOB-  
10 03-1118-1222. We'd ask the parties that wish to address the  
11 Board in this matter to come forward at this time.

12 MARK SWARTZ: Mark Swartz and Les Arrington.

13 BENNY WAMPLER: The record will show no others.  
14 You may proceed.

15 MARK SWARTZ: Les, I remind you that you're still  
16 under oath. Mr. Chairman, I would request that we be allowed  
17 to incorporate the basic testimony that we offered this  
18 morning.

19 BENNY WAMPLER: That will be incorporated.

20

21 LESLIE K. ARRINGTON

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SWARTZ:

24

--

1 Q. Les, this is a Middle Ridge I unit?

2 A. Yes, it is.

3 Q. It contains 58.74 acres?

4 A. Yes.

5 Q. And there's one well proposed to be drilled

6 in the drilling window?

7 A. That's correct.

8 Q. What's your well cost estimate?

9 A. \$248,651.05, to an estimated depth of 2410

10 feet, permit 5717.

11 Q. Okay. Is it true that you have acquired...

12 you meaning CNX, the applicant, have acquired by lease or

13 purchase all claims to coalbed methane except 2.1961% of the

14 oil and gas claims?

15 A. Yes, that's correct.

16 Q. And are those claims that this application

17 seeks to pool?

18 A. Yes, it is.

19 Q. There are no amendments?

20 A. No.

21 Q. There's an escrow requirement because of an

22 address unknown in 2B, is that right?

23 A. I'm sorry, I messed up.

24

--

1 Q. Okay. So that's a yes?  
2 A. Yes.  
3 Q. Okay.  
4 A. Address...it is underlined. I just didn't  
5 see it.  
6 Q. And then there is...there are also some  
7 requirements for escrow because of conflicts, correct?  
8 A. Yes.  
9 Q. And that would include 2A, 2B, 2C, 2D, 2E,  
10 2F and 2G; and the conflict tracts would be...do you have  
11 those identified?  
12 A. 2E.  
13 Q. Okay. 2E and 3E or just 2E?  
14 A. 2E.  
15 Q. Okay. That's a conflict tract.  
16 SHARON PIGEON: Title conflict?  
17 MARK SWARTZ: Yes.  
18 Q. Then in addition there are...you've got an  
19 Exhibit EE, correct?  
20 A. Yes.  
21 Q. So, there are split agreements and I assume  
22 you're requesting that the Board allow you to with regard to  
23 Tract 2A, pay those people directly?  
24

1 A. Yes, we are.

2 MARK SWARTZ: That's all I have, Mr. Chairman.

3 BENNY WAMPLER: Questions from members of the  
4 Board?

5 DONALD RATLIFF: Mr. Chairman.

6 BENNY WAMPLER: Mr. Ratliff.

7 DONALD RATLIFF: Does this church not exist any  
8 more?

9 LESLIE K. ARRINGTON: No.

10 BENNY WAMPLER: Other questions?

11 DONALD RATLIFF: I move for approval.

12 BENNY WAMPLER: Motion for approval. Is there a  
13 second?

14 JIM McINTYRE: Second.

15 BENNY WAMPLER: Motion and second. Any further  
16 discussion?

17 (No audible response.)

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

20 (All members signify by saying yes.)

21 BENNY WAMPLER: Opposed, say no.

22 (No audible response.)

23 BENNY WAMPLER: You have approval. Next is a  
24

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1 petition from CNX Gas Company, LLC, for pooling of a coalbed  
2 methane unit AW-124, docket number VGOB-03-1118-1223. We'd  
3 ask the parties that wish to address the Board in this matter  
4 to come forward at this time.

5 MARK SWARTZ: Mark Swartz and Les Arrington.

6 BENNY WAMPLER: The record will show there are no  
7 others. You may proceed.

8 MARK SWARTZ: Les, I'm going to remind you that  
9 you're under oath.

10 LESLIE K. ARRINGTON: Yes.

11 MARK SWARTZ: Mr. Chairman, I'd ask that we be  
12 allowed to incorporate the basic testimony.

13 BENNY WAMPLER: That will be incorporated.

14

15

16 LESLIE K. ARRINGTON

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. SWARTZ:

19 Q. Now, Les, there are a bunch of amended  
20 Exhibits here, correct?

21 A. That's correct there is.

22 Q. And those were passed out to the Board at  
23 some point, I would assume.

24

--

1           A.       Okay. I think what we done is we  
2 gave...okay, she does have copies.

3           Q.       Okay.

4           (Anita Tester hands out Exhibits.)

5           A.       We kind of got---.

6           Q.       That's all right.

7           A.       ---groove there and---.

8           Q.       That's all right.

9           A.       We do have some people that we need to  
10 dismiss.

11          Q.       Right. Why don't we let them have the  
12 Exhibits though before...well, let's just do some of the  
13 general testimony and then we'll come back to the Exhibits  
14 once...once Anita has had a chance to pass those out. This  
15 is a Middle Ridge I unit?

16          A.       Yes, it is.

17          Q.       It's 58.74 acres?

18          A.       Yes.

19          Q.       And it proposes one frac well that would be  
20 drilled in the drilling window?

21          A.       That's correct.

22          Q.       What's the well cost estimate?

23          A.       \$242,864.06 to an estimated depth of 2482,

24

--

1 permit number 5784.

2 Q. Okay. Now, I'm using the revised numbers,  
3 but would it be true that the outstanding unleased and  
4 unowned, at least by the operator---?

5 A. That's correct.

6 Q. ---okay, interest are 10.5346% of the oil  
7 and gas?

8 A. Yes.

9 Q. And 4.2560% of the coal?

10 A. That's correct.

11 Q. And are those the interests, the oil and gas  
12 outstanding and the coal outstanding, that you're seeking to  
13 pool by this application?

14 A. Yes, it is.

15 BENNY WAMPLER: Would you repeat the oil and gas?

16 MARK SWARTZ: Okay, the oil and gas is 10.5346%.

17 BENNY WAMPLER: Okay, thank you.

18 Q. Now, in the Exhibits that you've passed  
19 out...that Anita has just passed out, there's presumably a  
20 revised Exhibit A, page two that would reflect that?

21 A. It is.

22 Q. Okay. It's...it's maybe two-thirds of the  
23 way back.

24

--

1           BENNY WAMPLER: Okay.

2           Q.       Are those numbers on the revised Exhibit  
3 dated 11/17/03, Exhibit A, page two consistent with your  
4 testimony?

5           A.       Yes, they are.

6           Q.       Okay. Then another one of the revised  
7 Exhibits is Exhibit B-2, and what's the reason for that?

8           A.       These parties were leased, but on the  
9 Exhibit B-2 where it says "reason for dismissal"---.

10          Q.       Uh-huh.

11          A.       ---we, oops, we forgot to put under there  
12 leased.

13          Q.       Okay, okay. So, on Exhibit B-2 you've  
14 listed some folks in Tract 2C and D that you want dismissed,  
15 and the reason for dismissal for everyone of them is that  
16 they have been...they were leased subsequent to following  
17 this action?

18          A.       Well, actually it's Tract...there was  
19 parties in Tract 1E.

20          Q.       Oh, I'm sorry. I wrote---.

21          A.       2A---.

22          Q.       Okay.

23          A.       ---2B, 2C and 2D.

24

--

1 Q. Okay. So in those five tracts, you've got  
2 leased parties?

3 A. Yes, we've leased some additional interest.

4 Q. Okay. And you're requesting that the Board  
5 dismiss the folks listed in B-2?

6 A. Yes.

7 Q. Is the modification in B-3 simply the  
8 deletion of the people in B-2?

9 A. It is.

10 Q. Okay. Then we've got a revised Exhibit E  
11 and, of course, Exhibit E would indicate that we've got some  
12 escrow requirements, right?

13 A. Yes.

14 Q. And we have conflicts in 1A, 1B, 1E, 1F, 1H,  
15 2A, 2B, 2C, 2D, and 2E, is that correct?

16 A. What about 2E?

17 Q. I didn't have 2E.

18 A. Let me look.

19 BENNY WAMPLER: It's the last page 2E.

20 A. 2E.

21 Q. Okay. So, I omitted 2E, correct, from that  
22 conflict list?

23 A. Yes.

24

--

1 Q. Okay, other than that, was it correct?

2 A. I believe so.

3 Q. Okay. And then we've got an address unknown  
4 in 2E, correct?

5 BENNY WAMPLER: Did you say you believe so?

6 LESLIE K. ARRINGTON: Yeah, I believe so. I can't  
7 remember everything he went through there.

8 BENNY WAMPLER: Would you repeat those numbers for  
9 him so that he knows?

10 LESLIE K. ARRINGTON: There's not a 12. I think we  
11 got them.

12 SHARON PIGEON: Well, you don't have a 12E.

13 LESLIE K. ARRINGTON: We don't have a 12E.

14 SHARON PIGEON: And Mark has testified to that.

15 LESLIE K. ARRINGTON: Okay.

16 SHARON PIGEON: So, we need to clarify it.

17 LESLIE K. ARRINGTON: Okay. We don't have a 12E.  
18 I believe it's 2E.

19 MARK SWARTZ: 2E, I'm sorry. Yeah, it's 2E. Okay.  
20 All right.

21 Q. In Tract 1 1A, 1B...no 1A either. Okay,  
22 gives us...gives us your list.

23 A. My list is title conflicts in 1B, 1E, 1F,

24

--

1 1H, 2A, 2B, 2C, 2D, 2E and 3. We have a title conflict in 2C  
2 and 2D. Address unknown in 2E and 3.

3 Q. Okay.

4 BENNY WAMPLER: Does anybody have 3? We're at  
5 Exhibit E, right?

6 LESLIE K. ARRINGTON: Yes, sir.

7 BENNY WAMPLER: I don't have 3.

8 LESLIE K. ARRINGTON: Let me get my...get to the  
9 end of the line here.

10 DONALD RATLIFF: Page 27 of 27?

11 BENNY WAMPLER: Yeah.

12 DONALD RATLIFF: It stops at 2.

13 (Leslie K. Arrington and Anita Tester confer.)

14 SHARON PIGEON: And the title conflict, right?

15 BENNY WAMPLER: Yeah.

16 LESLIE K. ARRINGTON: Title conflict 2C and D.

17 SHARON PIGEON: No title conflict in 3?

18 LESLIE K. ARRINGTON: Just a minute, we're looking.

19 (Leslie K. Arrington and Anita Tester confer.)

20 LESLIE K. ARRINGTON: So I've mislabeled Tract 3.

21 MARK SWARTZ: So should we delete Tract 3?

22 LESLIE K. ARRINGTON: Yes, we should, I guess.

23 (Leslie K. Arrington, Anita Tester and Mark Swartz  
24  
~

1 confer.)

