

1 IN THE COUNTY OF WASHINGTON

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3 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

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4 VIRGINIA GAS AND OIL BOARD

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8 OCTOBER 18, 2005

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12 APPEARANCES:

12

13 **BOARD MEMBERS:**

13

14 MASON BRENT - OIL & GAS REPRESENTATIVE AND SUBSTITUTE
CHAIRMAN

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15 BILL HARRIS - PUBLIC MEMBER

JAMES McINYRE - PUBLIC MEMBER

15

16 MARY QUILLEN - PUBLIC MEMBER

DONALD RATLIFF - COAL REPRESENTATIVE

16

17

18 **COUNSEL:**

18

19 SHARON PIGEON - ASSISTANT ATTORNEY GENERAL

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20 BOB WILSON - DIRECTOR OF THE DIVISION OF GAS & OIL AND
21 PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD

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1 MASON BRENT: Good morning everybody. My name is
2 Mason Brent. We'll get this meeting started. I'm standing
3 in today for Chairman Benny Wampler, who couldn't be here.
4 I'd like to ask the members of the Board introduce themselves
5 starting with Mr. Harris.

6 BILL HARRIS: I'm Bill Harris, a public member from
7 Big Stone Gap, Wise County.

8 MARY QUILLEN: Mary Quillen, a public member from
9 Wise County.

10 SHARON PIGEON: I'm Sharon Pigeon with the Office
11 of the Attorney General.

12 DONALD RATLIFF: Donnie Ratliff, representing the
13 coal industry from Wise County.

14 JIM McINTYRE: Jim McIntyre, Wise Virginia. I'm a
15 public member.

16 BOB WILSON: I'm Bob Wilson. I'm director of the
17 Division of Gas and Oil and Principal Executive to the staff
18 of the Board.

19 MASON BRENT: Okay, thank you. Just one piece of
20 housekeeping for the Board before we get started. We decided
21 today, even in light of this big agenda, to not order lunch.
22 So, we're going to make an effort to get through the agenda
23 today without doing that. But around noon time, if I hear
24

1 any stomach growling or any people growling, then we will
2 take a break for lunch. But, hopefully, we can get it done
3 before that. All right. The first item on our agenda, the
4 Board will receive a quarterly report on the escrow account
5 as administered by Wachovia Bank, our escrow agent for the
6 Gas and Oil Board. I'll call on Mr. Wilson to present that
7 report.

8 BOB WILSON: Thank you, sir. Very briefly. The
9 opening balance at the first of the quarter on June the 30th,
10 2005 was \$11,621,185.51. During the period, we received
11 deposits totaling \$447,881.73 and earned an total of
12 \$82,868.64 in interest. During the quarter, disbursements in
13 the amount of \$365,853.94 were made and fees totaling \$30,000
14 were extracted from the account by the bank.

15 I'll remind and inform some of the newer members
16 that these fees, while being charged on a monthly basis, are
17 only deducted from the account twice a year in February and
18 August. So, during August, the \$30,000 was taken out of the
19 account.

20 One thing that needs some explanation here. If you
21 look at the July deposits that shows zero deposits, that was
22 because we changed the accounting date on that. We were
23 having problems with checks or moneys from one of the

24

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1 operators coming in on one side or the other of the deadline
2 that we needed for getting our reports and they were having
3 to wait on these deposits in order to get our reports in. It
4 was making our reports late. So, we had them move that drop
5 dead date for those deposits forward. So that month, all of
6 those deposits were carried forward into August. You can see
7 that August was a substantially higher figure there than
8 normal. That was, again, a bookkeeping situation only. It
9 had become necessary in order to be able to get our reporting
10 done on time.

11 Interest rate that we're getting now has increased
12 to 3.54%. As you remember, last year at this time, we were
13 just a bit over 1%. So, this is looking a lot better now.

14 Closing balance as of September 30 is
15 \$11,756,081.94. That's all I have.

16 MASON BRENT: Does that conclude your report? Any
17 questions from the Board?

18 (No audible response.)

19 MASON BRENT: Okay. Hearing no questions, thank
20 you, Mr. Wilson. The next item on our agenda is a petition
21 from CNX Gas Company, LLC for pooling of coalbed methane unit
22 W-8. This is docket number VGOB-05-0816-1490. This was
23 continued from August. I'd ask the parties that would like

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

3 MARK SWARTZ: Mark Swartz and Les Arrington and
4 Anita Duty...Anita Duty, yes. I never can remember that
5 name. If you wouldn't mind, if you could perhaps consider
6 calling the next one since they're both Gob units and they
7 were both continued.

8 MASON BRENT: All right. The Board at the same
9 time will call a petition from CNX Gas Company, LLC for
10 pooling of coalbed methane unit X-8. This is docket number
11 VGOB-05-0816-1491. This was continued from August as well.

12 MARK SWARTZ: And it would also be Mark Swartz, Les
13 Arrington and Anita Duty.

14 MASON BRENT: Okay. You may proceed.

15 MARK SWARTZ: Les, do you want to be sworn?

16 (Leslie K. Arrington is duly sworn.)

17

18 LESLIE K. ARRINGTON

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

21 DIRECT EXAMINATION

22 QUESTIONS BY MR. SWARTZ:

23 Q. Les, who's the applicant here?

24

--

1 A. CNX Gas Company.

2 Q. Okay. And you need to repeat your name for
3 the record.

4 A. Leslie K. Arrington.

5 Q. I assume you work for CNX Gas?

6 A. Yes.

7 Q. What do you do for them?

8 A. Manager of environmental and permitting.

9 Q. Okay. Is CNX Gas Company a Virginia General
10 Partnership?

11 A. Yes, it is.

12 Q. And is it a wholly owned indirect subsidiary
13 of Consol Energy, Inc.?

14 A. Yes.

15 Q. Is CNX Gas Company authorized to do business
16 in the Commonwealth?

17 A. Yes, it is.

18 Q. Has it registered with the DMME and does it
19 have a blanket bond on file?

20 A. Yes, it does.

21 Q. Okay. Is there a request by the applicant
22 here that someone be designated the operator in the event an
23 order is entered?

24

--

1 A. Yes, it is.

2 Q. And who is the applicant requesting be
3 designated operator?

4 A. CNX Gas.

5 Q. Okay. With regard to these two units, are
6 they both Oakwood units?

7 A. Yes, they are.

8 Q. And are you proposing to pool them under the
9 Oakwood II Rules?

10 A. Yes, we are.

11 Q. And are they both over a longwall panel?

12 A. Yes, they are.

13 Q. Which panel?

14 A. The two south.

15 Q. Okay. And in what mine?

16 A. The VP 8 Mine.

17 Q. And just to sort of focus the Board,
18 when...when you're pooling under Oakwood II, it is a gob gas
19 situation?

20 A. Yes, it is.

21 Q. Okay. Have these two longwall panels been
22 isolated by mining?

23 A. Yes, it has.

24

1 Q. Do we have...and do we have production from
2 degas wells that were drilled in advance of mining
3 essentially?

4 A. Yes.

5 Q. Okay. And the well...the mine is gobbed and
6 now we're producing or want to produce gob gas through those
7 wells?

8 A. Yes.

9 Q. Okay. The...you've filed revised exhibits
10 today with regard to both W-8 and X-8, is that correct?

11 A. That's correct.

12 Q. Okay. So to some extent, the Board needs to
13 focus on that?

14 A. That's correct.

15 Q. Okay. With regard to W-8, we have a revised
16 plat?

17 A. Yes.

18 Q. Okay. Can you tell the Board what changed?

19 A. Yes. There was originally a tract shown
20 that is actually not an owner...wasn't...it shouldn't have
21 been there.

22 Q. Okay. And that tract was in the northeast
23 corner?

24

1 A. Yes.

2 Q. Okay. And you can sort of see the...an
3 outline there of three sides of a rectangle and there used to
4 be a line connecting that---?

5 A. There was.

6 Q. ---and making a rectangle and that's what
7 has...what has changed?

8 A. Yes.

9 Q. Okay. And essentially, the percentage that
10 was attributable to that tract that you've deleted is now
11 allocated to 3-B and it didn't change anybody else's
12 percentages, just Tract 3-B?

13 A. Correct.

14 Q. Okay. So, that's the change on the revised
15 plat, correct?

16 A. Yes.

17 Q. Are the changes on the revised tract
18 identification page caused by and consistent with the plat
19 change?

20 A. That's correct.

21 Q. There are no other changes---?

22 A. Right.

23 Q. ---besides that? Okay. Now, Exhibit B-2

24

1 identifies the person who, it turned out, was not an owner,
2 correct?

3 A. That's right.

4 Q. Okay. Let's turn to B-2. And who is that?

5 A. Janet Brown.

6 Q. Okay. And are you asking the Board to
7 dismiss her as a respondent today?

8 A. Yes, we are.

9 Q. Okay. And with regard to W-8, are you
10 asking or requesting that the Board add anybody today?

11 A. No.

12 Q. Okay. Now, there's also a revised Exhibit
13 B-3.

14 A. Correct.

15 Q. Is the only revision to B-3 to remove Janet
16 Brown as an owner?

17 A. Yes, it was.

18 Q. Okay. Then let's go to Exhibit E, which is
19 the escrow exhibit for W-8, which is also revised, correct?

20 A. Yes.

21 Q. Is the change there to remove Janet Brown as
22 well?

23 A. Yes, it was.

24

--

1 Q. Okay. And then the last exhibit in the
2 revised packet, which you gave the Board today, the
3 percentages...the percent has changed just slightly since we
4 were first...since you first filed it with the Board?

5 A. That's correct.

6 Q. When you first filed it, I believe the oil
7 and gas percentage that you were seeking to pool was 44.3353.
8 Does that sound about right?

9 A. It sounds...yeah.

10 Q. And what is it now?

11 A. 43.2026% of the oil and gas owner's claim.

12 Q. Okay. And...and you're not seeking to pool
13 any of the coal interest?

14 A. No.

15 Q. And that's because?

16 A. A 100% of that is leased.

17 Q. Okay. And what percentage of the oil and
18 gas interest have you been able to lease?

19 A. 56.7974%.

20 Q. Now, is there some escrow requirements with
21 regard to W-8?

22 A. Yes. For Tract 1B, 1C, 2, 3A, 3B, 3C, 3D,
23 3E and 3F.

24

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1 Q. And what about 3G?
2 A. No. 3G was deleted.
3 Q. 3G was deleted on this---?
4 A. Yes.
5 Q. ---because of the change with Janet?
6 A. Yes.
7 Q. ---Brown, is that right?
8 A. Uh-huh.
9 Q. There is also...there are also three tracts
10 that are subject to a life estate. So, that needs to be
11 noted and who's going to be receiving the royalties?
12 A. Correct.
13 Q. And those tracts, as I recall, are 3A, 3D
14 and 3E that have a life estate in them?
15 A. I believe.
16 Q. Why don't you take a moment to look to make
17 sure.
18 (Leslie K. Arrington reviews notes.)
19 A. Tract 2, 3A, 3C and 3D.
20 Q. Okay. So, 2, 3A...okay, all right. And is
21 there...was there a split agreement?
22 A. 1A.
23 Q. In Tract 1A, okay. Now, with regard to the
24

1 costs allocation, can you tell the Board what you've done
2 here and how you've calculated that and allocated it?

3 A. Yes. The longwall panel has 6 proposed
4 wells in it. We calculated the costs for all 6 wells and
5 proportionally divided the total costs of those 6 wells
6 across the panel according to the percentage within the...of
7 the longwall panel within the 80 acre unit. That can be see
8 on Exhibit G, page one.

9 Q. Okay. And, basically, you've got a total
10 costs of wells in 2 south of what amount?

11 A. \$850,948.02. We're going to allocate to the
12 W-8 unit \$688,449.28.

13 Q. And that's because the W-8 unit contains 80%
14 of the footprint---?

15 A. That's correct.

16 Q. ---of the...of the longwall panel, correct?

17 A. Correct, yes.

18 Q. And on Exhibit G, page one, you can see that
19 the balance of the costs are allocated to three other units
20 as would be the production?

21 A. That's correct, it is.

22 Q. In terms of allocating production here, you
23 would have a total production out of the longwall at issue,
24

1 right?

2 A. Yes.

3 Q. Okay. And then you would allocate 80.9038%

4 of that total revenue or royalty revenue to the W-8 unit,

5 correct?

6 A. Correct.

7 Q. And then you would turn to Exhibit B-3 where

8 you have listed the folks who are claimants in that unit,

9 correct?

10 A. Yes.

11 Q. And you have shown their percent of unit---?

12 A. Uh-huh.

13 Q. ---but the last column is really the revenue

14 allocation?

15 A. That's correct.

16 Q. So, the percent of the royalty attributable

17 to the gob gas that you're seeking to produce would be, for

18 example, with regard to Buchanan County, it would be 14.1582%

19 times the 12 1/2% or 1/8 royalty---?

20 A. Uh-huh.

21 Q. ---is that right?

22 A. Yes.

23 Q. That's how you do it?

24

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1 A. Yes, it would be.

2 Q. And anybody else in the unit, could go to
3 this B-3 and understand then what their royalty share would
4 be?

5 A. From that longwall panel.

6 Q. Okay. And if...if they were going to be
7 contributing or participating in the unit, which percentage
8 would they use to multiple times the 600,000 and change cross
9 number?

10 A. The percent of unit. It would be, for
11 example, the 17.5% times the \$688,000.

12 Q. Okay. Okay. And so if they were going to
13 do a carried or a participation, that would be the percentage
14 that they would use?

15 A. Yes, it would.

16 Q. Okay. And this discussion or example that
17 we've just gone through in terms of calculating or estimated
18 royalty interests and estimated participation costs, would
19 that also apply to X-8?

20 A. Yes.

21 Q. In the same...precisely the same way?

22 A. Yes, sir.

23 Q. Except you would have a different costs
24

1 allocation, which we'll get to in a minute?

2 A. Correct.

3 Q. Okay. With regard to the folks that you've
4 leased...been successful and able to lease in these two
5 units, what are the lease terms that you have offered them?

6 A. For a coalbed methane lease, it's a dollar
7 per acre per year with a five year paid up term with a one-
8 eighth production royalty.

9 Q. And would you recommend those terms to the
10 Board to be inserted in any order that the Board might enter
11 to be the lease terms that would apply to folks who are
12 deemed to have been leased?

13 A. Yes, we would.

14 Q. And these two units, acreage they're both 80
15 acre units---?

16 A. Yes.

17 Q. ---is that correct?

18 A. Yes.

19 Q. And I think we said, but we're under the
20 Oakwood II?

21 A. Yes, we are.

22 Q. Okay. Let's turn to X-8.

23 A. Yes.

24

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1 Q. Did we have a plat change here as well?
2 A. No.
3 Q. Okay. Was the reason for the revisions
4 because we're dismissing some people?
5 A. Yes.
6 Q. Okay. Who are we dismissing?
7 A. Island Creek Coal Company. They were not an
8 owner.
9 Q. Okay. Somebody else actually owned that
10 tract?
11 A. Yes.
12 Q. So, everything stayed the same except Island
13 Creek is disappearing?
14 A. That's correct.
15 Q. And so you're asking that the Board in its
16 order dismiss Island Creek as a respondent because it did not
17 have an ownership interest in Tract 5?
18 A. That's correct.
19 Q. Okay. Are the changes that were made
20 to...with regard to X-8 to the tract identification page, to
21 reflect that Island Creek is being dismissed?
22 A. Yes.
23 Q. How about with regard to B-3?
24

1 A. B-3 is revised to show them---.

2 Q. Delete them?

3 A. Yeah.

4 Q. Okay. Exhibit E, was the revisions to

5 Exhibit E, the escrow exhibit to account for Island Creek

6 being dismissed?

7 A. Yes.

8 Q. And is there a percentage change reported in

9 A, page two? Yeah, it looks like it went up quiet a bit.

10 A. Yes.

11 Q. Okay.

12 A. It's reflecting the change. Originally, it

13 was a little over 1% and now it's 21.2875%.

14 Q. Because if Island Creek had been the owner,

15 you have an agreement with them?

16 A. Yes.

17 Q. Okay. So, the percentage...so, what you're

18 seeking to pool by the pooling application in X-8 is what

19 interest?

20 A. 21.2875% and we have leased---.

21 Q. Of what?

22 A. Of the oil and gas interest.

23 Q. Okay.

24

1 A. And we have leased 78.7125% of the oil and
2 gas owner's interest to the coalbed methane.

3 Q. And what's the situation with regard to the
4 applicant's interest---

5 A. 100% of it is leased.

6 Q. ---of the coal claims---

7 A. Coal claims, yes.

8 Q. ---that's leased? Okay. The...X-8 unit is
9 also an 80 acre Oakwood unit where you're seeking to produce
10 gob gas, is that correct?

11 A. Yes.

12 Q. And you also have, I take it, a Exhibit G,
13 page one, which is going to be identical to the one we just
14 looked at---

15 A. Yes.

16 Q. ---except we're interested in a slightly
17 different dollar figure, right?

18 A. That's correct.

19 Q. What is the costs that you've allocated
20 to...to X-8?

21 A. \$73,651.25.

22 Q. And that...the reason that number is...the
23 cost number is so much smaller is because...what's the

24

1 allocation percentage from this longwall to X-8?

2 A. 8.6552% of the total panel production.

3 Q. Okay. Is it your opinion that the plan to
4 develop the gob gas from this longwall panel underlying these
5 two units is a reasonable plan to extract that coalbed
6 methane resource?

7 A. Yes, it is.

8 Q. And if you combined the leasing efforts that
9 the applicant has made with a pooling order, is it your
10 opinion that the correlative rights of all owners and
11 claimants in both of these units would be protected by the
12 lease in conjunction with a pooling order?

13 A. Yes, it is.

14 MARK SWARTZ: That's all I have, Mr. Chairman.

15 MASON BRENT: Any questions from the Board?

16 (No audible response.)

17 MASON BRENT: Do we have a motion?

18 DONALD RATLIFF: I move to approve, Mr. Chairman.

19 JIM McINTYRE: Second.

20 MASON BRENT: I have a motion and a second. Any
21 further discussion?

22 (No audible response.)

23 MASON BRENT: All in favor, signify by saying yes.

24

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1 (All members signify by saying yes.)

2 MASON BRENT: Opposed, say no.

3 (No audible response.)

4 BENNY WAMPLER: You have approval.

5 MARK SWARTZ: Thank you.

6 MASON BRENT: The next item on our agenda, the
7 Board will hear a petition from Hard Rock Exploration for
8 pooling of conventional gas unit HRVAE #12, PK K-20. This is
9 docket number VGOB-05-0920-1502. This was continued from
10 September.

11 JIM KAISER: Mr. Chairman and Board members, Jim
12 Kaiser on behalf of Hard Rock Exploration. We'd like to ask
13 that be continued again until the November docket. We're
14 still trying to work out a voluntary agreement between all
15 the parties.

16 MASON BRENT: Any objection from the Board?

17 (No audible response.)

18 MASON BRENT: Okay. It will be continued until
19 November. The next item on our agenda is a petition from
20 Pauline McCoy for disbursement of funds from escrow and
21 authorization for direct payment of royalties Tract 1, unit
22 VC-3594. This is docket number VGOB-96-0820-0552-02. I'd
23 ask the parties that would like to address the Board on this

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1 matter to come forward at this time.

2 JIM McCOY: I'm Jim McCoy representing Pauline
3 McCoy, my mother.

4 DON HALL: I'm Don Hall representing Equitable
5 Production Company.

6 (Jim McCoy and Don Hall are duly sworn.)

7 MASON BRENT: Okay, you may proceed.

8 DON HALL: Ms. Pauline McCoy has filed an order
9 requesting disbursement of escrowed funds from well number
10 VC-3594. Based on a letter in which Jerry Grantham with
11 Pine Mountain Oil and Gas has made the determination that the
12 oil and gas owner in this particular case would own the
13 royalties from this particular well. We have...I have passed
14 out to each of you a copy of our balanced moneys that are in
15 escrow which was compared...compared by the bank and by
16 our...our accounting. We've determined through balancing
17 those accounts that the amount that Ms. McCoy would receive
18 would be \$18,754.24 that's in escrow. Going forward would be
19 receiving the royalties. This accounting is through the end
20 of September.

21 JIM McCOY: And we had no idea what...what this
22 escrow account contained. We simply applied for the
23 disbursement.

24

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1 MASON BRENT: Are you comfortable for the numbers?

2 JIM McCOY: Sure.

3 MASON BRENT: Is your mother comfortable with the
4 numbers?

5 JIM McCOY: Yes, she's pleased.

6 MASON BRENT: Any questions from the Board?

7 (No audible response.)

8 DONALD RATLIFF: I move that we approve, Mr.
9 Chairman.

10 JIM McINTYRE: Second.

11 MASON BRENT: I have a motion for approval and a
12 second. Any further discussion?

13 (No audible response.)

14 MASON BRENT: All in favor, signify by saying yes.

15 (All members signify by saying yes.)

16 MASON BRENT: Opposed, say no.

17 (No audible response.)

18 MASON BRENT: You have approval. Mr. Wilson, do
19 you need social security numbers and that kind of thing?

20 BOB WILSON: Yes, sir. We have been working with
21 Mr. McCoy to get this petition in. We will be contacting him
22 to get your mother's social security, which will not be kept
23 at our office. It will be supplied to the bank for

24

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1 accounting purposes.

2 MASON BRENT: The next item on our agenda, the
3 Board will hear a petition from prevailing plaintiffs for
4 disbursement of funds from escrow and authorization for
5 direct payment of royalties on Tract 4F, unit V-36. This is
6 docket number VGOB-98-0324-0638-01. I'd ask all parties that
7 would like to address the Board on this matter to come
8 forward at this time. Introduce yourselves, please.

9 PETER GLUBIACK: Mr. Chairman, Peter Glubiack. I
10 represent Mr. Dewey Rowe, who is the prevailing plaintiff
11 under the terms of an agreed order, which was entered by the
12 Buchanan Circuit Court in April of this year, 2005. Pursuant
13 to that agreed order, which included all of the necessary
14 parties including the coal lease owners and Consol, we are
15 requesting the Board to disburse those moneys which are held
16 pursuant to force pooling unit orders on the next several,
17 this one in particular is V-36.

18 MASON BRENT: Let me first, if I may, get the other
19 parties to introduce themselves and then we'll carry on.

20 MARK SWARTZ: Mark Swartz and Anita Tester.

21 MASON BRENT: There being no others, you may
22 proceed. I'm sorry for the interruption.

23 PETER GLUBIACK: Okay, thank you, Mr. Brent. Once
24
25

1 again, Peter Glubiack representing Mr. Dewey Rowe. I want to
2 start by indicating, as a part of this process after an
3 agreement is obtained, it is customary in past practice as
4 dictated that we file an application and affidavit and a
5 notice of hearing, which has all been done in sufficient
6 quantity and copies and everything else in a timely manner
7 and placed on the docket today. I will point out that Mr.
8 Wilson has asked me to clarify one particular issue. As a
9 part of the application, and this goes for each of the units,
10 the four units that we're going to be discussing today. I
11 will point out that on the third page, paragraph I believe
12 it's 2G...yes, there's an indication as a part of the final
13 order, which was attached as an Exhibit B to each of those
14 application, there's an indication that Mr. Dewey Rowe took
15 an assignment of the lease benefits. There was a lease on
16 many of these units. There has been a disagreement...in
17 fact, there was a lease with the coal owner and the property
18 owner in many of them. But in this particular instance, the
19 lease was signed prior to Mr. Rowe's obtained ownership by
20 Deed of Gift from his uncle and aunt, the Davis'. The
21 orders...the supplemental orders and the force pooling orders
22 indicate the Davis ownership. I'd point out that the Court
23 has dealt with that issue in the final order pursuant to a
24

1 recorded assignment of lease benefits, which is of record in
2 the Buchanan Circuit Court and is referenced in Deed Book and
3 page number in the final order. So, just to clarify that,
4 Mr. Rowe by Deed of Gift as to fee ownership and by
5 assignment of benefits as to any royalty payments is the 100%
6 owner of those sums which he is claiming today. That
7 is...has been pointed out and is in writing and I'd be glad
8 to provide Mr. Wilson with a copy of the recorded assignment.
9 However, again, it has been referenced in the final order
10 and has been recorded in Buchanan.

11 With that having been said, we've gone through this
12 exercise a couple of times. We're simply requesting
13 disbursement of escrowed funds held on account by the Gas and
14 Oil Board, pursuant to the order of the Buchanan Circuit
15 Court. I've been handed a worksheet, or an escrow
16 calculation sheet, by Mr. Arrington this morning and it
17 appears that on unit V-36, Mr. Rowe is a 6.5% owner of Tract
18 4F, and according to their calculations at this point, we
19 would request...and, again, there's a slight variation with
20 regard to interest. But it appears \$4739.52.

21 BOB WILSON: Mr. Chairman.

22 MASON BRENT: Mr. Wilson.

23 BOB WILSON: Nothing. Go ahead. I'm sorry. We're
24

1 okay.

2 MASON BRENT: Mr. Swartz, did you have any comment
3 on that?

4 MARK SWARTZ: I just have two housekeeping things.
5 If you could just make a note to send it to Les, in the
6 future, the notice instead of to Steve Hodges because he's
7 the lawyer in the litigation and it would give us more time
8 to process your request. So, if you could send---

9 PETER GLUBIACK: I had thought we had taken care of
10 that. But if we have not, then it's my---

11 MARK SWARTZ: It's okay.

12 PETER GLUBIACK: Yeah, we had talked about that.

13 MARK SWARTZ: It's okay. But, you know, if you
14 could do that.

15 PETER GLUBIACK: We have plenty more coming and
16 they'll go to Mr. Arrington.

17 MARK SWARTZ: And the other thing is, also a
18 housekeeping issue, and obviously it's up to the Board here,
19 but when you attach, Peter, copies of our exhibits to some
20 extent, I think it might be helpful to not redact but maybe
21 to X out or something, just so that we know what the original
22 exhibit looked like and what you're directing the Board's
23 attention to. I think it would...unless Mr. Wilson---

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1 PETER GLUBIACK: Mr. Wilson and I are talking about
2 Exhibit E---.

3 MARK SWARTZ: Okay.

4 PETER GLUBIACK: ---as we speak. So, I think we
5 have...we are going to come up with a better...Exhibit E for
6 the Board is the list of claimants within the unit, the total
7 unit.

8 MARK SWARTZ: Well, actually the tract
9 identification and Exhibit E, it's the same thing...I mean,
10 the same kind of paperwork. The concern that we have anyway
11 is that it's not transparent as to what has been left out.
12 Where it is if you just cross...you know, if you left it and-
13 --.

14 PETER GLUBIACK: Okay.

15 MARK SWARTZ: ---crossed it...I haven't talked to
16 Mr. Wilson about that either. It might be something you
17 could consider.

18 BOB WILSON: The Exhibit E that we file with these
19 orders for disbursements list those who remain subject to
20 escrow. What...what was filed with two of these
21 applications, and Mr. Glubiack and I have discussed this,
22 were actually tract identification sheets that go with the
23 plat, which lists all owners for all tracts of the unit and
24

1 it does not distinguish those who are subject to escrow from
2 any other owner. What we will need for the final order is a
3 revised Exhibit E, which shows only those folks who would
4 still be subject to escrow after this Board action. In other
5 words, they would need to take the last Exhibit E that we
6 show in our file and the last supplemental order and modify
7 that to show just those folks who are left and still subject
8 to escrow such that when they come back down the road in a
9 few years, hopefully, it will be clear as to who is still
10 subject or who still owns the money that's in the account.

11 PETER GLUBIACK: Let me ask Mr. Wilson, since we're
12 on this subject, and Mr. Arrington or Mr. Swartz can
13 certainly jump in, for instance, looking at Exhibit...I don't
14 know if you have Exhibit A. There's no owner here. But
15 isn't that what you're talking about, that's who's left, in
16 unit V-36?

17 BOB WILSON: I haven't checked this against the E.
18 It may well be. I don't know.

19 PETER GLUBIACK: I need to know. I mean, it seems
20 to me that's what they're giving us is who is left and what
21 percentages.

22 MARK SWARTZ: Well, this gives you the money. It
23 doesn't give you the people. What he's concerned about is a

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1 list of the people that still are in the unit.

2 PETER GLUBIACK: But that's what I'm saying, that's
3 who these owners is.

4 MARK SWARTZ: Correct.

5 BOB WILSON: By...by Board convention, we require
6 an Exhibit E in a certain form. While this may or may not
7 list all the tracts that would still be subject to escrow,
8 and I don't know that it does or doesn't, we would want an
9 Exhibit E in the form that the Board has approved attached to
10 the disbursement order. Basically, it's a matter of looking
11 at the last recorded Exhibit E and removing those folks who
12 are no longer subject to escrow and preparing a new Exhibit E
13 showing all those folks who are. Basically, my objective in
14 all of this is to make sure that each order flows into the
15 next one because in the past we've had some gaps that have
16 been really tough to try to figure out who owned what and who
17 was left and who had been taken out and this sort of thing.

18 PETER GLUBIACK: Let me take this opportunity to
19 say something, Mr. Wilson. It's no...we've had conversations
20 over the years and I understand that. I want to make a
21 blanket statement here. It's not my responsibility to tell
22 you, the Board, who the claimants are. Now, I understand
23 that...I understand the need for continuity. I understand

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1 the need for clarity. I understand when it comes back. But
2 I represent one plaintiff...claimant, one plaintiff and he
3 has this much. It isn't my responsibility...I will do it
4 certainly because it's going to get this process ahead, but
5 it's not my responsibility to come up with a supplemental
6 order and check the last supplemental order and tell the
7 Board who the remaining plaintiffs are...claimants are. I
8 think that's important. I think you need to understand that.
9 It's not my job to do your work for you. I think that's
10 what is going on here. It has been going on for some time.
11 I understand your staff position and everything else. I will
12 do it, just like I've done everything else the Board has
13 asked me to do, but, you know, we spent a considerable amount
14 of time trying to do the best we can on these applications,
15 notices and affidavits and to state that for continuity's
16 sake to help it down the road, you know, I'm going to...you
17 know, at this point, I'm going to object to that and
18 certainly going to do it. It's a lot easier to do, but I
19 think at some point there needs to be an analysis of
20 what...what a claimant has to do. We're learning and it's
21 evolving and I guess that's what we have to do. But I think
22 that...I'll make that statement.

23 BOB WILSON: The general procedure has been that a

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1 represented client, the paperwork is done entirely by that
2 client's representative. I might add, and I certainly don't
3 want to get into an on the record argument here, but I think
4 we have probably done as much of your work in our office as
5 you have done our work in yours because we've been doing the
6 research on these applications for you, we have looked up the
7 numbers, we have supplied the numbers for orders and the
8 supplementals and that sort of thing, as opposed to what
9 happens with most folks who are making claims, they come to
10 the office and do that research for them. So, I think we're
11 pretty well balanced out on that.

12 MASON BRENT: Okay. Well, all of that having been
13 said, let's move forward. Your objection is noted. I assume
14 now that you're asking for disbursement of these funds to
15 your client.

16 PETER GLUBIACK: Assuming the necessary paperwork
17 is on file, we've had that discussion, then I'm asking that
18 disbursement be made pursuant to the Circuit Court order and
19 the necessary paperwork having been filed and the information
20 being presented to the Board.

21 MASON BRENT: And the necessary paperwork including
22 a modified Exhibit E?

23 PETER GLUBIACK: Yes.

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1 MASON BRENT: Do we have a motion for approval?

2 BILL HARRIS: I have a question. Just a very quick
3 question, Mr. Chairman.

4 MASON BRENT: Mr. Harris, I'm sorry, go ahead.

5 BILL HARRIS: Yeah. Mr. Glubiack, in your
6 presentation, you made a comment about a slight variance in
7 the interest. Was---?

8 PETER GLUBIACK: The 47...just as an example, sir,
9 4739.52 that's a pretty specific number.

10 BILL HARRIS: Uh-huh.

11 PETER GLUBIACK: You'll note on there, it's says,
12 information...estimation. There's an interest calculation.
13 I mean, this...this may not happen for six to nine months.
14 There could be another \$150, 200 or 300. I don't know yet.

15 BILL HARRIS: Yes.

16 PETER GLUBIACK: That's what the difference.

17 BILL HARRIS: Oh, okay. You're not...you're
18 not---.

19 PETER GLUBIACK: I don't...this isn't the number
20 that's going to...the check won't be written for that. It
21 will be written for slightly more.

22 BILL HARRIS: Okay. So, your question really
23 wasn't about the actual percent---?

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1 PETER GLUBIACK: No.

2 BILL HARRIS: Okay. That's what I wanted...okay,
3 thank you. Thank you, Mr. Chairman.

4 MASON BRENT: Any other questions?
5 (No audible response.)

6 MASON BRENT: Is there a motion? I'm sorry, Mr.
7 Swartz.

8 MARK SWARTZ: Just to remind people, the order is
9 going to be directed toward the percentage of the total
10 escrow coming out and that's what the bank is going to be
11 told as opposed to a dollar, just to remind everybody.
12 That's all I have.

13 BOB WILSON: As a matter of fact---.

14 MASON BRENT: It's the 1.797% was the number we
15 focused on.

16 MARK SWARTZ: Well, actually---.

17 MASON BRENT: I'm sorry. I'm too far.

18 PETER GLUBIACK: 6.5---.

19 MASON BRENT: 6.5215.

20 MARK SWARTZ: Correct. Correct.

21 MASON BRENT: I'm sorry. My mistake.

22 BILL HARRIS: So, the percentage is correct, but by
23 the time this is paid out, the dollar amount will be
24

1 different?

2 MARK SWARTZ: It may well change,
3 correct...correct.

4 PETER GLUBIACK: Yes.

5 BILL HARRIS: Okay.

6 BOB WILSON: As a matter of a fact, we have stopped
7 including these trial balance amounts in the order because it
8 was becoming confusing to the escrow agent. We've eliminated
9 that entirely from the orders that we send out.

10 (Mason Brent and Sharon Pigeon confer.)

11 MASON BRENT: The question that has come up, was
12 this in the name of Davis originally when it was pooled?

13 MARK SWARTZ: I believe it was.

14 PETER GLUBIACK: Yes.

15 MASON BRENT: And from the Court's prospective, I
16 guess, we're comfortable there are no liens or anything?

17 PETER GLUBIACK: Yes.

18 MARK SWARTZ: I don't know.

19 SHARON PIGEON: You don't know?

20 MARK SWARTZ: I don't know.

21 MASON BRENT: I'm sorry?

22 MARK SWARTZ: I don't know the answer to that.

23 SHARON PIGEON: (Inaudible.)

24

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1 MARK SWARTZ: We haven't looked at that.

2 MASON BRENT: Well, I'm relying on Mr. Glubiack's
3 testimony.

4 MARK SWARTZ: Right.

5 MASON BRENT: Do I have a motion for approval?

6 DONALD RATLIFF: Motion to approve, Mr. Chairman.

7 JIM McINTYRE: Second.

8 MASON BRENT: I have a motion to approve and a
9 second. Any further discussion?

10 (No audible response.)

11 MASON BRENT: All in favor, signify by saying yes.

12 (All members signify by saying yes.)

13 MASON BRENT: Opposed, say no.

14 (No audible response.)

15 MASON BRENT: You have approval. The next item on
16 the agenda, the Board will hear a petition from prevailing
17 plaintiffs for disbursement of funds from escrow and
18 authorization for direct payment of royalties on Tracts 2A
19 and 3A, unit V-34. This is docket number VGOB-99-0216-0710-
20 01. I'd ask all parties that would like to address the Board
21 in this matter to come forward at this time.

22 PETER GLUBIACK: Thank you, Mr. Chairman. Peter
23 Glubiack representing the applicant Mr. Dewey Rowe as to...in
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1 this particular instance---.

2 MASON BRENT: And let me get who else here.

3 MARK SWARTZ: Mark Swartz and Anita Duty.

4 MASON BRENT: There being no others, you may
5 proceed.

6 PETER GLUBIACK: Thank you. Once, again, Mr.
7 Chairman, item number seven on unit V-34. Repeating my
8 previous testimony with regard to the assignment of benefits,
9 which is located and noted on Exhibit B, the final order, as
10 recorded in Buchanan Circuit Court placing Mr. Dewey Rowe as
11 the...not only the fee owner of the property, but the
12 assignment of or the owner of the royalty escrowed payments
13 pursuant to the assignment. Once again, with the previous as
14 to Exhibit E, which apparently we need to straighten out, the
15 necessary application, notice and affidavit were provided to
16 the Board and filed in a timely manner. As to Exhibit A, as
17 to unit V-34, I'm asking the Board to order disbursement
18 according to the percentage allocated on this sheet as
19 98.8345% for unit V-34, again, indicating at the present
20 time, a balance of 105,176, although that will necessarily
21 change. With that, I'd request the Board issue an order for
22 disbursement.

23 MASON BRENT: Mr. Swartz, do you have any comments?

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1 MARK SWARTZ: The tract numbers in the application
2 were incorrect. It's actually Tract 3, which is identified
3 on the spreadsheet. He had it as 2A and 3A as did you all in
4 the notice, but it's actually Tract 3. Is that correct,
5 Anita?

6 ANITA DUTY: Uh-huh. Those tract numbers came from
7 my permit application.

8 MARK SWARTZ: He must have taken them off of a
9 permit application and they were different. When it was
10 pooled, this 3 was the tract number.

11 PETER GLUBIACK: We're requesting Tract 3
12 identified on Exhibit A, as Tract 3.

13 MARK SWARTZ: And that's what you did the...you
14 need to start your name.

15 ANITA DUTY: Anita Duty.

16 MARK SWARTZ: Can you swear Anita?

17 (Anita Duty is duly sworn.)

18

19 ANITA DUTY

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

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SWARTZ:

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1 Q. The tract at issue here when...when this,
2 you know, was pooled was identified as Tract 3, is that
3 correct?

4 A. Yes.

5 Q. And you've done the accounting for Tract 3?

6 A. Yes.

7 Q. And the percentage that you have indicated
8 needs to be applied by the bank to the balance on deposit at
9 the time of disbursement, the 98.8345, is for Tract 3?

10 A. Yes.

11 MARK SWARTZ: Okay. That's all I have.

12 DONALD RATLIFF: So, does he need to modify his
13 order?

14 MASON BRENT: Were you aware of this, Mr. Wilson?

15 BOB WILSON: Yes, sir.

16 MASON BRENT: So, this---

17 BOB WILSON: That is...that is consistent with the
18 orders in the file, Tract 3. The Board tract is number
19 three.

20 MASON BRENT: So, the order will be modified to
21 reflect that as Tract 3?

22 MARK SWARTZ: Well, the order will be right. I
23 mean, it has always been Tract 3. It's just the application

24

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1 that was wrong.

2 MASON BRENT: Oh. Any questions from the Board?

3 (No audible response.)

4 DONALD RATLIFF: I move to approve.

5 JIM McINTYRE: Second.

6 MASON BRENT: I have a motion for approval and a
7 second. Do I have any discussion?

8 (No audible response.)

9 MASON BRENT: All in favor, signify by saying yes.

10 (All members signify by saying yes.)

11 BENNY WAMPLER: Opposed, say no.

12 (No audible response.)

13 BENNY WAMPLER: You have approval, Mr. Glubiack.

14 PETER GLUBIACK: Thank you, sir.

15 MASON BRENT: The next item on our agenda, the
16 Board will hear a petition from prevailing plaintiffs for
17 disbursement of funds from escrow and authorization for
18 direct payment of royalties on Tract 1A, unit W-3. This is
19 docket number VGOB-0324-0627-03. I'd ask the parties that
20 would like to address the Board on this matter to come
21 forward at this time.

22 PETER GLUBIACK: Once again, Mr. Chairman, Peter
23 Glubiack representing the applicant Mr. Dewey Rowe.

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1 MARK SWARTZ: Mark Swartz and Anita Duty.