2 LESLIE K. ARRINGTON: We'll have to revise Exhibit  
3 B-3 and E.

4 BENNY WAMPLER: To do what?

5 (Leslie K. Arrington and Anita Tester confer.)

6 BENNY WAMPLER: Tell me again what you...what  
7 you---

8 LESLIE K. ARRINGTON: Just a second.

9 BENNY WAMPLER: Sure.

10 LESLIE K. ARRINGTON: Let me get there.

11 (Leslie K. Arrington, Anita Tester and Mark Swartz  
12 confer.)

13 MARK SWARTZ: Looks like we left Hershburger out of  
14 the Tract 3 and we're going to have to renotice this. Can we  
15 continue this one?

16 BENNY WAMPLER: Okay.

17 LESLIE K. ARRINGTON: Yeah, we'll have to---

18 BENNY WAMPLER: It shall be continued until next  
19 time.

20 DENNIS GARBIS: Mr. Chairman, may I make a comment,  
21 please?

22 BENNY WAMPLER: Yes, sir.

23 DENNIS GARBIS: My hats off to whoever did the  
24

--

1 detective work on this. I'm impressed by the efforts  
2 that...what's fair is fair. There's a whole lot of...  
3 .0041%, that's a lot of work involved in that.

4 BENNY WAMPLER: That would be Anita.

5 DENNIS GARBIS: Anita.

6 (Everyone laughs.)

7 DENNIS GARBIS: These other guys, I know what they  
8 have done. I've been around them along enough. So you did a  
9 very good job. My compliments. Mark, no, you will not take  
10 credit for it.

11 LESLIE K. ARRINGTON: To be quite honest with you,  
12 she does the vast majority. It's really hard to get in tune  
13 with those numbers when you don't actually put them together  
14 yourself, where she puts them together. It takes a bit.

15 DENNIS GARBIS: Yeah, I can imagine.

16 MASON BRENT: Just one comment, if I may.

17 BENNY WAMPLER: Mr. Brent.

18 MASON BRENT: On the revised Exhibit you sent out,  
19 you also included return receipts. I think we decided some  
20 time ago to not include return receipts anymore.

21 LESLIE K. ARRINGTON: Okay.

22 ANITA TESTER: Can I say something without being  
23 sworn?

24

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1           MARK SWARTZ: Yes.

2           ANITA TESTER: Just a comment. The only reason...I  
3 usually give these to Bob and Sharon anyway. The only reason  
4 I gave you all those because they were...it was already in  
5 there together. I just didn't take them out.

6           MASON BRENT: Just an observation.

7           ANITA TESTER: Usually, I won't give them to you  
8 unless they're revised.

9           DENNIS GARBIS: Mr. Chairman, should we swear Anita  
10 in to make sure.

11           (Everyone laughs.)

12           BENNY WAMPLER: She's not out of the woods yet.

13           DENNIS GARBIS: Yeah, I know we're going to get  
14 her.

15           LESLIE K. ARRINGTON: Yeah.

16           DENNIS GARBIS: We've got a long way to go.

17           BENNY WAMPLER: These other guys get in too deep  
18 sometimes and I call her so that we can get them back out of  
19 the woods. I'm teasing.

20           SHARON PIGEON: Pull them out.

21           BENNY WAMPLER: Smile. The next item on the agenda  
22 is a petition from CNX Gas Company, LLC, for pooling of a  
23 coalbed methane unit AX-120, docket number VGOB-03-1118-1224.

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1 We'd ask the parties that wish to address the Board in this  
2 matter to come forward at this time.

3 MARK SWARTZ: Mark Swartz and Les Arrington.

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

6 MARK SWARTZ: Les, I'm going to remind you that  
7 you're under oath.

8 LESLIE K. ARRINGTON: Yes.

9 MARK SWARTZ: And, Mr. Chairman, I'd ask that we be  
10 allowed to incorporate the basic testimony that was offered  
11 this morning.

12 BENNY WAMPLER: That will be incorporated.

13

14 LESLIE K. ARRINGTON

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. SWARTZ:

17 Q. This is also a Middle Ridge I unit?

18 A. Yes, it is.

19 Q. 58.74 acres?

20 A. Yes.

21 Q. The proposed development plan would be one  
22 well in the drilling window?

23 A. Correct.

24

--

1 Q. What's the well cost?  
2 A. \$229,446.46; the depth is 2494; permit  
3 number is 5697.  
4 Q. And would it be true that except for 3.5751%  
5 of the oil and gas, the applicant has acquired either by  
6 lease or purchase all of the other interests and claims to  
7 coalbed methane?  
8 A. Except for?  
9 Q. 3.5751%?  
10 A. That's correct, the oil and gas interest.  
11 Q. Okay. And that's what you're seeking to  
12 pool today?  
13 A. Yes, it is.  
14 Q. We don't have any amendments to this  
15 application?  
16 A. That's correct.  
17 Q. We have an escrow requirement in Tract, I  
18 think it's 2B?  
19 A. That's correct.  
20 Q. For conflicts?  
21 A. Yes.  
22 Q. And we've got split agreements Exhibit EE  
23 that we filed and we're asking permission to pay those people  
24

1 directly in accordance with their agreements as opposed to  
2 escrowing their money?

3 A. That's correct.

4 MARK SWARTZ: That's all have on this one.

5 BENNY WAMPLER: Questions from members of the  
6 Board?

7 BENNY WAMPLER: I'm taking time to look. You have  
8 leased Sword's Creek Land Partnership. Have you leased them?

9 LESLIE K. ARRINGTON: Yes.

10 BENNY WAMPLER: Okay. That's why it's showing.  
11 Any other questions?

12 MASON BRENT: Just one small one, Mr. Chairman.

13 BENNY WAMPLER: Sure.

14 MASON BRENT: On Exhibit EE, page two of two under  
15 Tract 1B, Harold Richardson requests his royalties be paid to  
16 Betty Joe throughout her lifetime. How is that handled  
17 legally to make sure that's really what he requests?

18 LESLIE K. ARRINGTON: Well, normally you make them  
19 give you a document of some type is what we would do...what  
20 we do. Way back when someone told us that and we didn't get  
21 a document and you have a few problems when you don't. So,  
22 we get documents now.

23 BENNY WAMPLER: Other questions?

24

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1 (No audible response.)

2 BENNY WAMPLER: Is there a motion?

3 JIM McINTYRE: Motion to approve.

4 DONALD RATLIFF: 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 by saying yes.)

11 BENNY WAMPLER: Opposed, say no. You have  
12 approval. The next item on the agenda is a petition from CNX  
13 Gas Company, LLC, for pooling of a coalbed methane unit AX-  
14 122, docket number VGOB-03-1118-1225. We'd ask the parties  
15 that wish to address the Board in this matter to come forward  
16 at this time.

17 MARK SWARTZ: Mark Swartz and Les Arrington.

18 BENNY WAMPLER: The record will show there are no  
19 others. You may proceed.

20 MARK SWARTZ: Les, you're still under oath?

21 LESLIE K. ARRINGTON: Yes.

22 MARK SWARTZ: Mr. Chairman, I'd ask that we be  
23 allowed to incorporate the basic testimony.

24

--

1           BENNY WAMPLER: That will be incorporated.

2                           LESLIE K. ARRINGTON

3                           DIRECT EXAMINATION

4 QUESTIONS BY MR. SWARTZ:

5           Q.       This also is a Middle Ridge I unit?

6           A.       Yes.

7           Q.       It's 58.74 acres?

8           A.       Yes.

9           Q.       And the development plan is one frac well  
10 within the drilling window?

11          A.       Yes, it is.

12          Q.       Actually, I had a question for you on this  
13 plat. There's a...it looks like it's---

14          A.       Oh, it is. Yeah, it's outside the drilling  
15 window.

16          BENNY WAMPLER: Outside the drilling window.

17          Q.       Okay. It's outside the drilling window.

18 Okay, I had a note on that. Is this well...do you have a  
19 permit yet?

20          A.       No.

21          BENNY WAMPLER: Yes. No, according to this you do.

22          LESLIE K. ARRINGTON: On the---?

23          BENNY WAMPLER: I mean, according to my information

24

--

1 you do. It was issued 9/30/03.

2 LESLIE K. ARRINGTON: Just a second.

3 (Reviews notes.)

4 LESLIE K. ARRINGTON: Maybe. I didn't bring that  
5 information with me.

6 BOB WILSON: Yeah, I don't have anything to verify  
7 it. But I did have permit number 5935, issued 9/30/03. It  
8 hasn't been drilled.

9 MASON BRENT: Would that be with the variance?

10 BOB WILSON: Yes, if it was issued, it would have  
11 had the location exception.

12 Q. Okay. As we sit here today, though, you  
13 don't know whether or not you've got a permit---?

14 A. No, I don't.

15 Q. ---and we're prepared to take your word for  
16 it?

17 A. Yeah.

18 Q. Okay.

19 A. We messed that one up when we looked it up.

20 BOB WILSON: Yeah, barring an error on our part,  
21 which, of course, is always possible, you should have a  
22 permit.

23 A. We looked that up. We've missed it.

24

--

1 Q. What was the proposed depth of that well?  
2 A. 2263.  
3 Q. And what was the estimated well cost?  
4 A. 236,742.19.  
5 Q. Okay. And just to clarify, this well is  
6 actually just outside the drilling window?  
7 A. It is.  
8 Q. Okay. Is it true that you have acquired,  
9 you meaning CNX Gas Company, has acquired all of the interest  
10 and claims to coalbed methane except 2.7239% of the oil and  
11 gas interest?  
12 A. Yes.  
13 Q. And that is what you're seeking to pool  
14 today, specifically---?  
15 A. Yes.  
16 Q. ---2.7239% of the oil and gas interest?  
17 A. That is correct.  
18 Q. There are no amendments required today to  
19 this unit?  
20 A. No.  
21 Q. Okay. There are...there's an escrow  
22 requirement in what...because of conflicts and title issues  
23 in what tracts?

24

--

1           A.       It's shown on Exhibit E. We have title  
2 conflicts, coalbed methane conflicts on 1B, 1E and Tract 2.  
3 We have title conflicts on 1B and 1E.

4           Q.       Okay. And there's a...you filed a royalty  
5 split agreement list, is that correct?

6           A.       We have.

7           Q.       And are you requesting that you be allowed,  
8 as operator, to pay those folks directly rather than  
9 escrowing their funds?