2 MASON BRENT: There being no others, you may
3 proceed.

4 PETER GLUBIACK: Thank you, Mr. Chairman. Once
5 again, Peter Glubiack on behalf of Mr. Rowe. Repeat the
6 earlier testimony with regard to the assignment of royalty
7 benefits and as well as the final order entered by the
8 Buchanan Circuit Court on April the...I'm sorry, yes, April
9 the 30th. We're seeking disbursement according to the
10 percentage provided on Exhibit A from Mr. Arrington
11 indicating a total tract percent of escrow 5.0361% of the
12 Tract 1A of unit W-35 and necessary application, notice and
13 affidavit having been filed and subject to the consecutive
14 director's request regarding clarification of Exhibit E.

15 MASON BRENT: Mr. Swartz, do you have anything?

16 MARK SWARTZ: The only thing, we need to be careful
17 that...this disbursement probably needs to be made by the
18 bank at the same time as the orange disbursements which have
19 been approved, but have been approved but haven't gone out.
20 Otherwise, it's going to...if you take 5% of a number that's
21 less these disbursements, it's going to be wrong.

22 PETER GLUBIACK: I'm sorry, Mr. Swartz, I don't
23 understand. What?

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1 MARK SWARTZ: Well, the 5% assumes the balance
2 before the orange disbursements are made. If the orange
3 disbursements are made, all that is going to be left are 1A,
4 1B and 1H and you're going to have a completely different
5 percentage. So, I don't know how you deal with this. But I
6 don't think the orders...these disbursements in orange have
7 been approved by you all, but I don't think the orders have
8 been entered.

9 BOB WILSON: That's correct.

10 MARK SWARTZ: Okay. So, I'm just saying, to give
11 Mr. Wilson a head's up, that these probably...you need to
12 hold the orange until you got the yellow ready. Otherwise,
13 the yellow percentage is going to be wrong and they all need
14 to go to the bank at the same time.

15 BOB WILSON: Yes.

16 MARK SWARTZ: Just---.

17 BOB WILSON: Okay. Right. They will all be on the
18 same order as we've done---.

19 MARK SWARTZ: Good. Okay, perfect.

20 BOB WILSON: ---previously. Yeah.

21 MARK SWARTZ: That will take care of it. Because I
22 was just looking at this, I was thinking if these go out and
23 the bank makes the orange disbursements first, then the

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1 yellow is going to be wrong. That was my point.

2 BOB WILSON: All tracts will be disbursed under the
3 same order.

4 MARK SWARTZ: Cool. That's fine.

5 PETER GLUBIACK: If I'm correct, Mr. Wilson, that's
6 what you have been trying to do is have all the disbursements
7 in a unit on the same order---?

8 BOB WILSON: Correct.

9 PETER GLUBIACK: ---which is one of the reasons
10 that the orders has taken time?

11 BOB WILSON: Sure. Right.

12 PETER GLUBIACK: So...yeah. Just to repeat the
13 case for me anyway, the 5.036 will the percentage of the
14 whole as it exists on this exhibit---?

15 BOB WILSON: Right.

16 PETER GLUBIACK: ---as opposed to 5% of some
17 significantly reduced amount after disbursement?

18 BOB WILSON: Correct.

19 MASON BRENT: Okay, thank you. We have a request
20 for disbursement. Do we have a motion for approval?

21 JIM McINTYRE: Motion to approve.

22 DONALD RATLIFF: Second, Mr. Chairman.

23 MASON BRENT: I have a motion for approval and a
24
25

1 second. Any further discussion?

2 (No audible response.)

3 MASON BRENT: All in favor, signify by saying yes.

4 (All members signify by saying yes.)

5 MASON BRENT: Opposed, say no.

6 (No audible response.)

7 MASON BRENT: You have approval. The next item on
8 the agenda is the Board will hear a petition from prevailing
9 plaintiffs for disbursement of funds from escrow and
10 authorization for direct payment of royalties on Tract 4A,
11 4B, 4D and 4E, unit W-34. This is docket number VGOB-97-
12 0318-0571-04. I'd ask all parties that would like to address
13 the Board on this matter to come forward at this time.

14 PETER GLUBIACK: Once again, Mr. Chairman, Peter
15 Glubiack representing the applicant Mr. Dewey Rowe.

16 MARK SWARTZ: Mark Swartz and Anita Duty.

17 PETER GLUBIACK: There being no others, you may
18 proceed.

19 PETER GLUBIACK: Thank you, Mr. Chairman. Once
20 more, repeating the earlier testimony allegations regarding
21 the assignment, Mr. Rowe is the owner of both the fee simple
22 interest, as well as the royalty payments held in escrow and
23 pursuant to the Circuit Court order of Buchanan Circuit Court

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1 in April of this year and the filing of the necessary
2 application, notice and affidavit and noting the necessity of
3 amending Exhibit E to the application. I think all the
4 necessary paperwork has been filed. We would ask that the
5 Board order the disbursement. Noting Mr. Swartz's comment,
6 there is another one to be disbursed here and pursuing Mr.
7 Wilson will disburse on the same order according to the
8 percentages...I won't read them, but the percentages showed
9 on the Exhibit A, provided by Mr. Arrington this morning to
10 my client, Mr. Dewey Rowe.

11 MASON BRENT: Mr. Swartz?

12 MARK SWARTZ: I don't have anything on that one.

13 MASON BRENT: You have nothing? Are these tract
14 numbers right?

15 MARK SWARTZ: Yes.

16 MASON BRENT: Okay. Any questions from the Board?

17 (No audible response.)

18 MASON BRENT: Do we have a motion for approval?

19 JIM McINTYRE: Motion to approve.

20 BILL HARRIS: Second.

21 MASON BRENT: I have a motion for approval and a
22 second. Any further discussion?

23 (No audible response.)

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1 MASON BRENT: All in favor, signify by saying yes.

2 (All members signify by saying yes.)

3 MASON BRENT: Opposed, say no.

4 (No audible response.)

5 MASON BRENT: You have approval.

6 PETER GLUBIACK: Thank you, Mr. Chairman.

7 MASON BRENT: Next the Board will hear a petition
8 from Melvin Jack Long appealing the decision of the Director
9 of the Division of Gas and Oil to issue permit for coalbed
10 methane well VC-536078 subsequent to an informal fact finding
11 conference. This is docket number VGOB-05-1018-1494. I'd
12 ask all parties that would like to address the Board on this
13 matter to come forward at this time.

14 JIM KAISER: Mr. Chairman and members of the Board,
15 Jim Kaiser representing Equitable Production Company. I know
16 that Mr. Jenkins is here and maybe another one of the
17 objecting parties. We had...and depending on what they want
18 to know...we'll do whatever they want to do. But since Mr.
19 Swartz has the next group of hearings and then after that
20 they're all companies that I represent, we're willing to let
21 them go ahead and finish out and then go to this item. But
22 if they want to, go ahead and have it now. If they've got
23 somewhere they've got to be, we can do it now or whatever.

24

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1 JOHN JENKINS: We can wait. We have no problem
2 with it. If they want to wait to do it later. I mean, do
3 you want to do it---?

4 JIM KAISER: Well, if we do it...yeah, if we wait
5 and do it later, then they'll be done with all of theirs and
6 it will just be Equitables and my other client.

7 JOHN JENKINS: Let's do it that way then.

8 MASON BRENT: I'll just give you fair warning, it
9 may be a little while.

10 JOHN JENKINS: Well, I might ought to address it
11 this way. Mr...I'm John Jenkins---.

12 COURT REPORTER: You need to state your name,
13 please.

14 JOHN JENKINS: I'm John L. Jenkins. I'm
15 representing Melvin Jack Long. Mr. Long intended to be here
16 for this conference. He has health problems that I was just
17 notified with on Thursday. He's really asking for a
18 continuance of this until a later date so he can be here.
19 He...he lives in North Carolina and he's not able to make
20 this transition down here to this. I requested this Thursday
21 and, of course, I needed to be here for this, you know, I was
22 told. So, we really need to ask that this be set forward
23 because Mr. Long can't be here.

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1 JIM KAISER: We oppose a continuance. They've
2 known about this for a some time. It was set by Mr. Wilson
3 sometime ago. We would like to go ahead and go forward.

4 MASON BRENT: Well, I'm sure Mr. Long didn't know
5 he was going to be infermed before this meeting. So, if
6 there are no objections from the other Board members, we will
7 continue this until November.

8 (No audible response.)

9 MASON BRENT: It will be continued until next
10 month.

11 JOHN JENKINS: Thank you...thank you, Mr. Chairman.

12 MARK SWARTZ: When are the dates of the next two
13 Board meetings before people leave because there was some
14 discussion that they might not be the third Tuesday. Do you
15 know? Maybe it's the December one that might be different.
16 Bob, is the December meeting going to be a different date?

17 BOB WILSON: Well, we have to discuss that today.

18 MARK SWARTZ: Oh, you haven't decided yet. Okay

19 BOB WILSON: We'll bring that up at any point,
20 yeah. But we're going to...we're going to bring it up.

21 MARK SWARTZ: I just...things are being continued.
22 If November...November is not going to change as far as you
23 know?

24

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1 BOB WILSON: No.

2 MARK SWARTZ: Okay. Okay. That was why I asked.

3 LESLIE K. ARRINGTON: That was the question.

4 BOB WILSON: No...okay, no. No, we've already
5 passed the deadline on that one. So, we won't change it.
6 So---

7 MASON BRENT: All right. The next item on our
8 agenda, the Board will hear a petition from CNX Gas Company,
9 LLC for pooling of coalbed methane unit AY-96. This is
10 docket number VGOB-05-1018-1504. I'd ask all parties that
11 would like to address the Board on this matter to come
12 forward at this time.

13 MARK SWARTZ: Mark Swartz and Les Arrington.

14 MASON BRENT: There being no others, you may
15 proceed.

16 MARK SWARTZ: Mr. Chairman, I would like to
17 incorporate Mr. Arrington's testimony from the prior pooling
18 hearings with regard to information concerning the applicant,
19 the designated operator, proposed lease terms and his opinion
20 testimony, if I could.

21 MASON BRENT: That will be incorporated.

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie k. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What do you do for them?

A. Manager of environmental and permitting.

Q. Okay. Do you either participate yourself personally in the preparation of these applications and exhibit regarding BB-134 or were...or to some extent were they prepared under your direction?

A. Okay. Are we doing BB-134 or AY---?

Q. Okay. I'm sorry, AY-96. I'm sorry. Was that something you prepared or directed people to be prepared?

A. Yes, I did.

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

A. Yes, I did.

Q. Okay. And we're pooling a pretty small

1 group of people here?

2 A. Yes.

3 Q. And there's .3 acre lease tract involving

4 these folks in the unit---?

5 A. Yes.

6 Q. ---being pooled, right?

7 A. Yes.

8 Q. Is this a Nora unit?

9 A. Yes, it is.

10 Q. How many acres?

11 A. 58.79.

12 Q. Okay. There's how many wells proposed?

13 A. One.

14 Q. And where is it located in relation to the

15 window?

16 A. Just...just outside of the drilling window.

17 Q. Okay. Now, what's the explanation for that?

18 A. That was due to the typography in the area.

19 Q. Okay. Is that an existing road or is that

20 going to be a new road there? Do you know?

21 A. That's an existing access going in there.

22 Q. Okay. And the...have you provided the Board

23 with a well cost estimate?

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1 A. Yes, we have.

2 Q. What's the estimate?

3 A. And that total is \$242,734.42 to a depth of
4 2601. The permit number 6986.

5 Q. Okay. So, between the time that you
6 prepared the paperwork and the hearing, apparently you
7 obtained a permit?

8 A. Yes...yes, we have.

9 Q. Okay.

10 A. Just.

11 Q. Just, okay. What interest have you acquired
12 and what are you seeking to pool in this unit?

13 A. We've acquired 99.4897% of the coal, oil and
14 gas coalbed methane interest. We're seeking to pool 0.5103%
15 of the coal, oil and gas coalbed methane interest.

16 Q. Okay. And there are no escrow requirements
17 at all?

18 A. I believe Exhibit E has Tract 3 on it.

19 Q. Oh, really. Okay, I'll look at it. You're
20 right. Okay, so there is an escrow requirement with regard
21 to Tract 3 and there's a note that only one-half of the tract
22 is in conflict?

23 A. That's correct.

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1 Q. Other than that, is there an escrow
2 requirement?

3 A. No.

4 Q. Okay. In giving the election options, I
5 assume that the option...the order should indicate that the
6 option is actually offered to the oil and gas lessee
7 Equitable?

8 A. Yes.

9 Q. Okay. What did you do to notify the
10 respondents that we were going to have a hearing today?

11 A. We mailed by certified mail, return receipt
12 requested on September the 16th, 2005 and we published in the
13 Bluefield Daily Telegraph on September the 22nd of 2005.

14 Q. Okay. Do you want to add anybody as a
15 respondent?

16 A. No.

17 Q. Do you want to subtract anybody today?

18 A. No.

19 MARK SWARTZ: Okay. That's all I have, Mr.
20 Chairman.

21 MASON BRENT: Any questions from the Board?

22 (No audible response.)

23 MASON BRENT: Is there a motion?
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25

1 (No audible response.)

2 MASON BRENT: Motion to approve. Have a motion to
3 approve. Do we have a second?

4 BILL HARRIS: Second.

5 MASON BRENT: Any further discussion?

6 (No audible response.)

7 MASON BRENT: All in favor, signify by saying yes.

8 (All members signify by saying yes, but Donald
9 Ratliff.)

10 MASON BRENT: Opposed, say no.

11 DONALD RATLIFF: I'll abstain, Mr. Chairman.

12 MASON BRENT: We have one abstention, Mr. Ratliff.
13 You have approval.

14 MARK SWARTZ: Thank you, sir.

15 MASON BRENT: Next the Board will hear a petition
16 from CNX Gas Company, LLC for pooling of coalbed methane unit
17 BB-134. This is docket number VGOB-05-0118-1505. We'd ask
18 the parties that would like to address the Board in this
19 matter to come forward at this time.

20 MARK SWARTZ: Mark Swartz and Les Arrington.

21 MASON BRENT: There being no others, you may
22 proceed.

23 MARK SWARTZ: Once again, I'd like to incorporate
24

1 Mr. Arrington's testimony regarding...concerning information
2 regarding the applicant, the designated operator, proposed
3 lease terms and his opinion testimony with regard to the
4 protection of correlative rights and the reasonableness of
5 the plan.

6 MASON BRENT: It will be incorporated.

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And what do you do for them?

A. Manager of environmental and permitting.

Q. Did you either prepare or caused to be
prepared the notice of hearing, application and exhibits with
regard to BB-134?

A. Yes.

MARK SWARTZ: I probably need to be sworn in here
for a second.

(Mark Swartz is duly sworn.)

MARK SWARTZ: My name again is Mark Swartz. I've
had some conversations with an attorney for Saginaw, Michigan
and exchanged a little bit of correspondence with him. His
name John Hinnners, H-I-N-N-E-R-S. Apparently, Edith Smith
passed away within the last month or two and he represents
her sons. He, as far as I can tell, has no objection at all

1 to the pooling of this unit because when you would get into
2 it, her interest in this unit is just an (inaudible)
3 interest. I have put him in touch with Les and Les' office
4 because they are very interested in entering into a lease.
5 So, that's kind of where we are with them. But I wanted you
6 to know that. We will...he is going to...he has agreed to
7 send me and/or contact Les directly with the information
8 concerning the sons. I put him in touch with a lawyer in
9 Tazewell so he can get that probate issue resolved and get
10 the title transferred of record. So, I think we're...you
11 know, there's going to be modification there. But we're
12 headed in the right direction. I just wanted to bring that
13 to your attention.

14 MASON BRENT: Okay, thank you.

15 Q. Mr. Arrington, with regard to what you've
16 acquired...the applicant has acquired in this unit and what
17 you're seeking to pool, could you tell the Board?

18 A. Yes, we've acquired 99.9660% of the coal,
19 oil and gas coalbed methane interest. We're seeking to pool
20 0.0340% of the coal, oil and gas owner's claim to coalbed
21 methane.

22 Q. Okay. What did you do to notify Edith Smith
23 and/or her heirs that there was going to be a hearing today?

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1 A. We've mailed by certified mail return
2 receipt requested on September the 16th, 2005, published in
3 the Bluefield Daily Telegraph on September the 22nd of 2005.

4 Q. And have you, in fact, offered and are
5 continuing to pursue leasing with them?

6 A. Yes.

7 Q. The...the development plan here is how many
8 wells?

9 A. One well.

10 Q. Okay. his one is right in the middle---?

11 A. Yes.

12 Q. ---almost in the middle of the drilling
13 window?

14 A. Yes.

15 Q. Okay. This is a Middle Ridge One unit?

16 A. Yes.

17 Q. How many acres?

18 A. 58.74.

19 Q. Now, this is one where we've already got a
20 permit issued?

21 A. Correct.

22 Q. What...tell us about the well costs, the
23 permit and the depth.

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1 A. The estimated costs is \$248,797.58 to a
2 depth of 2,492.42 feet and a permit number of 6589 and the
3 well has been drilled.

4 Q. Okay. And I don't...now, this one I don't
5 think there's any escrow requirement.

6 A. No.

7 Q. Okay. Do you want to add any respondents or
8 dismiss any respondents today?

9 A. No.

10 MARK SWARTZ: I think that's all I have with regard
11 to this one, Mr. Chairman.

12 MASON BRENT: Any questions from the Board?

13 BOB WILSON: Mr. Chairman.

14 MASON BRENT: Mr. Wilson.

15 BOB WILSON: To get the situation straight with the
16 son of Edith Smith---.

17 MASON BRENT: Sons.

18 BOB WILSON: Sons. Are you saying that the order
19 possibly could be issued in a different name than Edith
20 Smith? Is it going to move that quickly or---?

21 MARK SWARTZ: We can supp...I will know...we will
22 know in a couple of days who these people are. But the title
23 is not going to be squared away in a couple of days. So, we

24

1 might have to do this by supplemental order. But I just
2 wanted to alert you that it's coming. I think we probably
3 need to wait for that title to get squared away and do it by
4 supplemental.

5 LESLIE K. ARRINGTON: Uh-huh.

6 MARK SWARTZ: But I wanted you all to know that
7 that was happening.

8 MASON BRENT: Any other questions from the Board?

9 (No audible response.)

10 MASON BRENT: Do we have a motion?

11 DONALD RATLIFF: So moved, Mr. Chairman.

12 JIM McINTYRE: Second.

13 MASON BRENT: I have a motion for approval and a
14 second. Any further discussion?

15 (No audible response.)

16 MASON BRENT: All in favor, signify by saying yes.

17 (All members signify by saying yes.)

18 MASON BRENT: Opposed, say no.

19 (No audible response.)

20 MASON BRENT: You have approval. Next the Board
21 will hear a petition from CNX Gas Company, LLC for pooling of
22 coalbed methane unit BE-107. This is docket number VGOB-05-
23 1018-1506. I'd ask the parties that would like to address
24

1 the Board on this matter to come forward at this time.

2 MARK SWARTZ: Mark Swartz and Les Arrington.

3 MASON BRENT: Okay, there being no others, you may
4 proceed.

5 MARK SWARTZ: This one, there are some revised
6 exhibits that Anita is passing out to you as we speak and
7 those are the ones that we're probably going to be attending
8 to as opposed to what you originally got. I would like to
9 incorporate on Mr. Arrington's prior testimony concerning
10 information regarding the applicant, designated operator, the
11 proposed lease terms and his opinion testimony, if I could.

12 MASON BRENT: It will be incorporated.

13

14 LESLIE K. ARRINGTON

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. SWARTZ:

17 Q. Could you state your name for us, Les?

18 A. Leslie K. Arrington.

19 Q. Who do you work for?

20 A. CNX Gas Company, LLC.

21 Q. And what do you do for them?

22 A. Manager of environmental and permitting.

23 Q. Did you either prepare or supervise the
24

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1 preparation of the notice of hearing, the application and
2 related exhibits for BE-107?