10          A.       Yes.

11          MARK SWARTZ: That's all I have on this unit.

12          BENNY WAMPLER: I'm just trying to...I'm looking at  
13 the EE, the split agreement. I'm trying to match up the  
14 acreage. (Reviews document.) Okay, any questions from  
15 members of the Board?

16                 (No audible response.)

17          BENNY WAMPLER: Is there a motion?

18          JIM McINTYRE: Motion to approve.

19          DONALD RATLIFF: Second.

20          BENNY WAMPLER: Any further discussion?

21                 (No audible response.)

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

24

--

1 (All members signify by saying yes.)

2 BENNY WAMPLER: Opposed, say no.

3 (No audible response.)

4 BENNY WAMPLER: You have approval. The next item  
5 on the agenda is a petition from CNX Gas Company, LLC, for  
6 pooling of a coalbed methane unit AX-124, docket number VGOB-  
7 03-1118-1226. We'd ask the parties that wish to address the  
8 Board in this matter to come forward at this time.

9 MARK SWARTZ: Mark Swartz and Les Arrington.

10 BENNY WAMPLER: The record will show there are no  
11 others. You may proceed.

12 MARK SWARTZ: Les, I'll remind you that you're  
13 still under oath.

14 LESLIE K. ARRINGTON: Yes.

15 MARK SWARTZ: Mr. Chairman, I'd ask that we be  
16 allowed to incorporate the basic testimony that was offered  
17 this morning.

18 BENNY WAMPLER: That will be incorporated.

19

20 LESLIE K. ARRINGTON

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SWARTZ:

23 Q. Les, this is a Middle Ridge I unit, correct?

24

--

1           A.       That's correct.

2           Q.       58.74 acres?

3           A.       Correct.

4           Q.       And it proposes that there be one frac well  
5 within the drilling window?

6           A.       Yes.

7           Q.       What's the well cost?

8           A.       \$241,918.59; depth is 2443; permit is 5787.

9           Q.       And does this application seek to pool  
10 6.4528% of the claims to oil and gas?

11          A.       Yes.

12          Q.       And the reason that's all you're seeking to  
13 pool is because you have either leased or purchased the  
14 balance of the claims?

15          A.       That's correct.

16          Q.       We've got an address unknown in 1C. So, we  
17 would need escrow for that.

18          A.       That's correct.

19          Q.       And we've got conflicts in 1A and 1C and we  
20 need escrow for that?

21          A.       That's correct.

22          Q.       There are no amendments?

23          A.       None.

24

1           Q.       And we've got an Exhibit EE and we need  
2 to...and we're requesting that we be allowed to pay those  
3 folks listed in Exhibit EE directly as opposed to escrowing  
4 their funds?

5           A.       That's correct, we are.

6           MARK SWARTZ: That's all I have.

7           BENNY WAMPLER: Questions from members of the  
8 Board?

9           (No audible response.)

10          BENNY WAMPLER: Is there a motion?

11          DONALD RATLIFF: Mr. Chairman, under 3...under B-3  
12 under Tract 5, it's one, two, three, four, five, six unknown  
13 address, seven, eight unknown addresses. Is that...that's  
14 going to go into escrow anyway, isn't it?

15          LESLIE K. ARRINGTON: Yes, sir. We continue to try  
16 to locate these people.

17          DONALD RATLIFF: I'm just shocked that you could  
18 find Vernie Lewis and you couldn't find Chester. I move for  
19 approval, Mr. Chairman.

20          BENNY WAMPLER: I have a motion to approve. Is  
21 there a second?

22          JIM McINTYRE: Second.

23          MARK SWARTZ: Maybe he knows something we don't  
24

1 know.

2 BENNY WAMPLER: Any further discussion?

3 (No audible response.)

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

6 (All members signify by saying yes.)

7 BENNY WAMPLER: Opposed, say no.

8 (No audible response.)

9 BENNY WAMPLER: You have approval. The next item  
10 on the agenda is a petition from CNX Gas Company, LLC, for  
11 pooling of coalbed methane unit AZ-109, docket number VGOB-  
12 03-1118-1227. We'd ask the parties that wish to address the  
13 Board in this matter to come forward at this time.

14 MARK SWARTZ: Mark Swartz and Les Arrington.

15 BENNY WAMPLER: The record will show there are no  
16 others. You may proceed.

17 MARK SWARTZ: Les, I'm going to remind you that  
18 you're under oath.

19 LESLIE K. ARRINGTON: Yes.

20 MARK SWARTZ: And, Mr. Chairman, I'd ask that we be  
21 allowed to incorporate the basic testimony that we offered  
22 this morning.

23 BENNY WAMPLER: That will be incorporated.

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. This also a Middle Ridge I unit?

A. Yes.

Q. It contains 58.74 acres?

A. Yes, it does.

Q. And the plan is to drill one well within the drilling window?

A. That's correct.

Q. The cost estimate with regard to that well?

A. \$249,661.36; depth is 2812; permit number is 5518.

Q. And the reason we're here today is to pool 3.9718% of the oil and gas claims?

A. That's correct.

Q. And is it true that you have...you meaning CNX Gas, has either leased or purchased all of the remaining claims to coalbed methane by oil and gas owners and coal owners?

A. Yes, we have.

Q. There are no amendments?

1 A. That's correct.

2 Q. Tract 2C...I can't tell if it's 2C or 2L.

3 A. 2L.

4 Q. 2L requires escrow for unknowns and  
5 unlocateables, is that---?

6 A. I'll have to look.

7 Q. Okay. Let me look here. Yes, it's L. 2L.

8

9 A. 2L.

10 Q. Okay. And then we've got an escrow  
11 requirement for conflicts in 1F, 2G, 1H, 2K and 2L, is that  
12 correct?

13 A. That's correct.

14 SHARON PIGEON: 2G?

15 MARK SWARTZ: Yeah, 1F, 2G, 1H...not 2G?

16 ANITA TESTER: No.

17 BENNY WAMPLER: 1G---.

18 A. 1G.

19 BENNY WAMPLER: ---is what you have on---.

20 MARK SWARTZ: Oh, I'm sorry, 1G. I'm sorry.

21 Q. All right. 1F, 1G, 1H, 2K and 2L---?

22 A. That's correct.

23 Q. ---for conflict escrow?

24

1 A. That's correct.

2 Q. Okay. Now, we've got some split agreements  
3 and again we would ask that we would be allowed to pay those  
4 people directly in accordance with their agreements?

5 A. That's correct.

6 MARK SWARTZ: That's all I have.

7 BENNY WAMPLER: Just using this one as an example,  
8 how long have you been working on this as far as getting the  
9 leases and everything.

10 LESLIE K. ARRINGTON: In this...let me make sure.  
11 AZ-109, in that area, we've probably been in that area six  
12 months...at least six months, or more like a year. We...we  
13 work in areas...some of the areas, and a good example, areas  
14 that we've been plus two years is these AW-122, 123 and 124s  
15 that we just done. They've been in there probably two years  
16 now and still...and still working.

17 BENNY WAMPLER: Well, I mean, it's certainly not a  
18 negative comment. I was more or less echoing what Mr. Garbis  
19 and I think all of us feel. It's good to see this kind of  
20 detail and this many people under lease and those kinds of  
21 things. I mean, I know you can't...you can only contact them  
22 and offer. You can't make them lease.

23 LESLIE K. ARRINGTON: That's right.

24

--

1           BENNY WAMPLER: But it seemed obvious to me that  
2 there's more time...you've been in this area longer than  
3 maybe some of the others or just had really good success  
4 here, one or the other. I don't know. But it's a positive  
5 comment I'm making that it's good to see that, realizing  
6 you're not always in control of that. Questions from members  
7 of the Board?

8           (No audible response.)

9           BENNY WAMPLER: Is there a motion?

10          DONALD RATLIFF: Move for approval, Mr. Chairman.

11          BENNY WAMPLER: Second.

12          JIM McINTYRE: Second.

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

15          (All members signify by saying yes.)

16          BENNY WAMPLER: Opposed, say no.

17          (No audible response.)

18          BENNY WAMPLER: You have approval. Next is a  
19 petition from CNX Gas Company, LLC for pooling of coalbed  
20 methane unit BC-118, docket number VGOB-03-1118-1228. We'd  
21 ask the parties that wish to address the Board in this matter  
22 to come forward at this time.

23          MARK SWARTZ: Mark Swartz and Les Arrington.

24

--

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

3           MARK SWARTZ: Les, I'm going to remind you that  
4 you're still under oath.

5           LESLIE K. ARRINGTON: Yes.

6           MARK SWARTZ: And, Mr. Chairman, I'd ask that we be  
7 allowed to incorporate the basic testimony that we offered  
8 this morning.

9           BENNY WAMPLER: That will be incorporated.

10

11                                   LESLIE K. ARRINGTON

12                                   DIRECT EXAMINATION

13 QUESTIONS BY MR. SWARTZ:

14           Q.       This also is a Middle Ridge I unit?

15           A.       That's correct.

16           Q.       58.74 acres?

17           A.       Yes.

18           Q.       And the plan once again is to drill one frac  
19 well within the drilling window?

20           A.       That's correct.

21           Q.       What's the well cost?

22           A.       \$243,492.31; depth is 2595.6; permit number  
23 is 5437.

24

--

1 Q. Now, in this unit, you're actually pooling a  
2 piece of both the oil and gas and coal claims to coalbed  
3 methane, correct?

4 A. That's correct, we are.

5 Q. And in both instances, you're seeking to  
6 pool 7.8168% of the oil and gas and coal claims to coalbed  
7 methane, is that correct?

8 A. We are.

9 Q. And is it also true that except for those  
10 percentages of oil and gas and coal, you have been able to  
11 lease or purchase the remaining claims?

12 A. We did.

13 Q. Tract 3 requires escrow for an  
14 unknown/unlocateable, is that true?

15 A. That's correct.

16 Q. Okay.

17 BENNY WAMPLER: That's both for coal and gas and  
18 oil?

19 A. Yes.

20 Q. And then in...with regard to conflicts,  
21 there's an Exhibit E and you've got conflict requirement...to  
22 escrow for conflicts in 1C and 3, is that correct?

23 A. That's correct.

24

--

1 Q. And then you've got some title issues in  
2 Tract 3?

3 A. Correct.

4 Q. You filed an Exhibit BB, which must mean  
5 you've got some split agreements?

6 A. EE, yes.

7 Q. Yes, I'm sorry. And are you requesting that  
8 the Board allow you to pay those people directly in  
9 accordance with the terms of their agreements?

10 A. Yes, we are.

11 Q. And there are no amendments here?

12 A. Correct.

13 MARK SWARTZ: That's all I have.

14 BENNY WAMPLER: Questions from members of the  
15 Board?

16 (No audible response.)

17 BENNY WAMPLER: Is there a motion?

18 KEN MITCHELL: Motion for approval.

19 BENNY WAMPLER: Is there a second?

20 JIM McINTYRE: Second.

21 BENNY WAMPLER: Motion and second. Any further  
22 discussion?

23 (No audible response.)

24

--

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

3           (All members signify by saying yes.)

4           BENNY WAMPLER: Opposed, say no.

5           (No audible response.)

6           BENNY WAMPLER: You have approval. Next is a  
7 petition from CNX Gas Company, LLC, for pooling of coalbed  
8 methane unit BC-119, docket number VGOB-03-1118-1229. We'd  
9 ask the parties that wish to address the Board in this matter  
10 to come forward at this time.

11          MARK SWARTZ: Mark Swartz and Les Arrington.

12          BENNY WAMPLER: The record will show there are no  
13 others. You may proceed.

14          MARK SWARTZ: Les, I'm going to remind you that  
15 you're under oath.

16          LESLIE K. ARRINGTON: Yes.

17          MARK SWARTZ: Mr. Chairman, I'd ask that we be  
18 allowed to incorporate the basic testimony that was offered  
19 this morning.

20          BENNY WAMPLER: That will be incorporated.

21

22                           LESLIE K. ARRINGTON

23                           DIRECT EXAMINATION

24

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1 QUESTIONS BY MR. SWARTZ:

2 Q. This also is a Middle Ridge I unit?

3 A. Yes, it is.

4 Q. And it contains 58.74 acres?

5 A. Yes, it does.

6 Q. And the plan is to drill one frac well

7 within the drilling window?

8 A. Yes.

9 Q. What's the cost estimate?

10 A. The cost is \$249,090.91.

11 Q. And the depth and the permit?

12 A. 2441 depth, and 5441 permit.

13 Q. Okay. Now, in this...are there any

14 amendments?

15 A. No.

16 Q. Okay. In this one, you're seeking to pool

17 29.9464% of the coal claims?

18 A. 20...yes, I'm sorry.

19 Q. And you're seeking to pool 61.1175% of the

20 oil and gas claims?

21 A. Yes.

22 Q. Is part of the problem with regard to the

23 amount of claims you're pooling the fact that you can't find

24

--

1 about 26% of the unit?

2 A. That's correct.

3 Q. Is there a requirement for escrow in Tract 2  
4 because of unknowns?

5 A. Yes.

6 Q. Is there a requirement for conflict escrow?

7 A. Yes.

8 Q. And would be 1A, 1B, 1C, 1D and 2?

9 A. Yes.

10 Q. And then you've got a title issue escrow  
11 requirement in Tract 2?

12 A. It's tract 2.

13 Q. Okay. And you filed an Exhibit EE. So,  
14 you've got some split agreements. Are we asking the Board to  
15 allow us to pay those folks directly?

16 A. Yes, we are.

17 Q. I think I asked you, but I'm not sure, so  
18 I'll ask you again. No amendments here?

19 A. No.

20 MARK SWARTZ: That's all I have.

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

23 (No audible response.)

24

--

1           BENNY WAMPLER: Is there a motion?

2           JIM McINTYRE: Motion to approve.

3           BENNY WAMPLER: Is there a second?

4           DONALD RATLIFF: Second.

5           BENNY WAMPLER: Second. Any further discussion?

6           (No audible response.)

7           BENNY WAMPLER: All in favor, signify by saying

8 yes.

9           (All members signify by saying yes.)

10          BENNY WAMPLER: Opposed, say no.

11          (No audible response.)

12          BENNY WAMPLER: You have approval. Next is a  
13 petition from CNX Gas Company, LLC, for pooling of coalbed  
14 methane unit BD-118, docket number VGOB-03-1118-1230. We'd  
15 ask the parties that wish to address the Board in this matter  
16 to come forward at this time.

17          MARK SWARTZ: Mark Swartz and Les Arrington.

18          BENNY WAMPLER: The record will show there are no  
19 others. You may proceed.

20          MARK SWARTZ: Les, I'm going to remind you that  
21 you're under oath.

22          LESLIE K. ARRINGTON: Yes.

23          MARK SWARTZ: And, Mr. Chairman, I'd ask that we be  
24

--

1 allowed to incorporate the basic testimony that we offered  
2 this morning.

3 BENNY WAMPLER: That will be incorporated.

4 MARK SWARTZ: Now, just to...I don't have...I don't  
5 have your folder. You need to be looking at the amended  
6 notice of hearing. The amended Exhibits that you may or may  
7 not have received today since they're mostly postage and so  
8 forth simply confirm what's in the amended notice. So  
9 there's no...if you got the amended notice in front of you,  
10 you're working from the right documents.

11 BENNY WAMPLER: That's what we have.

12 MARK SWARTZ: Okay.

13

14

15

16 LESLIE K. ARRINGTON

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. SWARTZ:

19 Q. Les, with regard to this unit, the...it is a  
20 Middle Ridge unit, correct?

21 A. It is.

22 Q. And we're proposing to drill one well within  
23 the drilling window?

24

--

1 A. Yes, we are.

2 Q. And the acreage in this particular unit is  
3 58.74?

4 A. Yes.

5 Q. And there is...what's the well cost  
6 estimate?

7 A. \$247,906.25; depth is 2642; permit 5733.

8 Q. Okay. And in this unit, we're seeking to  
9 pool, I believe, .0108% of the coal claims?

10 A. That's correct.

11 Q. And 18.7885% of the oil and gas claims?

12 A. Correct.

13 Q. We've got an escrow requirement in Tract 1C  
14 because we've got an address unknown there?

15 A. Correct.

16 Q. And we've got an address requirement for  
17 conflicts in Tracts 1A, 1C and 1D?

18 A. Correct.

19 Q. There's an Exhibit EE. So, we've got some  
20 split agreements?

21 A. Yes.

22 Q. And we're asking permission to pay those  
23 folks directly rather than escrowing their funds, is that  
24

1 correct?

2 A. That's correct.

3 MARK SWARTZ: That's all I have on this unit.

4 BENNY WAMPLER: Questions from members of the  
5 Board?

6 (No audible response.)

7 BENNY WAMPLER: Is there a motion?

8 KEN MITCHELL: Motion for approval, Mr. Chairman.

9 BENNY WAMPLER: Is there a second?

10 DENNIS GARBIS: Second.

11 BENNY WAMPLER: Motion and second. Questions from  
12 members of the Board?

13 (No audible response.)

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

16 (All members signify by saying yes.)

17 BENNY WAMPLER: Opposed, say no.

18 (No audible response.)

19 BENNY WAMPLER: You have approval. The next item  
20 on the agenda is a petition from CNX Gas Company, LLC, for  
21 pooling of coalbed methane unit DD-31, docket number VGOB-03-  
22 1118-1231. We'd ask the parties that wish to address the  
23 Board in this matter to come forward at this time.

24

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1           MARK SWARTZ: Mark Swartz and Les Arrington.

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

4           MARK SWARTZ: Les, I'm going to remind you that  
5 you're under oath.

6           LESLIE K. ARRINGTON: Yes.

7           MARK SWARTZ: And, Mr. Chairman, I'd ask that we be  
8 allowed to incorporate the basic testimony that was offered  
9 this morning.

10          BENNY WAMPLER: That will be incorporated.

11

12                           LESLIE K. ARRINGTON

13                           DIRECT EXAMINATION

14 QUESTIONS BY MR. SWARTZ:

15           Q.       Les, here we're dealing with...we've got an  
16 amended Exhibit, correct?

17           A.       Yes, we do have a revised Exhibit B-3.

18                   (Leslie K. Arrington confers with Anita Tester.)

19           A.       What we've originally done, the reason we  
20 had to put a B-3 in our Exhibits this time, we mistakenly, in  
21 the original application, we put our Exhibit B show all the  
22 owners. So, we had to submit a B-3 this time.

23           Q.       Okay. And in the original application,

24

--

1 you've listed Mr. Richardson and mailed to him as one of the  
2 owners.

3 A. We did. That's correct.

4 Q. But you also included people that you've  
5 leased?

6 A. That's correct.

7 Q. And that's the reason why we've got one  
8 person on the revised Exhibit B-3 when we had four total  
9 entities, or at least four entries on the original Exhibit B?

10 A. That's correct.

11 Q. Normally, you---?

12 BENNY WAMPLER: You mention---.

13 Q. ---wouldn't submit an Exhibit B-3 under  
14 these circumstances?

15 A. We normally...that's correct, we do not.

16 Q. Okay.

17 BENNY WAMPLER: You're mentioning a revised Exhibit  
18 B-3.

19 SHARON PIGEON: I have it.

20 BENNY WAMPLER: Oh, okay.

21 LESLIE K. ARRINGTON: Yes. I'm sorry.

22 BENNY WAMPLER: That's okay. We didn't have...we  
23 didn't have that.

24

--

1           MARK SWARTZ: It's Mr. Richardson. Sorry.

2           BENNY WAMPLER: That's all right.

3           Q.       Les, with regard to this unit, now we've got  
4 an Oakwood unit?

5           A.       That's correct.

6           Q.       And this Oakwood unit is actually an 80  
7 acre?

8           A.       It is.

9           Q.       And you're proposing one well which you  
10 actually kind of got it in the middle of the drilling window  
11 by some miracle?

12          A.       Yeah, we did.

13          Q.       Okay. What's the cost estimate on this  
14 well?

15          A.       \$240,198.52; estimated depth is 2141; permit  
16 number is 5600.

17          Q.       Now, in this application, you're seeking to  
18 pool 7.5625% of the oil and gas?

19          A.       Yes.

20          Q.       And the rest of the coal...rest of the oil  
21 and gas and coal claims to coalbed methane, you have acquired  
22 either by lease or purchase?

23          A.       Yes, we have.

24

--

1 Q. There is no escrow required here?

2 A. Correct.

3 Q. And you filed an Exhibit EE, which probably  
4 helps avoid escrow; and you're asking permission to pay the  
5 people listed in Exhibit EE directly in accordance with the  
6 terms of their agreements?

7 A. Yes.

8 MARK SWARTZ: That's all I have on this one.

9 BENNY WAMPLER: Questions from members of the  
10 Board?

11 (No audible response.)

12 BENNY WAMPLER: Is there a motion?

13 DENNIS GARBIS: Motion to approve.

14 DONALD RATLIFF: Second.

15 BENNY WAMPLER: Motion and second. Any further  
16 discussion?

17 (No audible response.)

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

20 (All members signify by saying yes.)

21 BENNY WAMPLER: Opposed, say no.

22 (No audible response.)