3 A. Yes, I did.

4 Q. And you signed both of these documents?

5 A. Yes, I did.

6 Q. Okay. What did you do to tell people there
7 was going to be a hearing today?

8 A. We mailed certified mail, return receipt on
9 September the 16th, 2005, published in the Bluefield Daily
10 Telegraph on September the 22nd, 2005.

11 Q. And those proofs and certificates with
12 regard to mailing and publication are something that you've
13 provided to Mr. Wilson, correct?

14 A. Yes, we have.

15 Q. Were in a Middle Ridge unit here?

16 A. Yes, we are.

17 Q. How many acres?

18 A. 58.74.

19 Q. How many wells are you proposing?

20 A. One.

21 Q. Okay. And where is this well located?

22 A. It's not in the drilling window.

23 Q. It's sort of off to the southeast of the
24

1 drilling window?

2 A. Yes, southwest.

3 Q. Southwest...southwest, I'm sorry.

4 A. Again, you can see there that there's a road

5 in the valley, steep terrain and their well...this well was

6 up on the ridge top.

7 Q. Okay. The road in the valley is off...sort

8 of runs through the center it actually?

9 A. Yes, it does.

10 Q. Okay. Let's see, is this one...is this well

11 permitted yet?

12 A. Yes.

13 Q. Okay. It must have been permitted between

14 filing and today then?

15 A. Yes.

16 Q. Okay. What's the permit number?

17 A. Let me sure...6900.

18 Q. Okay.

19 A. Its costs was \$244,404.40 to a depth of

20 2824.

21 Q. Okay. And that cost estimate and the well

22 information is an exhibit in the application, correct?

23 A. Yes, it is.

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1 Q. Okay. Now, we've got some revised exhibits
2 and I see there's an Exhibit B-2, is that correct?

3 A. Yes.

4 Q. And that would indicate that you're
5 dismissing some people?

6 A. Yes, it is. Several parties have been
7 leased.

8 Q. Okay. There's a...actually three pages of
9 exhibit...well, two and a half pages, give or take, of
10 Exhibit B-2. Do those lists the folks that you're asking the
11 Board to dismiss as respondents?

12 A. Yes, it does.

13 Q. Okay. There's quiet a few of them, right?

14 A. Yes, it is.

15 Q. And what's the reason for dismissal?

16 A. They've been leased.

17 Q. Okay. Now, do you want to add anybody
18 today?

19 A. No.

20 Q. Okay. With regard to changes in revised
21 Exhibit B-3, are the changes to B-3 limited to deletion of
22 the people that are being dismissed?

23 A. Yes, it is.

24

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1 Q. Okay. Because B-3 is an exhibit where we
2 list people we're seeking to pool?

3 A. Yes.

4 Q. Okay. Revised Exhibit A, page two, I assume
5 the percentages have gone down some because you've obtained
6 some additional leases?

7 A. Yes.

8 Q. Okay. Is this spreadsheet that you passed
9 out to the Board today represent or reflect the revised
10 Exhibits?

11 A. Yes, it does.

12 Q. Okay. What...what interests have you
13 obtained in BE-107 and what are you seeking to pool?

14 A. We have leased 96.7064% of the coal owner's
15 claim to coalbed methane and 73.7263% of the oil and gas
16 owner's claim to coalbed methane. We're seeking to pool
17 3.2936% of the coal owner's claim to coalbed methane and
18 26.2737% of the oil and gas owner's claim to coalbed methane.

19 Q. You've got some escrow requirements here,
20 right?

21 A. Yes.

22 Q. I think we have people in Tracts 10 and 12
23 where we've got address issues, is that---?

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1 A. Address unknown appears to be in 12.
2 Q. Okay. I think there's also on 10. Let's
3 take a look here.
4 A. Okay.
5 Q. Okay.
6 A. That's 10, okay. Tract 10 also.
7 Q. Yeah. And then 12...let's make sure...and
8 there's one in 12.
9 A. Yes.
10 Q. So, we have a reason for escrow in
11 10...Tracts 10 and 12 would be address issues?
12 A. Yes.
13 Q. Okay. And then we have a conflicts
14 requirements where the oil and gas owners and the coal owners
15 are in conflict, correct?
16 A. Correct.
17 Q. And that would require escrow in what
18 tracks?
19 A. 2, 10, 12, 13 and 14.
20 Q. Okay. And then we have an Exhibit EE, I
21 believe?
22 A. Yes, for Tract 1.
23 Q. Okay. And in that setting it appears that
24

1 the folks identified in Exhibit EE have entered into a
2 royalty split agreement?

3 A. Yes.

4 Q. And are you requesting that the Board not
5 escrow their moneys, but allow the operator to pay them
6 directly---?

7 A. Yes, that's correct.

8 Q. ---in accordance with their split
9 agreements?

10 A. Yes.

11 MARK SWARTZ: Okay. I believe that's all I have,
12 Mr. Chairman.

13 MASON BRENT: Okay. Any questions from the Board?
14 (No audible response.)

15 MASON BRENT: Is there a motion?

16 JIM McINTYRE: Motion to approve.

17 DONALD RATLIFF: Second, Mr. Chairman.

18 MASON BRENT: A motion to approve and a second.
19 Any further discussion?

20 (No audible response.)

21 MASON BRENT: All in favor, signify by saying yes.

22 (All members signify by saying yes.)

23 MASON BRENT: Opposed, say no.

24

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1 (No audible response.)

2 MASON BRENT: You have approval.

3 MARK SWARTZ: Thank you.

4 MASON BRENT: Next, the Board will hear a petition
5 from CNX Gas Company, LLC for pooling of coalbed methane unit
6 BF-101. This is docket number VGOB-05-1018-1507. I'd ask
7 all parties that would like to address the Board in this
8 matter to come forward at this time.

9 MARK SWARTZ: Mark Swartz and Les Arrington.

10 MASON BRENT: There being no others, you may
11 proceed.

12 MARK SWARTZ: I would ask that we be allowed to
13 incorporate Mr. Arrington's prior testimony concerning the
14 applicant, the designated operator, proposed lease terms and
15 his opinion testimony.

16 MASON BRENT: It will be incorporated.

17

18 LESLIE K. ARRINGTON

19 DIRECT EXAMINATION

20 QUESTIONS BY MR. SWARTZ:

21 Q. Les, you need to state your name, again.

22 A. Leslie K. Arrington.

23 Q. Who do you work for?

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1 A. CNX Gas Company as manager of environmental
2 and permitting.

3 Q. Okay. And did you either prepare or have
4 prepared out of your supervision, the notice of hearing,
5 application and related exhibits?

6 A. Yes, I did.

7 Q. Okay. And you signed both the notice of
8 hearing and the application?

9 A. Yes.

10 Q. What did you do to tell the respondents
11 there was going to be a hearing today?

12 A. We mailed by certified mail, return receipt
13 requested on September the 16th, 2005 and published in the
14 Bluefield Daily Telegraph September 23, 2005.

15 Q. And have you provided proofs with regard to
16 publication and certificates with regard to mailing to Mr.
17 Wilson?

18 A. Yes, we have.

19 Q. Okay. This is a Nora unit?

20 A. Yes, it is.

21 Q. Frac unit?

22 A. Yes.

23 Q. How many wells?

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1 A. One.

2 Q. Inside or outside the window?

3 A. It is outside.

4 Q. Okay. It's just slightly to the southeast?

5 A. Yes, it is. It's located in the drainage.

6 As I've discussed, you're either down in the valley or up on

7 a ridge top.

8 Q. Okay. The...it's looks like you already

9 have a permit for this well?

10 A. Yes, sir. Permit number is 6799. Its cost

11 is \$231,249.95 to a depth of 2173.

12 Q. Okay. The...I'm not sure I asked you how

13 many acres are in this unit.

14 A. 58.78.

15 Q. Okay. What interest have you acquired and

16 what are you seeking to pool?

17 A. We've acquired 100% of the coal owner's

18 claim to the coalbed methane. We've acquired 16.2861% of the

19 oil and gas owner's claim to coalbed methane. We're seeking

20 to pool 83.7139% of the oil and gas owner's claim to coalbed

21 methane.

22 Q. Do you have some address unknown issues in a

23 couple of tracts?

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1 A. Yes.

2 Q. I've got 1A, 1B, 2A and 2B, is that correct?

3 A. That's correct.

4 Q. Okay. And then we've got a title conflict,
5 meaning that there's a title issue between some of the
6 claimants in several tracts, is that correct?

7 A. Yes.

8 Q. And I've got...I show 2A, 2B and 4, is that
9 correct?

10 ANITA DUTY: Yes.

11 A. Yes.

12 Q. Okay. Thank you, Anita. Then we have an
13 escrow requirement, which is disclosed by Exhibit E, with
14 regard to just straight up conflicts where you've got a
15 conflicting claim between the oil and gas owner and the coal
16 owner, correct?

17 A. Yes.

18 Q. And what are the tracts that need to be
19 escrowed simply because of the...what we would view as sort
20 of a traditional conflict issue?

21 A. 1A, 1B, 2A, 2B, 2C, 2D and 4.

22 MARK SWARTZ: Okay. I think that's all I have, Mr.
23 Chairman.

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1 MASON BRENT: Questions from the Board?

2 (No audible response.)

3 MASON BRENT: Could you just elaborate, if you
4 will, a little bit on the efforts you've made to get in touch
5 with these folks that have address---?

6 LESLIE K. ARRINGTON: Yes. Each one...each one of
7 them that we had an address to was offered a lease by
8 certified mail, phone, contacted in person or there was...as
9 you can see, there were several addresses unknown. But, you
10 know, we...this unit was done no different than we do any
11 other unit. It's just that we ran into several problems.

12 MASON BRENT: Are you continuing to try to locate
13 these people?

14 LESLIE K. ARRINGTON: Oh, absolutely. We do that
15 every day, yes.

16 MASON BRENT: Any other questions from the Board?

17 (No audible response.)

18 MASON BRENT: Do we have a motion?

19 DONALD RATLIFF: Move to approve, Mr. Chairman.

20 MASON BRENT: I have a motion for approval. Do we
21 have a second?

22 JIM McINTYRE: Second.

23 MASON BRENT: Motion to approve and a second. Any
24
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1 further discussion?

2 (No audible response.)

3 MASON BRENT: All in favor, signify by saying yes.

4 (All members signify by saying yes.)

5 MASON BRENT: Opposed, say no.

6 (No audible response.)

7 MASON BRENT: Okay. You have approval. I'm going
8 to take the Board's pulse here for a second. Does anybody
9 need a break? Do you want to take a ten minute break?

10 (Board confers.)

11 MASON BRENT: I've heard a couple say it's a good
12 idea.

13 JIM McINTYRE: Good idea. Good idea.

14 MASON BRENT: Let's take a...let's just take a ten
15 minute break.

16 (Break.)

17 MASON BRENT: Okay. We're back on the record.

18 Next the Board will hear a petition from CNX Gas Company, LLC
19 for pooling of coalbed methane unit BG-102. This is docket
20 number VGOB-05-1018-1508. I'd ask the parties that would
21 like to address the Board in this matter to come forward at
22 this time.

23 MARK SWARTZ: Mark Swartz and Les Arrington.

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1 MASON BRENT: There being no others, you may
2 proceed.

3 MARK SWARTZ: If I could, I would like to ask that
4 we incorporate Mr. Arrington's prior testimony with regard to
5 the applicant, the designated operator, proposed lease terms
6 and his opinion testimony.

7 MASON BRENT: It will be incorporated.

8

9 LESLIE K. ARRINGTON

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. SWARTZ:

12 Q. You need to state your name for us.

13 A. Leslie K. Arrington with CNX Gas Company,
14 LLC as manager of environmental and permitting.

15 Q. Did you either prepare or caused to be
16 prepared the notice of hearing, the application and related
17 exhibits with regard to BG-102?

18 A. Yes, I did.

19 Q. Did you sign both the notice of hearing and
20 the application?

21 A. Yes, I did.

22 Q. This is a Nora unit?

23 A. Yes, it is.

24

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1 Q. How many acres?
2 A. 58.77.
3 Q. How many wells?
4 A. One.
5 Q. And is it in the window?
6 A. Yes.
7 Q. Okay. The...and the well, I think, has been
8 drilled?
9 A. Yes.
10 Q. What's the permit number?
11 A. 6787. The estimated costs was \$238,985.22
12 to a depth of 2,451 feet.
13 Q. What did you do before today to advise the
14 respondents that are listed in the notice of hearing and in
15 B-3 that there was going to be hearing today?
16 A. We mailed by certified mail, return receipt
17 requested on September the 16th, 2005. We published in the
18 Bluefield Daily Telegraph on September 23, 2005.
19 Q. And have you provided Mr. Wilson with copies
20 in that regard?
21 A. Yes, we have.
22 Q. Okay. The...what...what interests have you
23 acquired and what are you seeking to pool?

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1 A. We have leased 100% of the coal owner's
2 claim to the coalbed methane and 85.3728% of the oil and gas
3 owner's claim to coalbed methane has been leased. We're
4 seeking to pool 14.6273% of the oil and gas owner's claim to
5 coalbed methane.

6 Q. The...you have a 71 page Exhibit E here, I
7 think, right?

8 A. Yes.

9 Q. Names of folks?

10 A. Yes, we do.

11 Q. And you...although you found most of them,
12 you do have...still some addresses to find?

13 A. That's correct.

14 Q. Okay. From an escrow standpoint, what
15 tracts do you have some unknown addresses?

16 A. I believe it's 1A, 1B, 1D, 1E, 1F, 1G and
17 1H.

18 Q. That's what I have. And that would be an
19 escrow requirement because of that?

20 A. Yes.

21 Q. At least for the time being?

22 A. Yes.

23 Q. Okay. Have you filed an exhibit E with
24

1 regard to more traditional escrow?

2 A. Yes, we have.

3 Q. And that would be a conflict issue?

4 A. Yes.

5 Q. And what tracts require escrow because of
6 conflict between oil and gas claims and coal claims?

7 A. 1A, 1B, 1D, 1E, 1F, 1G, 1H and Tract 2.

8 Q. Okay. Now, in Tract 2, there's also another
9 problem. There's a conflict in the title.

10 A. Yes.

11 Q. There's an uncertainty with regard to title
12 and that would be a further reason for escrow with regard to
13 Tract 2?

14 A. Tract 2, yes, it is.

15 Q. Okay. Have you filed an Exhibit EE?

16 A. Yes, for Tract 1C.

17 Q. Okay. And with regard to the folks
18 identified in EE, are you asking that the Board allow you to
19 pay them directly as opposed to escrowing their funds and let
20 you pay them in accordance with their split agreement?

21 A. Yes, we are.

22 MARK SWARTZ: That's all I have.

23 MASON BRENT: Any questions from the Board?

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1 (No audible response.)

2 MASON BRENT: Do we have a motion?

3 JIM McINTYRE: Motion to approve.

4 DONALD RATLIFF: Second.

5 MASON BRENT: I have a motion to approve and a
6 second. Any further discussion?

7 (No audible response.)

8 MASON BRENT: All in favor, signify by saying yes.

9 (All members signify by saying yes.)

10 MASON BRENT: Opposed, say no.

11 (No audible response.)

12 MASON BRENT: You have approval.

13 BILL HARRIS: Mr. Chairman, could I just make a
14 comment?

15 MASON BRENT: Mr. Harris, sur.

16 BILL HARRIS: Yeah, I'd like to commend the
17 applicant for using front and back of paper. You know, I
18 have... over the years, have always said that we needed to
19 conserve paper. I think that's admirable that you all have
20 done that.

21 MASON BRENT: I think that's a good observation.
22 Next, the Board will hear a petition from CNX Gas Company,
23 LLC for pooling of coalbed methane unit BH-102. This is

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1 docket number VGOB-05-1018-1509. I'd ask the parties that
2 would like to address the Board on this matter to come
3 forward at this time.

4 MARK SWARTZ: Mark Swartz and Les Arrington.

5 MASON BRENT: There being no others, you may
6 proceed.

7 MARK SWARTZ: Mr. Chairman, I would like to request
8 that you incorporate Mr. Arrington's prior testimony
9 concerning the applicant, the designated operator, proposed
10 lease terms and his opinion testimony.

11 MASON BRENT: It will be incorporated.

12

13 LESLIE K. ARRINGTON

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. SWARTZ:

16 Q. Les, you need to tell us who you are again.

17 A. Leslie K. Arrington. I work for CNX Gas
18 Company, LLC as manager of environmental and permitting.

19 Q. And did you either prepare or cause to be
20 prepared under your supervision, the notice of hearing, the
21 application and the related exhibits?

22 A. Yes, I did.

23 Q. And did you, in fact, sign the notice of
24

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1 hearing and the application?

2 A. Yes.

3 Q. What did you do to tell people there was
4 going to be a hearing today?

5 A. We noticed by certified mail, return receipt
6 requested on September the 16th, 2005 and published in the
7 Bluefield Daily Telegraph on September 23, 2005.

8 Q. And did you provide proofs in that regard to
9 Mr. Wilson?

10 A. Yes, we did.

11 Q. Okay. What kind of unit is this?

12 A. This is a Nora unit with 58.76 acres in it.

13 Q. Okay. And this one you've got a well
14 outside the window too, I think.

15 A. Yes, sir.

16 Q. And it is almost in the center of the unit
17 of the north edge, correct?

18 A. That's correct.

19 Q. Is it actual...it is in or out?

20 A. It's in the...it's actually in that unit.

21 Q. It's just barely in but---?

22 A. Yes.

23 Q. ---outside the drilling window?

24

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1 A. Correct.

2 Q. What's the explanation for it not being in
3 the drilling window?

4 A. Again, we're kind of on a ridge following an
5 existing road that's there.

6 Q. At the top of a ridge?

7 A. Yes.

8 Q. And this one, do you have the permit yet, at
9 the time you filed, you did not?

10 A. No. Its permit number is---.

11 Q. Oh, you do have a permit.

12 A. Yes.

13 Q. Okay.

14 A. At this point.

15 Q. Okay.

16 A. Its permit number is 6938.

17 Q. Okay.

18 A. Its estimated cost is \$238,433.22 to a depth
19 of 2441. I might add also on that well location, we do have
20 an existing above drainage mine operator in that area that
21 we're working around his mine plans also.

22 Q. So, that was part of the explanation as
23 well?

24

1 A. Yes.

2 Q. Okay. What interest have you acquired and
3 what are you seeking to pool?

4 A. We've acquired 99.0703% of the coal owner's
5 coalbed methane claim and 95.6671% of the oil and gas owner's
6 claim to coalbed methane. We're seeking to pool 0.9297% of
7 the coal owner's claim to coalbed methane and 4.3329% of the
8 oil and gas owner's claim to coalbed methane.

9 Q. There's some escrow requirements here,
10 right?

11 A. Yes.

12 Q. Okay. We've got some...in this unit,
13 although its not as bad as the last one, I think we've got a
14 41 page Exhibit E?

15 A. Yes.

16 Q. Obviously, you found most of the folks.

17 A. Yes.

18 Q. But there are some you still have not?

19 A. Correct.

20 Q. Are you continuing to look for them?

21 A. We do.

22 Q. Okay. Just from an escrow standpoint
23 concerning address issues, what are the tracts that require
24

1 escrow at this point?

2 A. It appears it's 1A, 1E, 1F, and 3, which
3 also has a title conflict.

4 Q. Okay. And we'll come back to that in a
5 minute because I think there are actually two tracts with a
6 title conflict.

7 A. Yes.

8 Q. Have you filed an Exhibit E?

9 A. Yes...yes, I'm sorry.

10 Q. And that would list folks that had conflicts
11 of a traditional nature between oil and gas and coal,
12 correct?

13 A. That's correct.

14 Q. What tracts require escrow for...because of
15 conflicts?

16 A. 1A, 1D, 1E, 1F and 3 with 1D and 3 having
17 also title conflicts.

18 Q. Okay. There's a title issue...there's an
19 uncertainty with regard to title in 1D and 3?

20 A. That's correct.

21 MARK SWARTZ: Okay. That's all I have on this one.

22 MASON BRENT: Any questions from the Board?

23 (No audible response.)

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1 MASON BRENT: Do we have a motion?