23 BENNY WAMPLER: You have approval. If you're  
24

--

1 tracking by your docket number, the next one we're going to  
2 be calling is number 29.

3 (Donald Ratliff confers with Benny Wampler.)

4 MARK SWARTZ: Right. We would just as soon handle  
5 that one in the absence of the petitioners.

6 (Everyone laughs.)

7 BENNY WAMPLER: I already continued it.

8 MARK SWARTZ: Well, it seemed like there was a  
9 possibility here.

10 BENNY WAMPLER: Well, I just had a question and I  
11 answered it.

12 (Everyone laughs.)

13 MARK SWARTZ: I would have given a different  
14 answer.

15 BENNY WAMPLER: I understand. The next item is a  
16 petition from CNX Gas Company, LLC, for pooling of coalbed  
17 methane unit AY-118, docket number VGOB-03-1216-1238. We'd  
18 ask the parties that wish to address the Board in this matter  
19 to come forward at this time.

20 MARK SWARTZ: Mark Swartz and Les Arrington.

21 BENNY WAMPLER: The record will show there are no  
22 others. You may proceed.

23 MARK SWARTZ: Les, I'm going to remind you that  
24

--

1 you're under oath.

2 LESLIE K. ARRINGTON: Yes.

3 MARK SWARTZ: And, Mr. Chairman, I'm going to ask  
4 that we be allowed to incorporate the basic testimony that we  
5 offered this morning.

6 BENNY WAMPLER: That will be incorporated.

7 LESLIE K. ARRINGTON

8 DIRECT EXAMINATION

9 QUESTIONS BY MR. SWARTZ:

10 Q. This AY-118 unit is a Middle Ridge unit?

11 A. Yes, it is.

12 Q. 58.74 acres?

13 A. Yes.

14 Q. Is the one well in the window?

15 A. Yes, it is.

16 Q. Okay. Oh, it is on the plat. Okay. What's  
17 the well cost estimate?

18 A. \$248,970.08; depth is 2385.7; permit is  
19 54.58.

20 Q. And in this unit, you're seeking to pool the  
21 following interest: In the coal claims .4426%, and of the  
22 oil and gas claims to coalbed methane 5.4477%, is that  
23 correct?

24

--

1 A. That's correct.

2 Q. And would it be true then that the applicant  
3 has acquired either by lease or by purchase all of the other  
4 interests of coal and oil and gas in coalbed methane?

5 A. Yes.

6 Q. There's an escrow requirement here for  
7 conflicts, right?

8 A. Yes.

9 Q. And that would apply to Tracts 3B, 3C, 3F  
10 and 3G?

11 A. 3A, 3D and 3E.

12 Q. Wow, we're not even in the same...okay. Let  
13 me look. (Reviews notes.)

14 BENNY WAMPLER: I don't think we have that.

15 SHARON PIGEON: We don't have that, no.

16 MARK SWARTZ: Yeah, they don't have that either.

17 A. Okay. I don't know how we done that.

18 Q. Do you mean I won one round here?

19 A. Yeah.

20 Q. Okay.

21 A. I see what---.

22 Q. Well, let's go through it together, Les,  
23 where we can---.

24

--

1 A. No, I see what she has done.  
2 Q. Okay.  
3 A. They got crossed.  
4 Q. Okay. All right. So, to go back, the  
5 escrow for conflicts is 3B, 3C, 3F and 3G?  
6 A. That's correct.  
7 Q. We've got some royalty split agreements?  
8 A. Right.  
9 Q. They're reflected in Exhibit EE?  
10 A. Yes, they are.  
11 Q. And you're requesting that the Board allow  
12 you to pay those people directly?  
13 A. Yes, we are.  
14 Q. Okay. And there are no amendments to this  
15 application?  
16 A. That's correct.  
17 MARK SWARTZ: That's all I have.  
18 BENNY WAMPLER: Questions from members of the  
19 Board?  
20 (No audible response.)  
21 BENNY WAMPLER: Is there a motion?  
22 JIM McINTYRE: Motion to approve.  
23 BENNY WAMPLER: Is there a second?

24

--

1           MASON BRENT: Second.

2           BENNY WAMPLER: Second. Any further discussion?

3           (No audible response.)

4           BENNY WAMPLER: All in favor, signify by saying

5 yes.

6           (All members signify by saying yes.)

7           BENNY WAMPLER: Opposed, say no.

8           (No audible response.)

9           BENNY WAMPLER: You have approval.

10          DONALD RATLIFF: Why does VDOT...why are they so

11 reluctant to sign an agreement?

12          MARK SWARTZ: I'm sorry, I didn't hear that.

13          DONALD RATLIFF: Why is VDOT so reluctant to sign

14 an agreement?

15          MARK SWARTZ: They're part of the government and

16 the government is a big problem.

17          (Everyone laughs.)

18          DENNIS GARBIS: Be nice now.

19          MARK SWARTZ: We tried for years to lease them. We

20 started in '88 or '89 or '90.

21          LESLIE K. ARRINGTON: '90.

22          MARK SWARTZ: You know, and we tried for a couple

23 of years to lease them in, you know, '90, '91 and '92. At

24

1 that point, I wasn't representing these guys. They were on  
2 their own. But my client was trying to cut an agreement with  
3 them as well. They made a decision at some point that they  
4 were just going to let everybody pool them and never enter  
5 into an agreement. I mean, I think they ultimately, you  
6 know, made that decision. But we've never got a lease out of  
7 them that I'm aware of.

8 LESLIE K. ARRINGTON: And it's the same situation  
9 on the coal side, also. We have done agreements on coal, but  
10 it is very difficult.

11 MARK SWARTZ: And I don't know why.

12 DENNIS GARBIS: I can tell you why, but I don't  
13 want to take up the Board's time.

14 (Everyone laughs.)

15 BENNY WAMPLER: The next item on the agenda is a  
16 petition from CNX Gas Company, LLC, for pooling of coalbed  
17 methane unit AZ-102, docket number VGOB-03-1216-1239. We'd  
18 ask the parties that wish to address the Board in this matter  
19 to come forward at this time.

20 MARK SWARTZ: Mark Swartz and Les Arrington.

21 BENNY WAMPLER: The record will show there are no  
22 others. You may proceed.

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, this is a Nora unit?

A. Yes, it is.

Q. 58.78 acres?

A. Yes, it is.

Q. And it looks like you kept the well inside  
the drilling window?

A. Yes.

Q. What's your well cost estimate?

A. \$248,561.53.

Q. Permit and depth?

A. I'm sorry, 2664 is the depth; permit number  
is 5452.

Q. Okay. No amendments on this unit?

A. There is. Unfortunately, we done it again.  
We gave Sharon and, I think, Bob a copy of them. I'm sorry.  
We had some parties leased. We leased two additional  
parties.

Q. Why don't you lend that to me? They didn't  
share it with their lawyer either. So, don't feel bad about  
it.

1           SHARON PIGEON: That's good. Wouldn't want you to  
2 know it.

3           (Everyone laughs.)

4           A.       We leased Joanne Lambert and a Jenny Martin.  
5 I believe that would be the same down here.

6           Q.       Okay, so you leased Joanne Lambert and Jenny  
7 Martin and the revised Exhibits would be an Exhibit B-2 that  
8 would dismiss the two of them by reason of being leased?

9           A.       Correct.

10          Q.       And then you would revise Exhibit B-3 to  
11 reflect that they were no longer being pooled?

12          A.       We did.

13          Q.       Right?

14          A.       That's correct, we did.

15          Q.       And then you filed an amended Exhibit A,  
16 page two which would increase the interest you've acquired  
17 and---?

18          A.       That's---.

19          Q.       ---decreased what you needed to pool?

20          A.       That's correct.

21          Q.       Okay. And would be the correct number for  
22 Exhibit A, page one that you're pooling?

23          BENNY WAMPLER: Exhibit A, page two?

24

--

1 A. Exhibit A, page two.

2 Q. I'm sorry. Exhibit A, page two.

3 A. The interest that we're pooling is 54.7408%.

4 Q. Okay. Of what side of the transaction, oil  
5 and gas---?

6 A. Oil and gas, I'm sorry.

7 Q. Okay. And you've got a 100% of the coal  
8 claims?

9 A. Yes, sir.

10 Q. Okay. And I would point out to the Board  
11 that approximately 30% of that 50 what?

12 A. 54.7408.

13 Q. Right. Is already leased by Equitable. So,  
14 we're not pooling people that aren't leased. We're pooling  
15 the people that leased them. So, there's really unleased  
16 acreage is about 24% just to give you feel for that because  
17 otherwise it's a pretty big number. We need some escrow  
18 here?

19 A. Correct.

20 Q. And it's a conflict problem in Tracts 1A,  
21 1B, 1C, 1G and 1H, is that correct?

22 A. That's correct.

23 Q. We've got some royalty split agreements as  
24

1 evidenced by Exhibit EE and, again, we're requesting that the  
2 Board authorize the operator to pay those people directly in  
3 accordance with the terms of their agreements?

4 A. Yes, we are.

5 MARK SWARTZ: That's...that's all I have.

6 BENNY WAMPLER: Questions from members of the  
7 Board?

8 (No audible response.)

9 BENNY WAMPLER: Is there a motion?

10 KEN MITCHELL: Motion to approve.

11 DONALD RATLIFF: Second.

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

14 (No audible response.)

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

17 (All members signify by saying yes.)

18 BENNY WAMPLER: Opposed, say no.

19 (No audible response.)

20 BENNY WAMPLER: You have approval. The next item  
21 on the agenda is a petition from CNX Gas Company, LLC, for  
22 pooling of coalbed methane unit AZ-112, docket number VGOB-  
23 03-1216-1240. We'd ask the parties that wish to address the  
24

--

1 Board in this matter to come forward at this time.

2 MARK SWARTZ: Mark Swartz and Les Arrington.

3 BENNY WAMPLER: The record will show there are no  
4 others. You may proceed. I do have for the Board's  
5 information a letter, and I don't know if we have copies of  
6 this or not. It was faxed in.

7 MASON BRENT: Yeah. Yes, sir.

8 BENNY WAMPLER: You do have a copy from Mr. James  
9 Rasnake. Do you have that, Mr. Swartz?

10 MARK SWARTZ: We got it yesterday about 4:30.

11 BENNY WAMPLER: I understand. I did to.

12 MARK SWARTZ: No, I'm just saying it's typical Mr.  
13 Rasnake, you know.

14 BOB WILSON: Actually, I think that was typical Mr.  
15 Wilson.

16 MARK SWARTZ: I'm not sure. I'm not sure. You  
17 know, he could copy us. He knows who we are. But we're  
18 prepared because I have title, you know, to address that.