2 DONALD RATLIFF: I move to approve, Mr. Chairman.

3 JIM McINTYRE: Second.

4 MASON BRENT: I have a motion for approval and a
5 second. Any further discussion?

6 (No audible response.)

7 MASON BRENT: All in favor, signify by saying yes.

8 (All members signify by saying yes.)

9 MASON BRENT: Opposed, say no.

10 (No audible response.)

11 MASON BRENT: You have approval.

12 MARK SWARTZ: Thank you.

13 MASON BRENT: Next, the Board will hear a petition
14 from CNX Gas Company, LLC for pooling of coalbed methane unit
15 FF-14. This is docket number VGOB-05-1018-1510. We'd ask
16 the parties that would like to address the Board on this
17 matter to come forward at this time.

18 MARK SWARTZ: Mark Swartz and Les Arrington.

19 MASON BRENT: Okay. There being no others, you may
20 proceed.

21 MARK SWARTZ: There's some revised exhibits here,
22 which Anita is about to give you all.

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LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, I would you to tell us who you are again.

A. Leslie K. Arrington. I work for CNX Gas Company, LLC as manager of environmental and permitting.

MARK SWARTZ: Mr. Chairman, I would to request that you incorporate his prior testimony concerning the applicant, the designated operator, proposed lease terms and his opinion testimony.

MASON BRENT: It will be incorporated.

Q. Les, did you either prepare yourself or direct the preparation of the notice of hearing and the application and the related exhibits for FF-14?

A. Yes, I did.

Q. Okay. What kind of a unit is this?

A. It's an Oakwood I. It's a makeup unit down to the Middle Ridge unit. It has 89.40 acres in it.

Q. And how many wells?

A. One.

Q. And where is it to be located?

A. Within the drilling unit.

1 Q. In the window, you mean?

2 A. Yes.

3 Q. And what's the proposed cost?

4 A. \$240,635.46 to a depth of 2527 and its
5 permit number 6875.

6 Q. Have you listed the people that you're
7 seeking to pool in the...in the revised Exhibit B-3?

8 A. Yes, we have.

9 Q. Okay. And you also listed them in the
10 notice...the original notice and the original B-3?

11 A. Yes, we did.

12 Q. Okay. What did you do to notify these folks
13 that there was going to be a hearing today?

14 A. We mailed by certified mail, return receipt
15 requested on September the 16th, 2005 and published in the
16 Bluefield Daily Telegraph on September 23, 2005.

17 Q. And have you provided your proofs and
18 certificates in that regard to Mr. Wilson?

19 A. Yes, we have.

20 Q. Okay. What...what interests have you
21 acquired and what are you seeking to pool and, again, I...no,
22 let's back up. I withdraw that question. I notice you've
23 got an Exhibit B-2 here.

24

1 A. Yes, it is. We've leased an additional
2 interest within the unit.

3 Q. So, if you look at B-2, that person you've
4 been able to lease since you filed...between the time you
5 filed and today is who?

6 A. Luther Street.

7 Q. Okay. Is the change to Exhibit B-3 simply
8 to remove Mr. Street's name as a respondent?

9 A. Yes, it is.

10 Q. Okay. Is the change to revised Exhibit A,
11 page two to extract his percentage as no longer requiring
12 pooling?

13 A. That's correct.

14 Q. Okay. What...what interest have you
15 acquired and what are you seeking to pool in the revised
16 setting here where we've got a dismissal?

17 A. We have 100% of the coal owner's claim to
18 coalbed methane leased and 86.7599% of the oil and gas
19 owner's claim to the coalbed methane leased. We're seeking
20 to pool 13.2401% of the oil and gas owner's claim to coalbed
21 methane.

22 Q. Okay. If you look at the tract...or the
23 plat map here, there are ton of little parcels---.

24

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1 A. Yes, there are.

2 Q. ---in and along the road.

3 A. It is.

4 Q. Okay. And that...the number of owners in
5 this unit kind of accounts for the complexity of the
6 supporting exhibits?

7 A. It does, yes.

8 Q. Okay. It looks like we have an unknown in,
9 I think...let me ask you this. Turn to page two of three on
10 Exhibit B-3. Is...does that indicate that we're missing an
11 address and owner's name or is that just a mistake?

12 MARK SWARTZ: Do you see this, Anita?

13 (Anita Duty confers with Leslie K. Arrington.)

14 A. Title conflict. It's actually...we don't
15 know who it is. But he's claiming.

16 Q. Okay.

17 A. It says, "Claimant".

18 Q. Okay. So, with regard to Tract 2N, there is
19 an escrow requirement because there's a title dispute where
20 you're showing...where someone is making a claim and you
21 can't validate that they have an interest in the tract?

22 A. That's correct.

23 Q. Okay. So, there would be an escrow

24

1 requirement for that?

2 A. Yes.

3 Q. So, he would be included so he can advance
4 his claim---?

5 A. Uh-huh.

6 Q. ---if need be? That is the only identity or
7 address issue, I believe, in this unit?

8 A. It appears...it appears to be.

9 Q. Now, escrow from the standpoint of an
10 Exhibit E setting where you've got a conflicting claims
11 between coal and oil and gas, what tracts are going to
12 require escrow, and, again, it comes back to the fact that
13 you just got a ton of little---?

14 A. Yes.

15 Q. ---out parcels?

16 A. It is. And it's Tracts 2A, 2B, 2C, 2D, 2F,
17 2G, 2H, 2I, 2J, 2K, 2L, 2M, 2N, 2O, 2P, 2Q, 2R, 2S, 2T, 2U,
18 2V and 2W.

19 Q. Just a minute. Let me look here. With
20 regard to...it looks to me like there are also some title
21 conflicts not only in 2N, but also in 2R and 2S, is that---?

22 A. That's correct, it is.

23 Q. So, there are some title issues in those two
24

1 tracts---?

2 A. Yes, it is.

3 Q. ---that would also require escrow?

4 A. Yes.

5 Q. Okay.

6 MASON BRENT: Is that...may I stop you right there.

7 Is that why 2R and 2S are in bold?

8 LESLIE K. ARRINGTON: Yes.

9 Q. And have some of these folks in this unit
10 entered into split agreements?

11 A. Yes, they have. 2E, 2K, 2X and 2Y.

12 Q. And you've identified those tracts and those
13 people in your Exhibit EE?

14 A. Yes, we have.

15 Q. And are you requesting that if the Board
16 approves this application, they allow you to pay those folks
17 directly in accordance with their split agreements?

18 A. Yes, we are.

19 MARK SWARTZ: That's...that's all on this one, Mr.
20 Chairman.

21 MASON BRENT: Any questions from the Board?

22 BILL HARRIS: Mr. Chairman.

23 MASON BRENT: Mr. Harris.

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1 BILL HARRIS: Yes. Mr. Arrington, I have a
2 question about the well plot...plat.

3 LESLIE K. ARRINGTON: Yes.

4 BILL HARRIS: Where that road is and lots of
5 parcels, there are two 2Xs there, right about 6:00 o'clock if
6 you come straight down from the center.

7 MARY QUILLEN: Two of them identified as 2X?

8 BILL HARRIS: Yeah. Two identified as 2X.

9 LESLIE K. ARRINGTON: Yes. If you'll notice those
10 2X is the Commonwealth. What that is it's---

11 MARK SWARTZ: It's the right of way.

12 LESLIE K. ARRINGTON: ---the right-of-way and
13 they've just tried to indicate in a couple of places along
14 the road that that is the Commonwealth. If you notice, it's
15 just the real slivery---

16 BILL HARRIS: Yes.

17 LESLIE K. ARRINGTON: ---looking piece of tract---

18 BILL HARRIS: Next to the road, yes.

19 LESLIE K. ARRINGTON: ---and they've just tried to
20 indicate by putting two notations on there.

21 BILL HARRIS: Okay. Well, okay, I understand that.

22 I'm just...I guess I'm just not...wasn't aware that we were
23 doing that when they repeat...I mean, well, I guess it was

24

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1 just confusing to look at that and see where---.

2 LESLIE K. ARRINGTON: Yes. I understand your
3 question, yes.

4 DONALD RATLIFF: Mr. Chairman, I don't think we've
5 ever approved one that's in downtown Hurricane before, but
6 I'll make a motion to approve.

7 MASON BRENT: It's a busy...busy plat.

8 LESLIE K. ARRINGTON: Yes, it is. It took us a
9 long time on this.

10 MASON BRENT: Yeah, I can imagine.

11 DONALD RATLIFF: Motion to approve, Mr. Chairman.

12 MASON BRENT: Do I have...have a second?

13 JIM McINTYRE: Second.

14 MASON BRENT: We have a second. We have a motion
15 to approve and a second. Any further discussion?

16 (No audible response.)

17 MASON BRENT: All in favor, signify by saying yes.

18 (All members signify by saying yes.)

19 MASON BRENT: Opposed, say no.

20 (No audible response.)

21 MASON BRENT: Okay, you have approval. The next
22 item on the agenda is a petition from CNX Gas Company, LLC
23 for pooling of coalbed methane unit FF-15. This is docket

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1 number VGOB-05-1018-1511. I'd ask all parties that would
2 like to address the Board on this matter to come forward at
3 this time.

4 MARK SWARTZ: Mark Swartz and Les Arrington and
5 Anita has some revised exhibits for you all.

6 MASON BRENT: There being no others, you may
7 proceed.

8

9 LESLIE K. ARRINGTON

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. SWARTZ:

12 Q. Les, do you want to tell us who you are?

13 A. Yes, Leslie K. Arrington. I work for CNX
14 Gas Company, LLC as manager of environmental and permitting.

15 MARK SWARTZ: Mr. Chairman, I'd request that we be
16 allowed to incorporate Mr. Arrington's testimony concerning
17 the applicant, the designated operator, proposed lease terms
18 and his opinion testimony.

19 MASON BRENT: It will be incorporated.

20 Q. Les, did you either prepare yourself or
21 cause to be prepared under your direction the notice of
22 hearing, the application and the related exhibits concerning
23 FF-15?

24

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1 A. Yes, I did.

2 Q. What kind of unit is this?

3 A. It's an Oakwood I unit. It's kind of

4 another makeup unit in between Oakwood and either Nora or

5 Middle Ridge. Its acreage is 89.74 acres.

6 Q. And how many wells are you proposing?

7 A. One.

8 Q. And it's in the window?

9 A. Yes.

10 Q. Okay. For Board members who might be new or

11 be here for a while but maybe have not seen some of these

12 boundary units, in the Oakwood Field is 100,000 plus acres,

13 right?

14 A. It's rather big, yes.

15 Q. Okay. And because of the curvature of the

16 earth, when you're mapping that, we had to...we had to have

17 some different sized units at the edges to make it work?

18 A. To make it to a point...a known point, yes.

19 Q. To a known point when we mapped it

20 originally?

21 A. Yes.

22 Q. And...so we find at the boundaries or the

23 perimeter of the Oakwood, the typical size is 80 acres,

24

1 right?

2 A. Correct.

3 Q. And so 99.9% of those units in the Oakwood
4 are going to be 80 acres?

5 A. Correct.

6 Q. But around the margins, we have some of
7 these larger units?

8 A. We do have odd units around the edge.

9 Q. And this happens to be one of those---?

10 A. Yes.

11 Q. ---and the one before was one of those?

12 A. Correct.

13 Q. Okay. Is this well drilled yet?

14 A. No.

15 Q. How about...does it have a permit?

16 A. No.

17 Q. Okay. What's the proposed costs and the
18 estimated depth?

19 A. \$237,690.03 to a depth of 2424.

20 Q. The...we've got some revised exhibits here
21 and I see there's a B-2.

22 A. Yes.

23 Q. Is that to dismiss some folks or to---?

24

1 A. Yes.

2 Q. ---add some folks?

3 A. To dismiss due---.

4 Q. Okay.

5 A. ---to a lease.

6 Q. Okay. And it looks like we've got Luther
7 Street again---.

8 A. Yes, sir.

9 Q. ---in this unit.

10 A. Yes, sir.

11 Q. Okay. And you've leased him?

12 A. Yes, we have.

13 Q. Is the change to B-3 since filing simply to
14 delete Mr. Luther Street?

15 A. Yes, it is.

16 Q. Is the change to the percentages in A, page
17 two to remove his percentage?

18 A. Yes, it is.

19 Q. Okay. If we turn to Exhibit A, page two,
20 what...what percentages now has the applicant acquired and
21 what is it seeking to pool?

22 A. We have leased 100% of the coal owner's
23 claim to coalbed methane and 89.6367% of the oil and gas
24

1 owner's claim to coalbed methane has been leased. We're
2 seeking to 10.3633% of the oil and gas owner's claim to
3 coalbed methane.

4 Q. Okay. And you listed a couple of folks in
5 the notice of hearing and again in B-3. What do you do to
6 notify them there was going to be a hearing today?

7 A. We mailed by certified mail, return receipt
8 on September the 16th, 2005 and published in the Bluefield
9 Daily Telegraph on September 23, 2005.

10 Q. Have you filed proofs and certificates in
11 that regard with Mr. Wilson?

12 A. Yes, I have.

13 Q. Okay. There's an escrow requirement here?

14 A. Yes, for Tract 1A, 1B, 1C, 1D, 1F and 1G.

15 Q. And that's just the traditional kind of
16 conflict between oil and gas and coal?

17 A. Correct.

18 Q. Okay. I see you've got an Exhibit EE?

19 A. Yes, for Tract 1E.

20 Q. And are you requesting the Board allow you
21 to pay the people identified Exhibit EE directly rather than
22 escrowing your funds and to make those payments to them
23 consistent with their split agreement?

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1 A. Yes, we are.

2 MARK SWARTZ: Okay. That's all I have.

3 MASON BRENT: Any questions from the Board?

4 (No audible response.)

5 MASON BRENT: Do we have a motion?

6 JIM McINTYRE: Motion to approve.

7 MASON BRENT: We have a motion to approve. Do I

8 have a second?

9 BILL HARRIS: Second.

10 MASON BRENT: Any further discussion?

11 (No audible response.)

12 MASON BRENT: All in favor, signify by saying yes.

13 (All members signify by saying yes.)

14 MASON BRENT: Opposed, say no.

15 (No audible response.)

16 MASON BRENT: You have approval. Next, the Board

17 will hear a petition from CNX Gas Company, LLC for

18 disbursement of funds from escrow and authorization for

19 direct payment of royalties on Tracts 1I and 1J in unit FF-

20 33. This is docket number VGOB-03-0415-1142-01. I'd ask

21 that the parties that would like to address the Board on this

22 matter to come forward at this time.

23 MARK SWARTZ: Mark Swartz and Anita Duty.

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1 MASON BRENT: There being no others, you may
2 proceed.

3

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ANITA DUTY

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DIRECT EXAMINATION

6 QUESTIONS BY MR. SWARTZ:

7 Q. You're already sworn, Anita, but we need to
8 know your name again.

9 A. Anita Duty.

10 Q. Who do you work for?

11 A. CNX Gas.

12 Q. And what do you do for them that pertains to
13 why we're here?

14 A. Balance and make sure that the escrow
15 accounts are correct.

16 Q. Okay. In this incidence, with regard to FF-
17 33, which is the bottom off of the exhibit that's being
18 passed out, right,---?

19 A. Yes.

20 Q. ---what information did you have available
21 to you and what did you...what did you do to come up with the
22 dollar amounts?

23 A. I compared the bank records to our company

24

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1 that pays our royalties to make sure that everything
2 balanced.

3 Q. Okay. And after you made the comparison,
4 what did you determine?

5 A. The accounts balance.

6 Q. Okay. And your reporting balance on this
7 exhibit is as of what date?

8 A. September the 30th, 2005.

9 Q. Okay. Oh, it's at the top, okay. And that
10 balance you would expect would probably be different by the
11 time the bank was ordered to make an escrow distribution and
12 actually made it?

13 A. Yes.

14 Q. Okay. So, the important numbers here are
15 really the percentages?

16 A. Yes.

17 Q. Okay. With regard to FF-33, we're talking
18 about escrowing money pertaining to which two tracts?

19 A. Tract 1I and 1J.

20 Q. Okay. And that's the...at the very bottom
21 of the spreadsheet here, correct?

22 A. Yes.

23 Q. And the percentage that the bank escrow
24

1 agent should disburse when it happens is what percent?

2 A. It should be 3.7304%.

3 Q. To each of the---?

4 A. To each owner.

5 Q. To each owner?

6 A. Uh-huh.

7 Q. And it's...the total percent would be just
8 the 3.7304 times 2, which is?

9 A. 7.4608.

10 Q. Okay. And after that disbursement to
11 those...to those people with split agreements, there will
12 still be a need to escrow because they're accounts remaining?

13 A. Yes.

14 Q. And you've listed those here?

15 A. Yes.

16 MARK SWARTZ: Okay. That's all I have. Oh, excuse
17 me.

18 Q. After these funds are escrowed then, would
19 it also be our request that we be allowed to pay future
20 royalties directly to these people?

21 A. Yes.

22 MARK SWARTZ: That's all I have.

23 MASON BRENT: Okay. Any questions from the Board?

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1 (No audible response.)

2 MASON BRENT: Do we have a motion?

3 JIM McINTYRE: Motion to approve.

4 MASON BRENT: I have a motion to approve. Do we
5 have a second?

6 BILL HARRIS AND DONALD RATLIFF: Second.

7 MASON BRENT: I have a motion to approve and a
8 second. Any further discussion?

9 (No audible response.)

10 MASON BRENT: All in favor, signify by saying yes.

11 (All members signify by saying yes.)

12 MASON BRENT: Opposed, say no.

13 (No audible response.)

14 MASON BRENT: You have approval. Next, the Board
15 will hear a petition from CNX Gas Company, LLC for
16 disbursement of funds from escrow and authorization for
17 direct payment of royalties on Tracts 2A, 2B and 3B in unit
18 EE-33. This is docket number VGOB-02-0820-1054-01. I'd ask
19 the parties that would like to address the Board in this
20 matter to come forward at this time.

21 MARK SWARTZ: Mark Swartz and Anita Duty.

22 MASON BRENT: There being no others, you may
23 proceed.

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ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you're sworn, but I need to know your name again.

A. Anita Duty.

Q. Who do you work for?

A. CNX Gas Company.

Q. And what do you do for them that pertains the reason that we're here on this application?

A. Balance the escrow accounts.

Q. Okay. And did you prepare this spreadsheet Exhibit A pertaining...the top half which pertains to unit EE-33 for today?

A. Yes.

Q. Okay. What records did you review and what conclusions did you reach?

A. I compared the bank records with the payments that we had sent to escrow and everything balanced, the accounts balanced.

Q. So, when you sent a payment, you found it at the bank?

1 A. Yes.

2 Q. Okay. The dollar amounts here are as of
3 September the 30th, this date at the top?

4 A. Yes.

5 Q. And when the disbursement occurs, is it your
6 testimony that the bank should apply the percentage to the
7 amount on deposit at the time of the disbursement to make it
8 right?

9 A. Yes.

10 Q. And with regard to Tracts 2A, 2B and 3B that
11 you're seeking disbursements, what are the relevant
12 percentages?

13 A. For Tract 2A each owner should be paid
14 28.9050%, Tract 2B each owner should be paid 1.2614% and
15 Tract 3B each owner should be paid 8.5346% of escrow.

16 Q. Okay. And after those payments are made out
17 of escrow, they're still going to be two tracts requiring
18 escrow, correct?

19 A. Yes.

20 Q. So, the account would continue?

21 A. Yes.

22 Q. Okay. And...but as of the entry of any
23 order, would it be...also be your request that the operator

24

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1 be allowed to pay these folks whose money is being disbursed
2 directly rather than continuing to escrow their money?

3 A. Yes.

4 MARK SWARTZ: That's all I have.

5 MASON BRENT: Any questions from the Board?

6 (No audible response.)

7 MASON BRENT: Do we have a motion?

8 JIM McINTYRE: Motion to approve.

9 MASON BRENT: We have a motion to approve. Do we
10 have a second?

11 DONALD RATLIFF: Second, Mr. Chairman.

12 MASON BRENT: Any further discussion?

13 (No audible response.)