19 BENNY WAMPLER: I just wanted to make sure that you  
20 had the letter and we were going to address that.

21 MARK SWARTZ: And he was noticed and his claim is  
22 going to be...so, it's not...it's not an unnoticed issue.

23 BENNY WAMPLER: I understand.

24

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1           MARK SWARTZ: Okay.

2           BENNY WAMPLER: You may proceed.

3           MARK SWARTZ: Did I remind you that you were under  
4 oath?

5           LESLIE K. ARRINGTON: I am.

6           MARK SWARTZ: Okay. Mr. Chairman, I'd like to  
7 incorporate the basic testimony from this morning.

8           BENNY WAMPLER: That will be incorporated.

9

10                           LESLIE K. ARRINGTON

11                           DIRECT EXAMINATION

12 QUESTIONS BY MR. SWARTZ:

13           Q.       Okay. This is a Middle Ridge unit?

14           A.       Yes, it is.

15           Q.       And we're talking about 58.74 acres are in  
16 the unit?

17           A.       Yes.

18           Q.       And the well is in the drilling window,  
19 correct?

20           A.       Yes.

21           Q.       What's the well cost estimate?

22           A.       \$236,676.53, to an estimated depth of 2301.

23           Q.       No permit yet as far as you know?

24

--

1 A. I don't believe it is.

2 Q. Okay. In this...in this instance, we're  
3 pooling some oil and gas claims which total 33.9520%,  
4 correct?

5 A. That's correct.

6 Q. And we've leased or purchased all of the  
7 coal claims and the rest of the oil and gas claims?

8 A. That's correct.

9 Q. There is an escrow for address unknown  
10 requirement in 1B, 1D, 1E, 1F, 1G, 1I, 3B and 3F, is that  
11 correct?

12 A. Yes.

13 Q. And then we've got a conflicts escrow  
14 requirement in 1B, 1D, 1E, 1F, 1G, 1H, 1I, 3B, 3C, 3D, 3E and  
15 3F, is that correct?

16 A. Yes.

17 Q. And then we also have an Exhibit EE, which  
18 means we've got some split agreements?

19 A. Yes, we do.

20 Q. And we're requesting that the operator be  
21 allowed to pay those people directly and in accordance with  
22 the terms of their agreements as opposed to escrowing their  
23 funds, and there are no...I believe there are no amendments  
24

--

1 to this, right?

2 A. That's correct.

3 Q. And we've got Mr. Rasnake's letter, as I  
4 said, yesterday?

5 A. That's correct.

6 Q. Mr. Rasnake is actually named as a  
7 respondent in this application, is he not?

8 A. Yes, he is.

9 Q. And to the extent that he has a title claim  
10 adverse to other people, those funds are going to be escrowed  
11 anyway?

12 A. They are.

13 Q. Okay. Is it your title information just  
14 for...I guess informational purposes, does the title report  
15 that we have from Mr. Altizer's firm discuss Mr. Rasnake's  
16 potential claim here?

17 A. Yes, it does.

18 Q. And what is, just a nutshell, does Mr.  
19 Altizer give that claim a thumbs or a thumbs down in his  
20 opinion as part of the title opinion?

21 A. Thumbs down. For his claim to be any good,  
22 it would take further Court action.

23 Q. And there's no action pending?

24

--

1 A. No, sir.

2 Q. But in any event, Mr. Rasnake is a party and  
3 his interest will be protected by...by any Order that's  
4 entered and by escrow?

5 A. It will be.

6 Q. Okay.

7 BENNY WAMPLER: Why would it take further action?

8 A. I'll have to read it.

9 BENNY WAMPLER: Just for the record in case he  
10 needs it.

11 (Mark Swartz and Leslie K. Arrington confer.)

12 MARK SWARTZ: Okay, the title opinion refers to an  
13 unrecorded instrument that would require Court action to be  
14 established as a Deed for the claim to succeed. That's what  
15 Mr. Altizer is talking about, and, you know, what Les is  
16 talking about. That there would be...it says, "If this  
17 unrecorded instrument is established as a Deed---," so you'd  
18 have to go to Court to do that "...it would appear the one-  
19 half interest of Lora Fuller would be owned by James D.  
20 Rasnake and Mike O. Rasnake and Lucy Blankenship, the other  
21 heir-at-law Cora Faye Ray, A. D. C.'s daughter of Lora Fuller  
22 Rasnake." It's easier to just read it. "The W. T. Fuller  
23 one-half interest would be owned by Marvin Fuller, assuming  
24

1 he is the sole heir-at-law of W. T. Fuller, because the deed  
2 from Marvin Fuller and wife to James Rasnake and Mike Rasnake  
3 mentioned above is limited to the interest in the Jacob  
4 Fuller Estate and not any interest held by W. T. Fuller in  
5 his own right. Absent a Court's determination that the Deed  
6 is broad enough to include this particular interest, we think  
7 the interest would remain in Marvin." So, you've got two  
8 problems. One is you've got an unrecorded instrument; and  
9 then if it's...if it's accepted as a Deed and admitted  
10 directly to record, does it even get you where you want to  
11 be, and Mr. Altizer is saying no. So, that's...but, you  
12 know, when somebody steps up and says, "I own a piece of  
13 this", we join them. We've done that here.

14 BENNY WAMPLER: For the Board's edification, I know  
15 most all of you know this it's up to the individuals to go to  
16 Court or otherwise enter into some sort of agreement to  
17 resolve these type of conflicts. Did you finish?

18 MARK SWARTZ: Yes.

19 BENNY WAMPLER: Any questions from members of the  
20 Board?

21 DENNIS GARBIS: Yes, Mr. Chairman.

22 BENNY WAMPLER: Mr. Garbis.

23 DENNIS GARBIS: On page 50 of 59, I'm reading there  
24

1 that...if this is correct, that under 8H.1 that there is  
2 .0000039 acres, which that comes out to about less than a  
3 square foot of land. Actually it's about a hundred square  
4 inches, just approximating. Is that correct? I mean, that  
5 has got to be pretty small. I don't know anybody who owns a  
6 hundred square inches of land. That's more of a commentary  
7 than a question. No response is necessary.

8 BENNY WAMPLER: I understand.

9 DENNIS GARBIS: That's three-nine millionth of an  
10 acre.

11 MARK SWARTZ: Yes.

12 KEN MITCHELL: Ten thousandths of---.

13 DENNIS GARBIS: That's three-nine millionth of an  
14 acre.

15 KEN MITCHELL: That's three hundred millionth of an  
16 acre.

17 DENNIS GARBIS: At 43,560 square feet per acre  
18 doing the heavy math, I mean, pretty much square inches.

19 LESLIE K. ARRINGTON: Yes.

20 MARK SWARTZ: Of course, the actual tract is .07  
21 acres.

22 LESLIE K. ARRINGTON: It is.

23 MARK SWARTZ: It's an undivided interest in a .07  
24

1 acre tract, which is a pretty tiny little tract to begin  
2 with. That's how the math gets so fuzzy.

3 LESLIE K. ARRINGTON: Yeah.

4 BENNY WAMPLER: And that's why a lot of times when  
5 people talk about what they think they have in escrow versus  
6 what they have in escrow is lots of dollars different.

7 DENNIS GARBIS: I'm sure there is. And again,  
8 Anita, thank you very much for you painstaking effort to sort  
9 all of this out.

10 MARK SWARTZ: Man, she's just going...she's just  
11 going to be prancing like a peacock all the way back to the  
12 office.

13 DENNIS GARBIS: The next thing you know, she'll be  
14 asking for a pay raise, which I'm sure you'll gladly comply.

15 MARK SWARTZ: Our story on that is we wish it was  
16 up to us.

17 (Everyone laughs.)

18 LESLIE K. ARRINGTON: Just note this document was  
19 so big that we had to do double siding just to be able to  
20 find a stapler that we could staple the thing. I mean,  
21 that's how much paper we have---

22 BENNY WAMPLER: Other questions from members of the  
23 Board?

24

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1 (No audible response.)

2 BENNY WAMPLER: Is there a motion?

3 KEN MITCHELL: Motion, Mr. Chairman, for approval.

4 BENNY WAMPLER: Motion for approval. Is there a  
5 second?

6 DONALD RATLIFF: Second.

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

9 (No audible response.)

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

12 (All members signify by saying yes.)

13 BENNY WAMPLER: Opposed, say no.

14 (No audible response.)

15 BENNY WAMPLER: You have approval. The next item  
16 on the agenda is a petition from CNX Gas Company, LLC, for  
17 pooling a coalbed methane unit BA-103, docket number VGOB-03-  
18 1216-1241. We'd ask the parties that wish to address the  
19 Board in this matter to come forward at this time.

20 MARK SWARTZ: Mark Swartz and Les Arrington.

21 BENNY WAMPLER: The record will show there are no  
22 others. You may proceed.

23 MARK SWARTZ: Les, I'm going to remind you're under  
24

--

1 oath.

2 LESLIE K. ARRINGTON: Yes, sir.

3 MARK SWARTZ: Mr. Chairman, I'd ask that you allow  
4 us to incorporate the basic testimony we offered this  
5 morning.

6 BENNY WAMPLER: That will be incorporated.

7

8 LESLIE K. ARRINGTON

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. SWARTZ:

11 Q. This is a Nora unit?

12 A. Yes, it is.

13 Q. And it has 58.77 acres?

14 A. Yes, sir.

15 Q. And there's one well, a frac well, proposed  
16 which is located in the drilling window?

17 A. Yes.

18 Q. What's your well cost estimate?

19 A. \$237,986.90; depth is 2299.7; permit number  
20 is 5384.

21 Q. In this particular unit we're seeking to  
22 pool 25.7444% of the oil and gas claims, is that correct?

23 A. Yes, we are.

24

--

1 Q. And is it true that the applicant has either  
2 acquired by lease or purchased the balance of the oil and gas  
3 and coal interest in coalbed methane in this unit?

4 A. Yes.

5 Q. There are no amendments that we're going to  
6 offer today?

7 A. Correct.

8 Q. We've got a sketch...we've got an Exhibit E,  
9 correct?

10 A. Yes.

11 Q. And there's a conflict and a title issue in  
12 Tract 1E?

13 A. Yes. Yeah.

14 Q. And we've also attached an Exhibit EE?

15 A. Yes, we have.

16 MARK SWARTZ: And we're requesting that the Board  
17 allow us to pay the folks identified in Exhibit EE directly  
18 as opposed to escrowing their funds. And that's all I have  
19 on this one, Mr. Chairman.

20 BENNY WAMPLER: How do we get to the 25.744...oh,  
21 never mind, I got it. Other questions from members of the  
22 Board?

23 (No audible response.)

24

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1           BENNY WAMPLER: Is there a motion?

2           DONALD RATLIFF: So moved, Mr. Chairman.

3           BENNY WAMPLER: Motion to approve.

4           KEN MITCHELL: Second.

5           BENNY WAMPLER: Second. Any further discussion?

6           (No audible response.)

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

9           (All members signify by saying yes.)

10          BENNY WAMPLER: Opposed, say no.

11          (No audible response.)

12          BENNY WAMPLER: You have approval. The next item  
13 on the agenda is a petition from CNX Gas Company, LLC, for  
14 pooling a coalbed methane unit BA-109, docket number VGOB-03-  
15 1216-1242. We'd ask the parties that wish to address the  
16 Board in this matter to come forward at this time.

17          MARK SWARTZ: Mark Swartz and Les Arrington.

18          BENNY WAMPLER: The record will show there are no  
19 others. You may proceed.

20          MARK SWARTZ: Les, I'll remind you again you're  
21 under oath.

22          LESLIE K. ARRINGTON: Yes.

23          MARK SWARTZ: Mr. Chairman, I would move that we be  
24

--

1 allowed to incorporate the basic testimony that was offered  
2 this morning.

3 BENNY WAMPLER: That will be incorporated.

4

5 LESLIE K. ARRINGTON

6 DIRECT EXAMINATION

7 QUESTIONS BY MR. SWARTZ:

8 Q. This is a Middle Ridge unit?

9 A. Yes.

10 Q. It contains 58.74 acres?

11 A. Yes, it does.

12 Q. And the proposal is that there be one frac  
13 well drilled in the drilling window?

14 A. Correct.

15 Q. What's your well cost estimate?

16 A. \$246,350.14; depth is 2524.6; permit is  
17 5563.

18 Q. And in this unit, you're seeking to pool  
19 .0340% of the oil and gas claims?

20 A. 0.340%, correct.

21 Q. Yes. And with that exception, have you  
22 acquired...has the applicant acquired by lease or purchase  
23 all of the coal claims and over 99% of the oil and gas

24

--

1 claims?

2 A. Yes. Yes, we have.

3 Q. Okay. There are no amendments that we would  
4 offer today?

5 A. Correct.

6 Q. There's a schedule...there's as an Exhibit  
7 E?

8 A. Yes.

9 Q. And we have conflicts in Tracts 3E and 3F  
10 that would require escrow?

11 A. Yes.

12 Q. There's also an Exhibit EE and we're asking  
13 that we be allowed to pay the folks identified in Exhibit EE  
14 directly as opposed to escrowing their money, is that  
15 correct?

16 A. That's correct.

17 MARK SWARTZ: That's all I have on this one.

18 BENNY WAMPLER: Questions from members of the  
19 Board?

20 (No audible response.)

21 BENNY WAMPLER: Is there a motion?

22 JIM McINTYRE: Motion to approve, Mr. Chairman.

23 DONALD RATLIFF: Second.

24

--

1           BENNY WAMPLER: Motion and second. Any further  
2 discussion?

3           (No audible response.)

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

6           (All members signify by saying yes.)

7           BENNY WAMPLER: Opposed, say no.

8           (No audible response.)

9           BENNY WAMPLER: You have approval. Next item is a  
10 petition from CNX Gas Company, LLC, for pooling a coalbed  
11 methane unit BA-114, docket number VGOB-03-1216-1243. We'd  
12 ask the parties that wish to address the Board in this matter  
13 to come forward at this time.

14          MARK SWARTZ: Mark Swartz and Les Arrington.

15          BENNY WAMPLER: The record will show there are no  
16 others. You may proceed.

17          MARK SWARTZ: Les, I'll remind you're under oath.

18          LESLIE K. ARRINGTON: Yes.

19          MARK SWARTZ: Mr. Chairman, I would that we be  
20 allowed to incorporate the basic testimony that was offered  
21 this morning.

22          BENNY WAMPLER: That will be incorporated.

23

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. This is a Middle Ridge I unit?

A. Yes, it is.

Q. It contains 58.74 acres?

A. Yes.

Q. The plan is to drill one well, one frac well, which would be located in the drilling window?

A. It is. However, our plat shows two wells. Please disregard the well in the southern portion of the plat.

Q. Okay. The one that has got BA-114B, we should just cross that out?

A. Yes.

Q. And we're dealing with the one in the northwest corner?

A. Yes.

Q. What's your well cost estimate?

A. \$248,799.98; depth of 2561; permit number is 5351.

Q. And there are no amendments here?

A. No.

1 Q. You're seeking to pool 1.2303% of both the  
2 coal and oil and gas claims and interest, is that correct?

3 A. That's correct.

4 Q. And you have acquired by lease or purchase  
5 over 98½% of the other interest, correct?

6 A. Yes, we have.

7 Q. There escrow requirement, correct?

8 A. Yes.

9 Q. And that would require escrow because of  
10 conflicts in Tracts 2 and 3...I'm sorry, actually...strike  
11 that. There's an escrow requirement because of the lack of  
12 addresses in Tracts 2 and 3, is that correct?

13 A. That's correct.

14 Q. Okay. And we've got a conflicts escrow  
15 requirement in Tracts 2 and 4, I think.

16 BENNY WAMPLER: Let me ask you just for the record  
17 to make it clear that these...whatever tracts you're saying,  
18 is in coal and gas and oil in these cases to distinguish  
19 which ones are in each.

20 LESLIE K. ARRINGTON: That we're pooling, the  
21 interest that we're pooling?

22 BENNY WAMPLER: Yes.

23 LESLIE K. ARRINGTON: Coal, oil and gas.

24

--

1           BENNY WAMPLER: I know, but you have different  
2 tracts that he said versus what we have listed, what Mark  
3 said.

4           LESLIE K. ARRINGTON: It's getting old. Okay,  
5 getting closer. The conflict: Address unknown is Tract 2--.

6           BENNY WAMPLER: For coal and the gas and oil?

7           LESLIE K. ARRINGTON: 2 and 3. It's fee, yes, 2  
8 and 3 is address unknown.

9           MARK SWARTZ: Those are fee interests is what he's  
10 saying.

11          LESLIE K. ARRINGTON: Those are fee interests.

12          BENNY WAMPLER: I understand.

13          Q.       Okay. It looks like there's no escrow...  
14 yes, there is. Well, no, there's no escrow requirement for  
15 anything other than the address then, right?

16          A.       That's right.

17          Q.       Okay. So, there's no conflicts or anything  
18 like that, correct?

19          A.       Correct.

20          Q.       And then we've got an Exhibit EE which  
21 discloses that we have some royalty split agreements and  
22 we're asking to be allowed to pay those people as opposed to  
23 escrowing their money?

24

--

1           A.       That's correct, we do.

2           Q.       Okay.  And there are no amendments to this  
3 one either?

4           A.       No.

5           MARK SWARTZ:  Okay.  That's all I have.

6           BENNY WAMPLER:  And you're going to submit a  
7 revised plat, is that correct?

8           LESLIE K. ARRINGTON:  We will.

9           MASON BRENT:  What's the distance from the well to  
10 this cemetery?

11          LESLIE K. ARRINGTON:  Approximately 500 feet.

12          MASON BRENT:  500.

13          JIM McINTYRE:  Is there any established distance  
14 that you have?  Is there a requirement of distance between a  
15 cemetery and the wellhead?

16          BENNY WAMPLER:  No.

17          BOB WILSON:  Not under our regulations.

18          MARK SWARTZ:  The only thing is a habitable...is a  
19 building, isn't it?

20          BENNY WAMPLER:  That's right.  Did you have  
21 testimony on your costs, depth and etc.?

22          LESLIE K. ARRINGTON:  Yeah.

23          DONALD RATLIFF:  I think he did.

24

1           LESLIE K. ARRINGTON: I think I did.

2           MARK SWARTZ: You can do it again.

3           LESLIE K. ARRINGTON: It's \$248,799.98; depth is  
4 2561; permit is 5351.

5           BENNY WAMPLER: Other questions from members of the  
6 Board?

7           (No audible response.)

8           BENNY WAMPLER: Is there a motion?

9           KEN MITCHELL: Motion for approval, Mr. Chairman.

10          BENNY WAMPLER: Is there a second?

11          DENNIS GARBIS: Second.

12          BENNY WAMPLER: Any further discussion?

13          (No audible response.)

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

16          (All members signify by saying yes.)

17          BENNY WAMPLER: Opposed, say no.

18          (No audible response.)

19          BENNY WAMPLER: You have approval. The next item  
20 on the agenda is a petition from CNX Gas Company, LLC, for  
21 pooling a coalbed methane unit DD-32. This is docket number  
22 VGOB-03-1216-1244. We'd ask the parties that wish to address  
23 the Board in this matter to come forward at this time.

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1           MARK SWARTZ: Mark Swartz and Les Arrington.

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

4           MARK SWARTZ: Les, you're still under oath.

5           LESLIE K. ARRINGTON: Yes.

6           MARK SWARTZ: Mr. Chairman, I'd ask that we be  
7 allowed to incorporate the basic testimony that was offered  
8 this morning.

9           BENNY WAMPLER: That will be incorporated.

10

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14                           LESLIE K. ARRINGTON

15                           DIRECT EXAMINATION

16 QUESTIONS BY MR. SWARTZ:

17           Q.       Les, this an Oakwood I unit?

18           A.       Yes, it is.

19           Q.       And you're proposing to drill one frac well  
20 in the window...in the drilling window pursuant to the  
21 Oakwood I rules, is that correct?

22           A.       That's correct.

23           Q.       And this is actually one of the Oakwood

24

--

1 units that is 80 acres?

2 A. Yeah...yes, it is.

3 Q. Okay. What's your well cost estimate?

4 A. \$228,451.38; depth is 18...1,811.52 feet;  
5 permit number is 5574.

6 Q. And we're seeking to pool 1.45% of the oil  
7 and gas interest?

8 A. We are.

9 Q. And CNX has acquired by purchase or lease  
10 all of the other claims and interest in coalbed methane?

11 A. Yes.

12 Q. There's no escrow required?

13 A. No.

14 Q. You're not offering any amendments today?

15 A. No.

16 Q. And there is a schedule or an Exhibit EE  
17 which lists people that we would like to pay directly because  
18 of their royalty split agreements?

19 A. Yes, we would.

20 MARK SWARTZ: That's all I have, Mr. Chairman.

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

23 (No audible response.)

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1           BENNY WAMPLER: Is there a motion?

2           JIM McINTYRE: Motion to approve.

3           BENNY WAMPLER: Is there a second?

4           DONALD RATLIFF: 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 by saying yes.)

11           BENNY WAMPLER: Opposed, say no.

12           (No audible response.)