14 MASON BRENT: All in favor, signify by saying yes.

15 (All members signify by saying yes.)

16 MASON BRENT: Opposed, say no.

17 (No audible response.)

18 MASON BRENT: You have approval.

19 MARK SWARTZ: Before we move on, I would just like

20 to...on my own personal behalf and on behalf of my several

21 clients who appear here, I'd really like to thank Mr. Mason

22 Brent for his years of service. You know, he has brought a

23 lot of skill to the table. He has been exceedingly diligent

24

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1 and given...he has got even a longer drive than I have. I
2 just...we're grateful and we appreciate your service. It's a
3 donation of time and skill. We thank you.

4 MASON BRENT: Well, thank you. I've enjoyed it.
5 Next, the Board will hear a petition from Equitable
6 Production Company for a well location exception for proposed
7 well V-536762. This is docket number VGOB-05-1018-1512.
8 We'd ask all parties that would like to address the Board on
9 this matter to come forward at this time.

10 JIM KAISER: Mr. Chairman and members of the Board,
11 Jim Kaiser and Don Hall on behalf of Equitable Production
12 Company.

13 MASON BRENT: Okay, there being no others, you may
14 proceed.

15 (Don Hall is duly sworn.)

16

17

DON HALL

18

DIRECT EXAMINATION

19 QUESTIONS BY MR. KAISER:

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

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

24

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1 Q. And do your responsibilities include the
2 land involved in 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 V-536762?

6 A. Yes.

7 Q. And have all interested parties been
8 notified as required by Section 4(B) of the Virginia Gas and
9 Oil Board Regulations?

10 A. They have.

11 Q. Would you indicate for the Board the
12 ownership of the oil and gas underlying this unit in...let me
13 also let you know the next item on the docket is a force
14 pooling for the same well.

15 A. We have 97.218% of the oil and gas leased in
16 this unit.

17 Q. And we are force pooling the unleased
18 interest after this hearing, is that correct?

19 A. That's correct.

20 Q. And all the different oil, gas and mineral
21 owners within the specified distance are listed in Exhibit B
22 to the application?

23 A. They are.

24

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1 Q. And does Equitable have the right to...we're
2 seeking an exception for just one well aren't we?

3 A. That's correct.

4 Q. And does Equitable have the right to operate
5 that reciprocal well?

6 A. Yes, we do.

7 Q. So, are there any correlative rights issues?

8 A. No.

9 Q. Could you explain for the Board why we're
10 seeking this exception?

11 A. If you're looking at...if you look at the
12 plat that's attached to the application, you'll see the well
13 that we're getting an exception from is P-122, which is in
14 the...at about the 2:00 o'clock position on the plat. To
15 create...to get a legal location 2500 foot from that well, we
16 would have to push the well southwest approximately 300 feet
17 further, which would put it on Tract Number 4. We have a
18 surface owner on that particular tract that would prefer that
19 we not be on him. So, we've moved it over on the other
20 tract, on Tract 1, to avoid any conflict with the surface
21 owner.

22 Q. So, we're accommodating the surface owner
23 and at the same time not effecting anybody's correlative
24

1 rights?

2 A. That's correct.

3 Q. Okay. In the event this location exception
4 were not granted, would you project the estimated loss of
5 reserves that would result in waste?

6 A. 350 million cubic feet.

7 Q. All right. And what's the total depth of
8 the proposed well under the plan of development?

9 A. 6425 feet.

10 Q. In your...is the applicant requesting this
11 location exception cover conventional gas reserves to include
12 the designated formations as listed in the permit application
13 from the surface to the total depth drilled?

14 A. Yes.

15 Q. In your opinion, would the granting of this
16 location exception be in the best interest of preventing
17 waste, protecting correlative rights and maximizing the
18 recovery of the gas reserves underlying the unit for this
19 well?

20 A. It would.

21 JIM KAISER: Nothing further of this witness at
22 this time, Mr. Chairman.

23 MASON BRENT: Any questions from the Board?
24
25

1 (No audible response.)

2 MASON BRENT: Did you have anything further?

3 JIM KAISER: We'd ask that the application be
4 approved as submitted.

5 MASON BRENT: Do I have a motion?

6 JIM KAISER: So moved, Mr. Chairman.

7 MASON BRENT: Motion for approval. Do we have a
8 second?

9 (No audible response.)

10 BILL HARRIS: Second.

11 MASON BRENT: Second. Any further discussion?

12 (No audible response.)

13 MASON BRENT: All in favor, signify by saying yes.

14 (All members signify by saying yes, but Donald
15 Ratliff.)

16 MASON BRENT: Opposed, say no.

17 DONALD RATLIFF: I'll abstain.

18 MASON BRENT: One abstention from Mr. Ratliff. You
19 have approval. Next, the Board will hear a petition from
20 Equitable Production Company for creation and pooling of
21 conventional gas unit V-536762. This docket number VGOB-05-
22 1018-1513. I'd ask the parties that would like to address
23 the Board on this matter to come forward at this time.

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1 JIM KAISER: Mr. Chairman, again, Jim Kaiser and
2 Don Hall on behalf of Equitable.

3 MASON BRENT: Okay, there being no others, you may
4 proceed.

5

6

DON HALL

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DIRECT EXAMINATION

8 QUESTIONS BY MR. KAISER:

9 Q. Mr. Hall, again, state your state, who
10 you're employed by and in what capacity?

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

13 Q. And you're familiar with the land involved
14 here and in the surrounding area?

15 A. Yes.

16 Q. And you're familiar with our application
17 seeking to pool any unleased interest in the unit for EPC
18 well V-536762, which was dated September the 16th, 2005?

19 A. Yes.

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

22 A. We do.

23 Q. And prior to filing the applications, were
24

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1 efforts made to contact each of the respondents within the
2 unit and an attempt made to work out a voluntary agreement?

3 A. Yes.

4 Q. What is the interest of Equitable under
5 lease in the gas estate?

6 A. We have 97.218% leased.

7 Q. 97.218%?

8 A. Yes.

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

11 A. They are.

12 Q. And what is the interest that remains
13 unleased?

14 A. 2.782%.

15 Q. We don't have any unknown entities?

16 A. No.

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

20 A. It was.

21 Q. And are the addresses set out in Exhibit B
22 to the application the last known addresses for the
23 respondents?

24

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1 A. Yes.

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

4 A. Yes.

5 Q. Are you familiar with the fair market value
6 of drilling rights in the unit here and in the surrounding
7 area?

8 A. I am.

9 Q. If you could, advise the Board to what those
10 are.

11 A. We pay a five dollar bonus on a five year
12 term with a one-eighth royalty.

13 Q. In your opinion, do the terms you just
14 testified to represent the fair market value of and the fair
15 and reasonable compensation to be paid for drilling rights
16 within this unit?

17 A. They do.

18 Q. Now, as to the unleased respondents, which
19 are...we've got Jimmy Smith in Tract 5 and then several
20 undivided interest in Tract 7, do you agree that with respect
21 to their interest they be allowed the following statutory
22 options: 1) participation; 2) a cash bonus of five dollars
23 per net mineral acre plus a one-eighth of eight-eighths

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1 royalty; 3) in lieu of a cash bonus and one-eighth of eight-
2 eights royalty share in the operation of the well on a
3 carried basis as a carried operator under the following
4 conditions: such carried operator should be entitled to the
5 share of production from the tracts pooled accruing to his
6 interest exclusive of any royalty or overriding royalty
7 reserved in any leases or assignments thereof or agreement
8 relating thereto of such tracts, but only after the proceeds
9 applicable to that share equal A) 300% of the share of such
10 costs applicable to the interest of a carried operator of a
11 leased tract or portion thereof; or B) 200% of the share of
12 such costs applicable to the interest of the carried operator
13 of an unleased tract or portion thereof?

14 A. Yes.

15 Q. Do you recommend that the order provide that
16 elections by respondents be in writing and sent to the
17 applicant at Equitable Production Company, 1710 Pennsylvania
18 Avenue, Charleston, West Virginia 25302, Attention: Melanie
19 Freeman, Regulatory?

20 A. Yes.

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

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1 A. It should.

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

6 A. Yes.

7 Q. Should unleased respondents be given 30 days
8 from the date that they receive the recorded Board order to
9 file their written elections?

10 A. They should.

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

14 A. Yes.

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

18 A. We do.

19 Q. Should the applicant be allowed 120 days
20 following the recording date of the Board order and
21 thereafter, annually on that date until production is
22 achieved to pay or tender any cash bonus or delay rental that
23 may become due under the force pooling order?

24

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1 A. Yes.

2 Q. Do you recommend that the order provide that
3 if a respondent elects to participate but fails to pay their
4 proportionate share of well costs, then that respondents
5 election to participate should be treated as having been
6 withdrawn and void and such respondent should be treated as
7 if no initial election had been filed, in other words, deemed
8 to be leased?

9 A. Yes.

10 Q. Do you recommend that the order provide that
11 where a respondent elects to participate, but defaults in
12 regard to payment of the actual well costs, any cash sum
13 becoming payable to that respondent be paid by the applicant
14 within sixty days after the last date on which that
15 respondent could have paid their costs?

16 A. Yes.

17 Q. In this particular case, it's a conventional
18 well. We don't have any conflicting claims. We don't have
19 any unknown or unlocateable owners. So, the Board does not
20 need to establish an escrow account, is that correct?

21 A. That's correct.

22 Q. And who should be named the operator under
23 the force pooling order?

24

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1 A. Equitable Production Company.

2 Q. And what's total depth of this well?

3 A. 6425 feet.

4 Q. Again, the estimated reserves?

5 A. 350 million cubic feet.

6 Q. Are you familiar with the well costs?

7 A. Yes.

8 Q. Has an AFE been reviewed, signed and

9 submitted to the Board as Exhibit C to the application?

10 A. Yes.

11 Q. In your opinion, does this AFE represent a

12 reasonable estimate of the well costs?

13 A. Yes.

14 Q. Could you state for the Board both the dry

15 hole costs and complete well costs for this well?

16 A. The dry hole cost is \$261,624 and the

17 completed well cost is \$517,980.

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 KAISER: Nothing further of this witness, Mr.
7 Chairman.

8 MASON BRENT: Any questions from the Board?

9 (No audible response.)

10 MASON BRENT: Do you have anything further?

11 JIM KAISER: We'd ask, again, that the application
12 be approved as submitted.

13 MASON BRENT: Do we have a motion?

14 JIM McINTYRE: So moved, Mr. Chairman.

15 MASON BRENT: I have a motion to approve. Do we
16 have a second?

17 BILL HARRIS AND MARY QUILLEN: Second.

18 MASON BRENT: We have a second. Any further
19 discussion?

20 (No audible response.)

21 MASON BRENT: All in favor, signify by saying yes.

22 (All members signify by saying yes, but Donald
23 Ratliff.)

24

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1 MASON BRENT: Opposed, say no.

2 DONALD RATLIFF: I'll abstain, Mr. Chairman.

3 MASON BRENT: One abstention by Mr. Ratliff. You
4 have approval. Next, the Board will hear a petition from
5 Equitable Production Company for pooling of coalbed methane
6 unit VC-536626. This is docket number VGOB-05-1018-1514.
7 I'd ask all parties that would like to address the Board on
8 this matter to come forward at this time.

9 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
10 Don Hall. Mr. Hall has a new plat and some new exhibits to
11 pass out for this---

12 MASON BRENT: There being no others, you may
13 proceed.

14 (Don Hall passes out exhibits.)

15 MASON BRENT: You may proceed.

16

17 DON HALL

18 DIRECT EXAMINATION

19 QUESTIONS BY MR. KAISER:

20 Q. Mr. Hall, again, if you'd state your name,
21 who you're employed and in what capacity?

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

24

--

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

3 A. They do.

4 Q. And you're familiar with the application we
5 filed seeking to pool any unleased interest in the unit for
6 VC-536626 dated September the 16th, 2005?

7 A. Yes.

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

10 A. We do.

11 Q. Now, normally, I ask you if prior to filing
12 the application, did you make an attempt to work out a
13 voluntary lease with all the respondents and interest owners
14 within the unit. Well, this is a little bit different, isn't
15 it?

16 A. Yes.

17 Q. So, explain what we've got here.

18 A. Well, the Yellow Popular Lumber Company
19 owned this property in the '20s and they filed for bankruptcy
20 in '28. Gallie Friend was appointed trustee and he conveyed
21 properties that they owned at that time to various people.
22 But this property was never conveyed. So, Yellow Popular
23 property is still in the name of Yellow Popular Lumber

24

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1 Company, which became bankrupted and we presumed default
2 company. And the---

3 Q. Well, at least the gas estate was never
4 conveyed?

5 A. Right, the gas estate. Right. And...so, in
6 that situation, it would probably fall to the...to the
7 shareholders of the company. This was in 1928. We've been
8 unable to find them. As a matter of a fact, we drilled a
9 well on this property about 12 years ago under the same
10 circumstance and it was an outpost well at the time. Now,
11 we're in...need to develop the whole property. We've done
12 research and a title...title examinations and so forth and
13 have not been able to locate any...any information that would
14 tell us who the current owner is. So, we're...we're listing
15 them as Yellow Popular Lumber Company, address unknown.

16 Q. We've conducted due diligence with the
17 Secretary of State in Richmond...offices in Richmond and we
18 have reviewed the Federal Bankruptcy file?

19 A. Right.

20 JIM KAISER: You're going to see this twice more
21 for Equitable today and once for CNR, the same thing, Yellow
22 Popular.

23 Q. So, the...we have a 100% of the coal and CBM

24

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1 estate under lease?

2 A. That's correct.

3 Q. And zero percent of the gas estate under
4 lease?

5 A. Correct, which is owned by the---.

6 Q. Yellow Popular?

7 A. ---Yellow Popular.

8 Q. Okay. And we just detailed the efforts we
9 made to try to locate any shareholders of surveying entity or
10 persons to Yellow Popular, right?

11 A. That's correct.

12 Q. Okay. In your professional opinion, was due
13 diligence exercised to try to locate the respondents?

14 A. It was.

15 Q. Are the addresses set out in Exhibit B to
16 the application the last known addresses for those known
17 respondents?

18 A. Yes.

19 Q. Are you requesting this Board to force pool
20 all unleased interest as listed at Exhibit B-3?

21 A. Yes.

22 Q. And are you familiar with the fair market
23 value of drilling rights in the unit here and the surrounding

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1 area?

2 A. Yes.

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

4 A. We pay a five dollar bonus, five year term
5 with a one-eighth royalty.

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

10 A. They do.

11 JIM KAISER: Now, Mr. Chairman, at this time, I'd
12 ask that the testimony regarding the election options
13 afforded any force pooled party and the different time
14 frame...time frames and obligations that that statute imposes
15 upon them, be incorporated from the testimony that was just
16 taken in VGOB docket number 05-1018-1513.

17 MASON BRENT: It will be incorporated.

18 Q. Okay. Mr. Hall, in this particular case,
19 the Board does need to establish an escrow account?

20 A. That's correct.

21 Q. And that will be for Tract 1, is that
22 correct?

23 A. That's correct. To elaborate a little
24

1 further, the new exhibit that I passed out, the only change
2 on the plat and the Exhibit B and B-3...actually B, is we had
3 put wrong lease number for T-242, which is probably more of
4 an internal problem. But I wanted the Board to have a
5 corrected plat and corrected exhibit.

6 Q. So, both the plat and the Exhibit B and B-3
7 and E all now reflect the proper lease number?

8 A. That's correct.

9 Q. Okay. And who should be named operator
10 under any force pooling order?

11 A. Equitable Production Company.

12 Q. The total depth of the proposed well?

13 A. 2,068 feet.

14 Q. Estimated reserves for the unit?

15 A. 230 million cubic feet.

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

18 A. Yes.

19 Q. In your opinion, does it represent a
20 reasonable estimate of the well costs for this well?

21 A. It does.

22 Q. Could you state for the Board what those
23 are?

24

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1 A. The dry hole costs are \$100,762 and the
2 completed well cost is \$303,125.

3 Q. Do these costs anticipate a multiple
4 completion?

5 A. Yes.

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

8 A. Yes.

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

13 A. Yes.

14 JIM KAISER: Nothing further of this witness at
15 this time, Mr. Chairman.

16 MASON BRENT: Okay. Any questions from the Board?
17 (No audible response.)

18 MASON BRENT: Do you have anything further?

19 JIM KAISER: We'd ask that the application be
20 approved with the addition of the revised plat in the
21 exhibits to the reflect the proper lease number on the Pine
22 Mountain lease.

23 MASON BRENT: Okay. Do we have a motion?
24
25

1 JIM McINTYRE: Motion to approve.

2 MASON BRENT: I have a motion to approve. Do we
3 have a second?

4 BILL HARRIS: Second.

5 MASON BRENT: Second. Any further discussion?

6 (No audible response.)

7 MASON BRENT: All in favor, signify by saying yes.

8 (All members signify by saying yes, but Donald
9 Ratliff.)

10 MASON BRENT: Opposed, say no.

11 DONALD RATLIFF: I abstain, Mr. Chairman.

12 MASON BRENT: One abstention by Mr. Ratliff. You
13 have approval. Next, the Board will hear a petition from
14 Equitable Production Company for pooling of coalbed methane
15 unit VC-536614. This is docket number VGOB-05-1018-1515.
16 I'd ask the parties that would like to address the Board on
17 this matter to come forward at this time.

18 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
19 Don Hall on behalf of Equitable Production Company. For some
20 reason, Don didn't want me to combine these, I guess, we've
21 got revised exhibits. This is the exact same tract and exact
22 same situation that we just went through. I think the depth
23 might be a little different and the costs might be a little

24

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1 different. So, I'll go through that testimony. I'd like
2 to---

3 MASON BRENT: Let the record reflect that there's
4 no others. So, you may proceed.

5 JIM KAISER: I'd like to incorporate the rest of
6 the testimony, if I could, from the previous one.

7 MASON BRENT: It will be incorporated.

8

9

DON HALL

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DIRECT EXAMINATION

11 QUESTIONS BY MR. KAISER:

12 Q. One thing to point out, I guess, on this
13 particular...in this particular unit, the actual well bore is
14 outside the interior window. If a permit has not been
15 applied for, I guess, you'll be seeking a location exception
16 in the permitting process for this well?

17 A. The permit has been issued on this one.

18 Q. Okay. Ownership is the same, is that
19 correct, Mr. Hall?

20 A. That's correct.

21 Q. What is the depth of this particular well?

22 A. It's 1980 feet.

23 Q. And the estimated reserves are also 230
24

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1 million cubic feet?

2 A. That's correct.

3 Q. And, again, the Board will need to establish
4 an escrow account for the conflicting claims with the unknown
5 gas estate owner?

6 A. That's correct.

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

9 A. Yes.

10 Q. Could you go over both the dry hole costs
11 and completed well costs for this particular well?

12 A. The dry hole costs is \$114,274 and completed
13 well cost is \$317,629.

14 Q. And in your professional opinion, would the
15 granting of this application be in the best interest of
16 conservation and protection of correlative rights?

17 A. Yes.

18 JIM KAISER: Nothing further at this time, Mr.
19 Chairman.

20 MASON BRENT: As in the previous one, you continue
21 to try to find the owners?

22 DON HALL: Yes.

23 MASON BRENT: Any questions from the Board?
24
25

1 BILL HARRIS: Mr. Chairman.

2 MASON BRENT: Mr. Harris.

3 BILL HARRIS: Just a question out of curiosity and
4 that's sort of an open question. What happens if these
5 folks...if we...I guess that's a legal question or whatever.
6 But what happens if they've never...we never discover the
7 ownership? What...is there some statute of limitations on
8 the money?

9 DON HALL: I think there's a provision that
10 the...after a certain number of years, the funds go to the
11 state, isn't that correct?

12 BOB WILSON: Unclaimed...it would subject to the
13 unclaimed property statute of the State of Virginia once the
14 account is inactive and no more moneys are going into it.

15 JIM KAISER: So, it's a certain period of time
16 after there's no more proceeds being put into escrow,
17 probably seven years, I think.