13           BENNY WAMPLER: You have approval. Thank you.

14           MARK SWARTZ: Thank you guys very much. I  
15 appreciate it.

16           BENNY WAMPLER: As a reminder to the Board, we have  
17 continued item number 8, item number 17 and 24, 25, 26, 27  
18 and 28 to next month. Mr. Wilson, do you have an idea of  
19 what we have in addition to that?

20           BOB WILSON: I don't know the numbers because the  
21 deadline is not until Friday.

22           BENNY WAMPLER: Right.

23           BOB WILSON: But it looks like it will be a fairly  
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1 standard docket. It's not going to be light by any means.

2 BENNY WAMPLER: Right.

3 BOB WILSON: It will be a fairly standard docket.

4 BENNY WAMPLER: Okay.

5 MASON BRENT: One question if I may---

6 BENNY WAMPLER: Mr. Brent.

7 MASON BRENT: ---to the Board---

8 BENNY WAMPLER: Yes.

9 MASON BRENT: ---as well as to CNX, just kind of  
10 formatting question. In CNX's application they always  
11 include a draft of the order---

12 BENNY WAMPLER: Right.

13 MASON BRENT: ---which is 11 pages.

14 BENNY WAMPLER: Right.

15 MASON BRENT: And when you have, let's just say 20  
16 applications today, that's 220 pieces of paper.

17 BENNY WAMPLER: Right.

18 MASON BRENT: Is this helpful to anybody on the  
19 Board?

20 BENNY WAMPLER: We've suggested they not do that.  
21 I think that's something that you've chosen to continue to  
22 do. We don't need it. What we're more into is after the  
23 hearing having a draft order at that time reflecting what was  
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1 incorporated in our standard form of order which we  
2 have...which we have created and I think works fairly good.  
3 You fill in the blanks, more or less.

4 MASON BRENT: I would, just as a sole individual  
5 Board member, I would like to request that they consider  
6 doing away with that in the name of conservation.

7 MARK SWARTZ: Bob and Les and I have been talking  
8 about that. We used to...the statute and your regs  
9 require...and due process requires us to tell people what  
10 we're trying to do. We used to have the relief requested in  
11 great detail in the application. It doesn't have eleven  
12 pages. But, you know, it added some because you've got to  
13 tell them to flush out the options and all that sort of  
14 stuff. At some point, we revised our application and drew  
15 that out of that and put it in the order because we were  
16 trying to persuade the Board to do form orders. That took  
17 years because they're part of the government.

18 BENNY WAMPLER: No, that's not the reason.

19 (Everyone laughs.)

20 MARK SWARTZ: And so...that's my theory for  
21 everything, you know. And now that we have form orders that  
22 we've agreed on that, you know, a process where Anita  
23 crunches the numbers and emails an order, we will look

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1 at...and I'm glad you brought that up because I felt like I  
2 may have needed your permission because one of the identified  
3 exhibits when you adopted orders was the draft order and  
4 so---

5 BENNY WAMPLER: Right.

6 MARK SWARTZ: ---long as we feel like we have your  
7 permission to retune that and put it back in the application  
8 it's going to save us trouble, too. You know, we'll...we'll  
9 tinker with that and put that relief back into the  
10 application and get rid of the draft order. You know, we're  
11 fine with that, I assume, right, Les?

12 LESLIE K. ARRINGTON: It's okay with me as long as  
13 we're okay with the regs.

14 MARK SWARTZ: Because we comply with the regs and,  
15 yeah, we'll do that. We did it before and we can do it  
16 again.

17 MASON BRENT: I don't want to do anything to mess  
18 up your consistency of applicants coming here with---

19 BENNY WAMPLER: Well---

20 SHARON PIGEON: We're not getting---

21 BENNY WAMPLER: ---it's...you know, as long  
22 as...the relief has to be in it somewhere. To me it's an  
23 operator's choice---

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1           MARK SWARTZ: And we'll solve that problem.

2           BENNY WAMPLER: ---how to go about it. You asked  
3 the question, do we need it? We don't need it as the Board.  
4 In my opinion, we don't need that. But we do need to know  
5 what relief you're requesting. The public needs to know what  
6 relief you're requesting and what means you choose to do  
7 that.

8           MARK SWARTZ: And we can shorthand that, you know.  
9 We did that before. It was maybe another page or so. But,  
10 you know, it's not---.

11          LESLIE K. ARRINGTON: It will take us a couple of  
12 months at this to get it in order.

13          SHARON PIGEON: Because you're not the government.  
14 (Everyone laughs.)

15          MARK SWARTZ: Hey, it's been 10 years.

16          LESLIE K. ARRINGTON: Yeah, our January is already  
17 done. So, it will at least be the February at minium.

18          MARK SWARTZ: But we can do that.

19          MASON BRENT: And I don't want to hear...back in  
20 October, I asked for an update on FF-48.

21          MARK SWARTZ: We have that.

22          MASON BRENT: You don't need to do it now because I  
23 don't want to hold these guys up any longer than already have

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1 been.

2 BENNY WAMPLER: Well, if you have it, let's do it.

3 MARK SWARTZ: We have it. We were going to do it  
4 last month and we got distracted because we didn't---

5 BENNY WAMPLER: It won't take a minute. I told you  
6 we'd would be done by 3:00. We've got 17 minutes to go.

7 (Laughs.)

8 MARK SWARTZ: I'm glad you reminded us because we  
9 had it here last month and then got, you know, side tracked.

10 KEN MITCHELL: Mr. Chairman.

11 BENNY WAMPLER: Mr. Mitchell.

12 KEN MITCHELL: Just me personally, I appreciate the  
13 counsel and being able to generically say the testimony we've  
14 already given about us being LLC and registered with the  
15 State of Virginia and have a bond, that makes it so much  
16 easier rather than the repetitive---

17 BENNY WAMPLER: Right.

18 KEN MITCHELL: I'm just...it made it nice not  
19 having it with the docket that was---

20 MARK SWARTZ: Right.

21 KEN MITCHELL: ---the biggest docket I've ever  
22 seen. It made it nice not having to go through and testify  
23 that you have a bond up because we know it, Mr. Wilson knows

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1 it and Mr. Wampler knows it, and to put it on the record  
2 thirty-eight times would be---

3 DENNIS GARBIS: We like consolidation.

4 MARK SWARTZ: Well, we're trying to accommodate  
5 efficiency with lack of confusion. I think this is efficient  
6 and less confusing, you know. So, we're going to try...we'll  
7 continue on this path for a while and see how it goes. Thank  
8 you, though.

9 DONALD RATLIFF: And as a courtesy, the matrix  
10 sheet with the data is super---

11 SHARON PIGEON: Yes.

12 DONALD RATLIFF: --especially when you have a...if  
13 you do that every time and you guys are using it for a cheat  
14 sheet, it certainly would be nice to pass it to the other  
15 side.

16 MARK SWARTZ: We have two cheat sheets for, you  
17 know, cross checking. But, yeah, we will do that.

18 LESLIE K. ARRINGTON: Actually, Mark doesn't use  
19 our cheat sheet. He does his own notes. That's when we  
20 make---

21 SHARON PIGEON: That's when you fall apart, right?

22 LESLIE K. ARRINGTON: Yeah.

23 MARK SWARTZ: Well, but at least, you know,  
24  
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1 it's---

2 DONALD RATLIFF: That's all right. To separate eyes  
3 looking at it.

4 MARK SWARTZ: Yeah. It does make it easier for  
5 everybody.

6 BENNY WAMPLER: While Anita is passing this out, I  
7 would just ask the---

8 (Board members joke with Anita.)

9 BENNY WAMPLER: While she's passing this out, I'll  
10 just ask the Board if there's...if you received a copy of the  
11 minutes from last...from the October meeting; and I would ask  
12 if you have any comments or changes, otherwise entertain a  
13 motion to approve those minutes.

14 KEN MITCHELL: Motion for approval, Mr. Chairman.

15 DONALD RATLIFF: Second.

16 BENNY WAMPLER: Motion and second. Any further  
17 discussion?

18 (No audible response.)

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

21 (All members signify by saying yes.)

22 BENNY WAMPLER: Opposed, say no.

23 (No audible response.)

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1           BENNY WAMPLER: They are approved. Thank you.

2 Anita, would you raise your right hand?

3           ANITA TESTER: No.

4           (Everyone laughs.)

5           BENNY WAMPLER: Swear her in, please.

6           (Anita Tester is duly sworn.)

7           BENNY WAMPLER: Could you explain this, please?

8           ANITA TESTER: Well, this is kind of in a different  
9 format. These Exhibit B-3s that I had in here to pass out  
10 are what I had with me last month. Since then I've got this  
11 new list. I haven't actually...I didn't actually put a new  
12 one, even newer than this in here. But this way...used to it  
13 said Sterlin Ball, et al, and he said addresses unknown. So,  
14 now we have addresses for practically everybody. Maybe...I  
15 don't know, 12 people out of here or 15.

16           MASON BRENT: So, you've made a lot of progress?

17           ANITA TESTER: Yeah, we...we would actually have  
18 probably 10 or 15 leased now, now that we found who they are.

19           BENNY WAMPLER: Does that satisfy you?

20           MASON BRENT: Yes.

21           ANITA TESTER: Is that a lot better?

22           SHARON PIGEON: Yes.

23           MASON BRENT: I appreciate the follow up.

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1           BENNY WAMPLER: Thank you very much.

2           ANITA TESTER: You're welcome.

3           BENNY WAMPLER: Any other business on behalf of the  
4 Board?

5           (No audible response.)

6           BENNY WAMPLER: Well, we appreciate it. On behalf  
7 of the Department, I wish you all a Merry Christmas and Happy  
8 New Year. Thank you all very much for your service.

9           DENNIS GARBIS: Thank you very much.

10          MASON BRENT: Thank you.

11          BENNY WAMPLER: Very much appreciate it.

12          BOB WILSON: Mr. Chairman

13          BENNY WAMPLER: Mr. Wilson.

14          BOB WILSON: I'd like to say, too, I very much  
15 appreciate the comments that you folks have gotten back to me  
16 on the general Board procedures and such like that. We got  
17 some extremely good written comments from you which will  
18 assess and see if we can fulfil the things that you  
19 suggested. I really appreciate your putting some thought  
20 into it and given us some good suggestions.

21          BENNY WAMPLER: Thank you very much.

22          MARK SWARTZ: Merry Christmas to everybody.

23          MASON BRENT: And to you all.

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

I, 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 8th day of  
January, 2004.

NOTARY PUBLIC

My commission expires: August 31, 2007.