18 BOB WILSON: I'd defer to somebody else on that.

19 SHARON PIGEON: But the escheated funds even
20 after...they're called escheated funds.

21 BILL HARRIS: Oh, okay.

22 SHARON PIGEON: And after they escheat to the
23 state, if the true owner ever came forward, they could still

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1 reclaim that money. So, it's...it's a transition, but they
2 never totally loose that right, if they ever come forward.

3 BILL HARRIS: Okay. Thank you.

4 BOB WILSON: Of course, this is under conflicting
5 claims and unknown owners. So, there's a double complication
6 there.

7 BILL HARRIS: Okay, thank you.

8 MASON BRENT: Any other questions from the Board?

9 (No audible response.)

10 MASON BRENT: Do we have a motion?

11 JIM McINTYRE: Motion to approve.

12 MASON BRENT: Motion to approve. Do we have a
13 second?

14 (No audible response.)

15 BILL HARRIS: Second.

16 MASON BRENT: Any further discussion?

17 (No audible response.)

18 MASON BRENT: All in favor, signify by saying yes.

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

21 MASON BRENT: Opposed, say no.

22 DONALD RATLIFF: I'll abstain, Mr. Chairman.

23 MASON BRENT: One abstention, that's Mr. Ratliff.

24

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1 You have approval.

2 JIM KAISER: Mr. Chairman, if we could---

3 MASON BRENT: Mr. Kaiser.

4 JIM KAISER: ---since we're on this right now, if
5 we could go ahead and skip down to item twenty-seven because
6 it's another Yellow Popular well before we do twenty-five and
7 twenty-six and we can sort of incorporate it again.

8 MASON BRENT: That's fine. Next, the Board will
9 hear a petition from Equitable Production Company for pooling
10 of coalbed methane unit VC-536619. This is docket number
11 VGOB-05-1018-1518. I'd ask the parties that would like to
12 address the Board on this matter to come forward at this
13 time.

14 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
15 Don Hall on behalf of Equitable Production.

16 MASON BRENT: Okay, there are no others. You may
17 proceed.

18 JIM KAISER: Again, we have a revised plat and
19 revised exhibits to again reflect the correct lease number on
20 the Pine Mountain Oil and gas lease.

21

22 DON HALL

23 DIRECT EXAMINATION

24

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1 QUESTIONS BY MR. KAISER:

2 Q. Again, Mr. Hall, do your responsibilities
3 include the land involved in this unit and the surrounding
4 area?

5 A. Yes.

6 Q. And, again, we have the Yellow Popular
7 situation as far as the gas estate goes that was discussed
8 earlier today?

9 A. That's correct.

10 Q. And what is the depth of this particular
11 well?

12 A. It's 1980 feet of the well.

13 Q. And th estimated reserves?

14 A. Estimated reserves 230 million cubic feet.

15 Q. And could you state for...was an AFE
16 submitted to the Board as Exhibit C?

17 A. Yes.

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

22 A. Yes.

23 Q. Could you state for the Board both the dry
24

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1 hole costs and completed well costs for this well?

2 A. The dry hole cost is \$101,624 and the
3 completed well cost is \$270,373.

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

7 A. Yes.

8 JIM KAISER: That's all I have for this witness at
9 this time, Mr. Chairman.

10 MASON BRENT: Any questions from the Board?

11 (No audible response.)

12 MASON BRENT: Do you have anything further?

13 JIM KAISER: Again, we'd ask that the application
14 be approved with the revised plat and exhibits to reflect the
15 correct lease number.

16 MASON BRENT: Do we have a motion?

17 JIM McINTYRE: So moved, Mr. Chairman.

18 MASON BRENT: I have a motion for approval. Do we
19 have a second?

20 BILL HARRIS: Second.

21 MASON BRENT: Any further discussion?

22 (No audible response.)

23 MASON BRENT: All in favor, signify by saying yes.

24

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1 (All members signify by saying yes, except Donald
2 Ratliff.)

3 MASON BRENT: Opposed, say no.

4 DONALD RATLIFF: I abstain, Mr. Chairman.

5 MASON BRENT: One abstention from Mr. Ratliff. You
6 have approval. All right. Let's back up to our agenda item
7 number twenty-five. The Board will hear a petition from
8 Equitable Production Company for creation and pooling of a
9 conventional unit V-536200. This is docket number VGOB-05-
10 1018-1516. We'd ask all parties that would like to address
11 the Board on this matter to come forward at this time.

12 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
13 Don Hall on behalf of Equitable Production Company.

14 MASON BRENT: Okay, there are no others. You may
15 proceed.

16

17

DON HALL

18

DIRECT EXAMINATION

19 QUESTIONS BY MR. KAISER:

20 Q. This is a conventional well that we're
21 pooling here, Mr. Hall. Again, your employment and capacity?

22 A. I'm employed by Equitable Production Company
23 as District Landman.

24

--

1 Q. And you're familiar with the application
2 that we filed seeking the establishment of a drilling unit in
3 this case and pooling of any unleased interest for EPC well
4 V-536200, which was dated September the 16th, 2005?

5 A. Yes.

6 Q. And prior to filing the application were
7 efforts made to contact each of the respondents within the
8 unit and an attempt made to work out a voluntary lease
9 agreement with each of them?

10 A. Yes, sir.

11 Q. And does Equitable own drilling rights
12 within this unit?

13 A. We do.

14 Q. What is the interest of Equitable under
15 lease within this unit?

16 A. We have...currently we have 84.504% leased.

17 Q. And you're familiar with the unleased
18 interest?

19 A. Yes.

20 Q. And what percentage is that?

21 A. That would be 15.496%.

22 Q. And are all unleased parties set out at
23 Exhibit B-3?

24

--

1 A. They are.

2 Q. And, again, in this particular case, we
3 don't have any unknown parties?

4 A. That's correct.

5 Q. Okay. In your professional opinion, was due
6 diligence exercised to locate each of the respondents named
7 in Exhibit B?

8 A. Yes.

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

12 A. They are.

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

15 A. Yes.

16 Q. Are you familiar with the fair market value
17 of drilling rights in the unit here and in the surrounding
18 area?

19 A. Yes.

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

22 A. We pay a five dollar bonus on a five year
23 term with a one-eighth royalty.

24

--

1 Q. In your opinion, do the terms you just
2 testified to represent the fair market value of and the fair
3 and reasonable compensation to be paid for drilling rights
4 within this unit?

5 A. They do.

6 JIM KAISER: Again, Mr. Chairman, I'd ask at this
7 time that the statutory election options afforded those
8 parties unleased as listed at Exhibit B-3 and their time
9 frames and obligations in which to make those, which was
10 previously taken in 05-1018-1513 be incorporated for purposes
11 of this hearing.

12 MASON BRENT: It will be incorporated.

13 Q. Mr. Hall, we do not need...the Board does
14 not need to establish an escrow account for this well, is
15 that correct?

16 A. That's correct.

17 Q. And who should be named operator under the
18 force pooling order?

19 A. Equitable Production Company.

20 Q. And what's the total depth of this proposed
21 well?

22 A. 6104 feet.

23 Q. Estimated reserves?

24

--

1 A. 600 million cubic feet.

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

4 A. Yes.

5 Q. In your opinion, does it represent a
6 reasonable estimate of the well costs?

7 A. It does.

8 Q. Could you state both the dry hole costs and
9 completed well costs for this well?

10 A. Dry hole costs will be \$240,369 and the
11 completed well costs will be \$468,586.

12 Q. Does these costs anticipate a multiple
13 completion?

14 A. They do.

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

17 A. Yes.

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

21 A. Yes.

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

24

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1 MASON BRENT: Any questions from the Board?
2 (No audible response.)
3 MASON BRENT: Do you have anything further?
4 JIM KAISER: We'd ask that this application be
5 approved as originally submitted.
6 MASON BRENT: Do we have a motion for approval?
7 JIM McINTYRE: So moved, Mr. Chairman.
8 DONALD RATLIFF: Second.
9 MASON BRENT: Second. Any further discussion?
10 (No audible response.)
11 MASON BRENT: All in favor, signify by saying yes.
12 (All members signify by saying yes.)
13 MASON BRENT: Opposed, say no.
14 (No audible response.)
15 MASON BRENT: You have approval. Next, the Board
16 will hear a petition from Equitable Production for creation
17 and pooling of conventional unit V-504909. This is docket
18 number VGOB-05-1018-1517. I'd ask the parties that would
19 like to address the Board on this matter to come forward at
20 this time.
21 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
22 Don Hall on behalf of Equitable Production Company.
23 MASON BRENT: Okay, there are no others. You may
24

1 proceed.

2

3

DON HALL

4

DIRECT EXAMINATION

5 QUESTIONS BY MR. KAISER:

6

Q. Mr. Hall, you're familiar with the

7

application that we filed in this...for this particular well

8

seeking to establish a drilling unit and pool the three

9

unleased undivided interest as they exist in Tracts 3, 4 and

10

5 of the unit?

11

A. Yes.

12

Q. And prior to filing this application, were

13

efforts made by you and your department to contact each of

14

the respondents and work out a voluntary lease agreement?

15

A. Yes.

16

Q. Does Equitable own drilling rights in this

17

unit?

18

A. We do.

19

Q. And what is the percentage that is under

20

lease to Equitable within the unit at this time?

21

A. We have 97.54% leased.

22

Q. 97.54?

23

A. Yes.

24

--

1 Q. And what percentage remains unreleased?
2 A. 2.46.
3 Q. Are all the unreleased parties, being three
4 parties, set out in Exhibit B-3?
5 A. Yes.
6 Q. And, again, in this particular case, we hit
7 kind of a lucky streak here. We don't have any unknowns
8 again, do we?
9 A. That's correct.
10 Q. Okay. In your professional opinion, was due
11 diligence exercised to locate each of the respondents?
12 A. It was.
13 Q. Are the addresses set out in Exhibit B to
14 the application the last known addresses for the respondent?
15 A. Yes.
16 Q. Are you requesting this Board to force pool
17 all unreleased interest as listed at Exhibit B-3?
18 A. We are.
19 Q. And are you familiar with the fair market
20 value of drilling rights in the unit here and in the
21 surrounding area?
22 A. Yes.
23 Q. Could you advise the Board as to what those
24

1 are?

2 A. We pay a five dollar bonus on a five year
3 term with a one-eighth royalty.

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

8 A. It does.

9 JIM KAISER: Again, Mr. Chairman, I'd ask that the
10 previous testimony regarding election options be
11 incorporated.

12 MASON BRENT: It will be incorporated.

13 Q. Now, Mr. Hall, again, the Board in this
14 particular...for this particular well and this particular
15 unit, does not need to establish an escrow account, is that
16 correct?

17 A. That's correct.

18 Q. And who should be name operator under any
19 force pooling order?

20 A. Equitable Production Company.

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

23 A. 6386 feet.

24

--

1 Q. Estimated reserves?

2 A. 400 million cubic feet.

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

5 A. Yes.

6 Q. And could you state for the Board both the
7 dry hole costs and completed well costs?

8 A. The dry hole cost is \$229,030 and completed
9 well cost is \$428,138.

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

12 A. They do.

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

15 A. Yes.

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

19 A. Yes.

20 JIM KAISER: Nothing further of this witness at
21 this time, Mr. Chairman.

22 MASON BRENT: Any questions from the Board?

23 (No audible response.)

24

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1 MASON BRENT: Do you have anything further?
2 JIM KAISER: We'd ask that this application be
3 approved as originally submitted?
4 MASON BRENT: Okay. Do we have a motion?
5 JIM McINTYRE: Motion to approve.
6 MASON BRENT: Motion to approve. Do we have a
7 second?
8 BILL HARRIS: Second.
9 MASON BRENT: Any further discussions?
10 (No audible response.)
11 MASON BRENT: All in favor, signify by saying yes.
12 (All members signify by saying yes, but Donald
13 Ratliff.)
14 MASON BRENT: Opposed, say no.
15 DONALD RATLIFF: I'll abstain.
16 MASON BRENT: One abstention from Mr. Ratliff. You
17 have approval.
18 JIM KAISER: Thank you.
19 DON HALL: Thank you.
20 MASON BRENT: Thank you. Next, the Board will hear
21 a petition from Columbia Natural Resources, LLC for a well
22 location exception for proposed well 823540. This is docket
23 number VGOB-05-1018-1519. I'd ask all parties that would
24

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

3 JIM KAISER: Mr. Chairman and Board members, Jim
4 Kaiser and Mr. Robert Keenon on behalf of Columbia Natural
5 Resources.

6 (Robert Keenon is duly sworn.)

7 MASON BRENT: There are no others. You may
8 proceed.

9 ROBERT KEENON
10 having been duly sworn, was examined and testified as
11 follows:

12 DIRECT EXAMINATION

13 QUESTIONS BY MR. KAISER:

14 Q. Mr. Keenon, could you state who you're
15 employed by and in what capacity?

16 A. I'm employed by Columbia Natural Resources
17 as a Senior Petroleum Engineer in the Engineering Department.

18 Q. And I'll tell you what, before we get any
19 further into your testimony, I know you've got some
20 exhibits...why don't we go ahead and pass them out for all
21 three wells now.

22 (Robert Keenon passes out revised exhibits.)

23 A. This exhibit is just merely an illustration
24

1 to kind of portray, I guess, the existing distances between
2 some of the closest off setting wells. You really need to
3 refer to your plat as far as the exact distances from the
4 proposed well. But this just kind of gives an idea of the
5 in-field type of location that we're proposing for the Board
6 to consider.

7 MASON BRENT: You may proceed.

8 Q. Mr. Keenon, do your responsibilities include
9 the land involved here in this unit and in the surrounding
10 area?

11 A. They do.

12 Q. Are you familiar with the application will
13 filed seeking a location exception for well 823540?

14 A. Yes.

15 Q. And have all interested parties been
16 notified as required by Section 4(B) of the Virginia Gas and
17 Oil Board Regulations?

18 A. They have.

19 Q. And could you indicate for the Board the
20 ownership of the oil and gas underlying this unit?

21 A. CNR has 100% of the acreage leased.

22 Q. It's the Green Charles and D. M. Charles
23 tract?

24

--

1 A. Yes.

2 Q. And does CNR have the right to operate the
3 reciprocal...I guess in this case just well, isn't it?

4 A. Well, there are four offset wells that range
5 from---.

6 Q. There's only one that's less than 2500 feet?

7 A. Oh, yes, that is correct.

8 Q. Okay. And it's 2425.33 feet?

9 A. Yes.

10 Q. So, we're seeking an exception of 74 feet,
11 correct?

12 A. That is correct.

13 Q. Okay. In the event this location...are
14 there any correlative rights issues?

15 A. No.

16 Q. That's a CNR reciprocal well?

17 A. Yes.

18 Q. And in the event this location exception
19 were not granted, would you project the estimated loss of
20 reserves resulting in waste?

21 A. 400 million standard cubic feet.

22 Q. And, again...I got a little ahead of myself,
23 could you take your exhibit and kind of explain why we're
24

1 seeking this exception, sort of in conjunction, I also refer
2 the Board to paragraph 2.2 of the application?

3 A. We're trying to maximize the recovery of the
4 mineral resources for the Commonwealth and the hasten the
5 recovery of the reserves of the mineral tract. This location
6 is spotted where the current gap between existing wells
7 ranges from 4600 to approximately 6990 feet.

8 Q. And if we would have moved this well to make
9 it legal from the well that we're seeking the exception from,
10 would it have required an exception from another well?

11 A. With the terrain and topography that we were
12 working with, it was moving from one (inaudible) half the
13 distances would have just put us within 2500 feet of another.

14 Q. And what's the total depth of this proposed
15 well?

16 A. 5,960 feet.

17 Q. And are we requesting this location
18 exception cover conventional gas reserves to include
19 designated formations from the surface to the total depth
20 drilled?

21 A. Yes.

22 Q. In your opinion, would the granting of this
23 location exception be in the best interest of preventing
24

1 waste, protecting correlative rights and maximizing the
2 recovery of gas reserves underlying the area and unit for
3 well 823540?

4 A. It would.

5 JIM KAISER: Nothing further of this witness at
6 this time, Mr. Chairman.

7 MASON BRENT: Any questions from the Board?

8 BOB WILSON: Mr. Chairman.

9 MASON BRENT: Mr. Wilson.

10 BOB WILSON: A question relative to the plat that
11 you have here. You're showing a diagonal line across the top
12 of the unit for this well. The same unit establishes CNR in
13 9688. What's...I don't...I don't understand that designation
14 or that line running across there. Does yours show the same
15 thing mine is?

16 JIM KAISER: He's talking this cross hatched area.

17 ROBERT L. KEENON: Well, that cross hatched area
18 was just area that was picked up in the preexisting unit....
19 the unit that was formed prior to the current spacing.
20 Whenever there were, I guess, dissimilar tracts or whatever,
21 that were put together to form a unit for a preexisting unit.

22 JIM KAISER: A voluntary unit.

23 BOB WILSON: Okay, sure. A voluntary unit based on
24

1 property lines there?

2 JIM KAISER: Right.

3 ROBERT L. KEENON: Yes.

4 JIM KAISER: Based on lease lines, yeah.

5 MASON BRENT: On this plat you just handed out, I
6 see a well 821732 on your plat that you submitted with your
7 application. Where is that relative to this proposed well?

8 ROBERT L. KEENON: Probably just due to the
9 distance...and, again, this was just an example to kind of
10 show the distance from the existing wells. I would say that
11 it was probably beyond the scope of the surveyors point to
12 where it was really off scale. Now, on some of them, I have
13 seen where with a broken line of something, there's a well
14 that's beyond, you know, the distance that the surveyor has
15 encompassed to kind of just tie in to a point. But I just
16 have to say that probably this one, we're just so far out of
17 line, or beyond the distance as far as what they were looking
18 for because there were other wells within such closer
19 proximity that were really kind of part of the...the spacing
20 exception.

21 JIM KAISER: It wouldn't be required to be...it
22 wouldn't be required to be on the plat. It's...eyeballing...
23 it's basically 4,000 feet south, southeast of the well that
24

1 we're seeking the exception for.

2 MASON BRENT: So, you...conceivably you could move
3 this proposed well to the east and not encroach upon any
4 other well?

5 ROBERT L. KEENON: Well, we'll still be within 2500
6 foot of 9591.

7 JIM KAISER: Down there to the south.

8 MASON BRENT: If you went due east?

9 ROBERT L. KEENON: With the terrain---.

10 JIM KAISER: Yeah.

11 ROBERT L. KEENON: ---and the typography involved,
12 I think that probably about the best point is below the line
13 on 6987. That was considered...we can keep the distance off
14 21732, but then we're in the same situation as being within
15 2500 feet of 9591.

16 MASON BRENT: So, you have some typographical
17 issues?

18 ROBERT L. KEENON: We do. I mean, you kind of see
19 where one of the spots that we looked at, like I said, below
20 the 9...on the 6987, I mean, there's a nice area in there.
21 But, again, we kind of come back to the...it would be a
22 spacing exception on a different well.

23 MASON BRENT: Uh-huh.

24

--

1 JIM KAISER: And, again, it's big mineral tract.
2 The lessor would like to see us develop the gas faster. We'd
3 like to develop the gas faster. The state will get their
4 severance tax faster. It's win/win.
5 MASON BRENT: Just asking the obvious questions.
6 JIM KAISER: Oh, I know.
7 MASON BRENT: Any other questions from the Board?
8 (Mason Brent and Sharon Pigeon confer.)
9 MASON BRENT: Did you want to include this as an
10 exhibit with your application?
11 ROBERT L. KEENON: To be honest, this was just for
12 informational and discussion purposes---.
13 MASON BRENT: This is not an exhibit?
14 ROBERT L. KEENON: ---to kind of clarify things for
15 you as far as some of the things that---.
16 JIM KAISER: It doesn't need to be a part of the
17 record.
18 MASON BRENT: Okay. Well, it just said exhibit on
19 here with no designation as to what exhibit it is.
20 JIM KAISER: We know that you all, on these
21 location exceptions, like to have an exhibit. So...I mean,
22 you know, to help explain what it is we're doing.
23 MASON BRENT: Any questions from the Board?

24

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1 (No audible response.)

2 MASON BRENT: Do you have anything further?

3 JIM KAISER: We'd ask that the application be
4 approved as submitted.

5 MASON BRENT: Do we have a motion for approval?

6 DONALD RATLIFF: Motion to approve, Mr. Chairman.

7 MASON BRENT: I have a motion.

8 JIM McINTYRE: Second.

9 MASON BRENT: Motion for approval and a second.
10 Any further discussion?

11 (No audible response.)

12 MASON BRENT: All in favor, signify by saying yes.

13 (All members signify by saying yes.)

14 MASON BRENT: Opposed, say no.

15 (No audible response.)

16 MASON BRENT: You have approval. Next, the Board
17 will hear a petition from Columbia Natural Resources, LLC for
18 a well location exception for proposed well 824446. This is
19 docket number VGOB-05-1018-1520. I'd ask all parties that
20 would like to address the Board in this matter to come
21 forward at this time.

22 JIM KAISER: Mr. Chairman, again, Jim Kaiser and
23 Robert Keenon on behalf of Columbia Natural Resources.

24

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1 MASON BRENT: Okay. There are no others, so you
2 may proceed.

3

4 ROBERT KEENON

5 DIRECT EXAMINATION

6 QUESTIONS BY MR. KAISER:

7 Q. Mr. Keenon, again, you're familiar with the
8 land involved in this unit and in the surrounding area?

9 A. I am.

10 Q. And you're familiar with the application
11 that we filed seeking a location exception for well 824446?

12 A. Yes.

13 Q. And have all interested parties been
14 notified as required by Section 4(B) of the Virginia Gas and
15 Oil Board Regulations?

16 A. Yes.

17 Q. Which, I think, in this particular case for
18 a location exception, I think we set a record for notices or
19 at least in my experience. And CNR has a 100% of the oil and
20 gas under lease within the unit?

21 A. We do.

22 Q. Okay. In this particular case, we're
23 seeking an exception from one, two, three wells, is that

24

--

1 correct? It would be CNR well number 9518, 20214 and 9515?

2 A. Yes.

3 Q. Okay. And are those...does CNR have the
4 right to operate all those reciprocal wells?

5 A. We do.

6 Q. Now, are there...so, there's no correlative
7 rights issues?

8 A. No.

9 Q. Okay. Now, again, using your exhibit that
10 you previously passed out, explain for the Board why we're
11 seeking this particular location exception?

12 A. Again, to maximize the recovery of the
13 mineral resources of the Commonwealth and hasten the recovery
14 of the gas reserves on the mineral tract. This location is
15 spotted where the current space between existing wells range
16 from 4790 to approximately 5860.

17 Q. So, pretty much the same reasoning and logic
18 as the previous hearing?

19 A. Yeah, this is an in-field location, trying
20 to best take advantage of the broad gap between previous
21 existing wells.

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

24

--

1 A. 5,072 feet.

2 Q. And in the event the location exception were
3 not granted, what would...could you project the estimated
4 loss of reserves underlying this unit?

5 A. 400 million standard cubic feet.

6 Q. And you're requesting this location
7 exception to cover conventional gas reserves to include all
8 designated formations in the permit from the surface to the
9 total depth drilled?

10 A. Yes.

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

16 A. It would.

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

19 MASON BRENT: Any questions from the Board?

20 (No audible response.)

21 MASON BRENT: Do you have anything further?

22 JIM KAISER: We'd ask that the application be
23 approved as submitted.

24

--

1 MASON BRENT: Do we have a motion?

2 DONALD RATLIFF: So moved, Mr. Chairman.

3 JIM McINTYRE: Second.

4 MASON BRENT: Motion for approval and a second.

5 Any further discussion?

6 (No audible response.)

7 MASON BRENT: All in favor, signify by saying yes.

8 (All members signify by saying yes.)

9 MASON BRENT: Opposed, say no.

10 (No audible response.)

11 MASON BRENT: You have approval. Next, the Board
12 will hear a petition from Columbia Natural Resources, LLC for
13 a well location exception for proposed well 821789. This is
14 docket number VGOB-05-1018-1521. I'd ask all parties that
15 would like to address the Board in this matter to come
16 forward at this time.

17 JIM KAISER: Again, Mr. Chairman, Jim Kaiser and
18 Robert Keenon on behalf of CNR. We've got a corrected plat
19 to pass out for this one.

20 (Robert Keenon passes out a revised plat.)

21 ROBERT L. KEENON: The one correction that is on
22 this revised plat that we just handed out versus what was
23 originally submitted, was a correction to a well number that

24

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1 is really off the scale and kind of out of the picture. It's
2 in the right hand margin at 3277 feet instead of well number
3 9764 that's actually a foreign operated well, Edwards &
4 Hardin #114. Its permit number is 2093.

5 JIM KAISER: And that will be Appalachian Energy, I
6 guess.

7 MASON BRENT: Okay. There are no others, so you
8 may proceed.

9

10

DON HALL

11

DIRECT EXAMINATION

12 QUESTIONS BY MR. KAISER:

13 Q. Robert, why we're at it, before we get into
14 your testimony, why don't you go ahead and deal with the
15 cross hatched area in this unit again.

16 A. Well, again, as Mr. Wilson brought up in the
17 previous, there was a prior voluntary unit that was created.
18 The cross hatched area just signifies the acreage that was
19 in that prior voluntary unit versus---

20 Q. It falls within the statewide spacing
21 circle?

22 A. Yeah, it falls within...correct.

23 Q. And, again, you're familiar with the land
24

--

1 involved here and in the surrounding area?

2 A. Yes.

3 Q. Are you familiar with the application we
4 filed seeking a location exception for 821789?

5 A. Yes.

6 Q. And have all interested parties been
7 notified as required by Section 4(B)?

8 A. Yes.

9 Q. And does CNR have 100% of the oil and gas
10 rights underlying all the acreage within this unit under
11 lease?

12 A. Yes.

13 Q. And does CNR have the right to operate the
14 three reciprocal wells?

15 A. We do.

16 Q. So, there are no correlative rights issues?

17 A. No.

18 Q. And, again, explain for the Board, in
19 conjunction with your exhibit, why we're seeking this
20 location exception?

21 A. Again, this is to maximize the recovery of
22 the mineral resources of the Commonwealth and to hasten the
23 recovery of the gas reserves of the mineral tract. This

24

--

1 location is spotted where the current space between the
2 existing wells ranges from 5,090 to approximately 5890 feet.

3 Q. And, again, moving it, we're prohibited
4 either by typography or would be seeking an exception from a
5 different set of wells rather than this set?

6 A. That is correct.

7 Q. And in the event this location exception
8 were not granted, would you project estimated loss of
9 reserves or the reserves underlying this unit that would not
10 be produced?

11 A. 400 million standard cubic feet.

12 Q. And the total depth of this proposed well?

13 A. 5,900 feet.

14 Q. Are we requesting this location to cover
15 conventional gas reserves to include all designated
16 formations from the surface to the total depth drilled?

17 A. Yes, we are.

18 Q. In your professional opinion, would the
19 granting of this location exception be in the best interest
20 of preventing waste, protecting correlative rights and
21 maximizing the recovery of the gas reserves underlying the
22 unit for 821789?

23 A. It would.

24

--

1 JIM KAISER: Nothing further of this witness at
2 this time, Mr. Chairman.

3 MASON BRENT: Any questions?

4 BILL HARRIS: I do have---.

5 MASON BRENT: Mr. Harris.

6 BILL HARRIS: ---again, an informational question.

7 When we look at the cross hatched area, and this is probably
8 something I should know, but do...are we...what happens in
9 terms of royalty payments to...I mean, if this is an area
10 that's part of another unit and we overlap, is this a double
11 payment area in here or what...what happens, I guess?

12 JIM KAISER: Well, they would be paid in accordance
13 with the lease and the unit agreement.

14 ROBERT L. KEENON: The way that the unit agreement
15 is set up...I mean, their unit would receive their
16 proportional share and then that would be distributed for the
17 terms of the prior voluntary unit that was set up.

18 BILL HARRIS: So, the fact that these overlap...I
19 mean, it...well---.

20 ROBERT L. KEENON: Well, the unit is getting its
21 proportionate share to be distributed proportionally among
22 the parties that came forth and made the original unit. Then
23 the area that is outside of the unit, that's just---.

24

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1 BILL HARRIS: Yeah, that's---.

2 ROBERT L. KEENON: ---distributed per the terms of
3 the...whoever the mineral leaseholder is.

4 BILL HARRIS: Yeah. Well, let me ask, I guess, a
5 question about the drilling then. I know CNR, I guess,
6 drills that...this other well is drilled and operating...are
7 we talking about drawing from the same pool, I guess we are,
8 gas wise? I guess when I look at units overlapping, I'm
9 thinking well---.

10 JIM KAISER: It's possible, I guess.

11 BILL HARRIS: I don't what the depth or anything of
12 the other. That's a conventional well.

13 ROBERT L. KEENON: Well, it is similar formations.

14 JIM KAISER: Or we wouldn't be here.

15 BOB WILSON: Mr. Chairman.

16 MASON BRENT: Mr. Wilson.

17 BOB WILSON: I might...I might point out that if
18 the Board were pooling that unit, then they would be required
19 to pay inside that unit. But since this is all voluntary we
20 don't---.

21 BILL HARRIS: Okay. Yeah, okay.

22 BOB WILSON: ---have anything to do with that,
23 yeah.

24

--

1 JIM KAISER: Yeah, it's not jurisdictional to you.
2 BILL HARRIS: Yeah, okay. Okay.
3 MASON BRENT: Any other questions from the Board?
4 (No audible response.)
5 MASON BRENT: Do you have anything further?
6 JIM KAISER: We'd ask that the application be
7 approved as submitted with the revised plat.
8 MASON BRENT: Do we have a motion?
9 JIM McINTYRE: Motion to approve.
10 MASON BRENT: Do we have a second?
11 DONALD RATLIFF: Second, Mr. Chairman.
12 MASON BRENT: We have a motion to approve and a
13 second. Any further discussion?
14 (No audible response.)
15 MASON BRENT: All in favor, signify by saying yes.
16 (All members signify by saying yes.)
17 MASON BRENT: Opposed, say no.
18 (No audible response.)
19 MASON BRENT: You have approval. Next, the Board
20 will hear a petition from Columbia Natural Resources, LLC for
21 creation and pooling of conventional unit 825518. This is
22 docket number VGOB-05-1018-1522. I'd ask all parties that
23 would like to address the Board in this matter to come
24

1 forward at this time.

2 JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of
3 Columbia Natural Resources. We do have a new witness for
4 this matter and the following matter, Ms. Lynette Greene,
5 we'd ask that she be sworn at this time.

6 (Lynette Greene is duly sworn.)

7 MASON BRENT: Okay, there being no others, you may
8 proceed.

9 JIM KAISER: And we'll start off with Ms. Greene.
10 This is CNRS version of the Yellow Poplar story.

11

12 LYNETTE GREENE

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

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. KAISER:

17 Q. If you'd state your name for the record, who
18 you're employed by and in what capacity.

19 A. I'm employed Columbia Natural Resources as a
20 Senior Land Representative.

21 Q. And your responsibilities include the land
22 involved in this unit and in the surrounding area?

23 A. Yes.

24

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1 Q. And you're familiar with the application we
2 filed seeking to establish a drilling unit and pool any
3 unleased interest for CNR well number 825518---?

4 A. Yes.

5 Q. ---which was dated September the 16th, 2005?

6 A. Yes.

7 Q. And this proposed unit as depicted at
8 Exhibit A, that being the plat, include all acreage within
9 2500 feet or 1250 radius of the proposed well 825518?

10 A. Yes.

11 Q. Now, prior to filing the application, were
12 efforts made to contact each of the respondents within the
13 unit and an attempt made to work out an agreement regarding
14 the development of the unit?

15 A. Yes.

16 Q. And as of both the time of the application
17 and as of right now, what is the percentage of the unit that
18 is under lease to CNR?

19 A. 98.464.

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

23 A. Yes.

24

--

1 Q. And what percentage remains unleased at this
2 time?

3 A. 1.535%.

4 Q. And that's the...that's the percentage
5 that's represented in Tract 4 of the unit, which is owned by
6 the Yellow Popular Lumber Company?

7 A. True.

8 Q. And as we've...as the Board heard earlier
9 today, it's the same entity that filed for bankruptcy in 1928
10 and sort of disappeared---?

11 A. Uh-huh.

12 Q. ---at that point and you all have also
13 conducted similar due diligence, which includes enquires with
14 the appropriate state agencies and officers in Richmond and
15 review of the Federal Bankruptcy file?

16 A. Correct.

17 Q. Okay. And are all the unleased parties set
18 out in Exhibit B-3?

19 A. Yes.

20 Q. And are the addresses set out in Exhibit B,
21 the last known addresses for all respondents?

22 A. Yes.

23 Q. Are you requesting this Board to force pool
24

1 all unleased interest as listed at Exhibit B-3?

2 A. Yes.

3 Q. And are you familiar with the fair market
4 value of drilling rights in the unit here and in the
5 surrounding area?

6 A. Yes, I am.

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

9 A. A five dollar bonus for a five year at a
10 one-eighth royalty.

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

15 A. Yes.

16 JIM KAISER: I guess we've got a different entity.
17 So, I need to go through the election testimony.

18 (Mason Brent indicates in the affirmative.)

19 JIM KAISER: Okay.

20 Q. As to those response respondents or Yellow
21 Popular, whoever they may be, do you agree that if they're
22 ever found they be allowed the following statutory options
23 with regard to their particular interest: 1) participation;

24

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1 2) a cash bonus of five dollars per net mineral acre plus a
2 one-eighth of eight-eighths royalty; 3) in lieu of a cash
3 bonus and one-eighth of eight-eighths royalty share in the
4 operation of the well on a carried basis as a carried
5 operator under the following conditions: such carried
6 operator should be entitled to the share of production from
7 the tracts pooled accruing to his interest exclusive of any
8 royalty or overriding royalty reserved in any leases or
9 assignments thereof or agreement relating thereto of such
10 tracts, but only after the proceeds applicable to that share
11 equal A) 300% of the share of such costs applicable to the
12 interest of a carried operator of a leased tract or portion
13 thereof; or B) 200% of the share of such costs applicable to
14 the interest of the carried operator of an unleased tract or
15 portion thereof?

16 A. Yes.

17 Q. Do you recommend that the order provide that
18 elections by respondents be in writing and sent to the
19 applicant at Columbia Natural Resources, LLC, 900
20 Pennsylvania Avenue, Charleston, West Virginia 25362,
21 Attention: Lee Robertson?

22 A. Yes.

23 Q. Should this be the address for all the
24

1 communications with the applicant concerning any force
2 pooling order?

3 A. Yes.

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

8 A. Yes.

9 Q. Should unleased respondents be given 30 days
10 from the date that they receive the Board order to file their
11 written elections?

12 A. Yes.

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

16 A. Yes.

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

20 A. Yes.

21 Q. Should the applicant be allowed 120 days
22 following the recordation date of the Board order and
23 thereafter, annually on that date until production is

24

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1 achieved to pay or tender any cash bonus or delay rental that
2 may become due under the force pooling order?

3 A. Yes.

4 Q. Do you recommend that if a respondent elects
5 to participate but fails to pay their proportionate share of
6 well costs, then that respondents election to participate
7 should be treated as having been withdrawn and void and they
8 should be treated as deemed to have leased?

9 A. Yes.

10 Q. Do you recommend the order provide that
11 where a respondent elects to participate, but defaults in
12 regard to payment of their well costs, that the applicant has
13 sixty days after the last date on which that respondent
14 could have paid their costs to pay them anything that they're
15 due?

16 A. Yes.

17 Q. Do you recommend that the provide that if a
18 respondent refuses to accept any payment due under said order
19 or any payment of royalty or cash bonus or said payment
20 cannot be paid for a party...we need to establish an escrow
21 account for Tract 4, correct?

22 A. Yes.

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

1 the force pooling order?

2 A. Columbia Natural Resources, LLC.

3 JIM KAISER: That's all I have for this witness at
4 this time, Mr. Chairman.

5 MASON BRENT: Any questions from the Board?

6 (No audible response.)

7 MASON BRENT: Do you have another witness?

8

9

10 ROBERT KEENON

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. KAISER:

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

15 A. They do.

16 Q. And you're familiar with the plan of
17 exploration?

18 A. Yes.

19 Q. And what's the total depth of the proposed
20 well?

21 A. 5,845 feet.

22 Q. Are you requesting this force pooling to
23 include not only the designated formations, but any other

24

--

1 formations excluding coal formations which may be between
2 those formations designated from the surface to the total
3 depth drilled?

4 A. Yes.

5 Q. And what are the estimated reserves for this
6 unit?

7 A. 350 million standard cubic feet.

8 Q. Are you familiar with the well costs?

9 A. Yes.

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

12 A. It has.

13 Q. In your opinion, does it represent a
14 reasonable estimate of the well costs for this particular
15 well?

16 A. It does.

17 Q. Could you state both dry hole costs and the
18 completed well costs?

19 A. The dry hole costs are \$261,429. The
20 completed well costs including pipeline are \$489,067.

21 Q. Do these costs anticipate a multiple
22 completion?

23 A. Yes.

24

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

3 A. It does.

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

7 A. It would.

8 JIM KAISER: Nothing further of this witness at
9 this time, Mr. Chairman.

10 MASON BRENT: Any questions from the Board?

11 (No audible response.)

12 MASON BRENT: Do you have anything further?

13 JIM KAISER: We'd ask that this application be
14 approved as originally submitted.

15 MASON BRENT: Is there a motion for approval?

16 JIM McINTYRE: Motion to approve.

17 MASON BRENT: Do we have a second?

18 DONALD RATLIFF: Second, Mr. Chairman.

19 MASON BRENT: I have a motion to approve and a
20 second. Any further discussion?

21 (No audible response.)

22 MASON BRENT: All in favor, signify by saying yes.

23 (All members signify by saying yes.)

24

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1 MASON BRENT: Opposed, say no.

2 (No audible response.)

3 MASON BRENT: You have approval. Next, the Board
4 will hear a petition from Columbia Natural Resources, LLC for
5 repooling of conventional unit 25407. This is docket number
6 VGOB-04-09/21-1340-02. I'd ask all parties that would like
7 to address the Board on this matter, to come forward at this
8 time.

9 JIM KAISER: Mr. Chairman, Jim Kaiser, Lynette
10 Greene and Robert Keenon on behalf of Columbia Natural
11 Resources.

12 MASON BRENT: Okay, there are no others, so you may
13 proceed.

14 JIM KAISER: This was a well that we originally
15 pooled in September of last year. We were back in large part
16 because of a family dispute. What has happened...what we're
17 doing is, if you'll look at Tract 3, a very small part of the
18 unit. Tract 4 remains the same, Wachovia Bank and the
19 Francis Blakemore Trust, which is what we came back for the
20 last time because we had made a clerical error and had shown
21 they was being leased when they were unleased. We had to
22 come back and fix that. Now...so, you still got them in the
23 trust for the Elsie Thompson Clark Educational Trust. That's

24

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1 still unleased and still there in Tract 4. What we're
2 repooling is Tract 3. If you'll take a look at that. Part
3 of that undivided ownership in that tract, we originally did
4 not include Winifred Coleman, is that correct?

5 LYNETTE GREENE: That's correct.

6 JIM KAISER: She is the mother---.

7 LYNETTE GREENE: Stepmother.

8 JIM KAISER: Stepmother, second wife of whoever her
9 husband was. Maybe Lynette knows.

10 LYNETTE GREENE: I---.

11 JIM KAISER: But anyway...and he...we originally
12 attributed or accounted for his interest in---.

13 LYNETTE GREENE: The children.

14 JIM KAISER: ---the children, Amy and John Riley,
15 Alice and Robert Shep and Lida Coleman, which you'll see---.

16 MASON BRENT: Tell me again who he is?

17 JIM KAISER: He would have been whoever Winifred
18 Coleman was married to. I can't recall right now.

19 LYNETTE GREENE: I don't have the file with me.

20 JIM KAISER: And she doesn't have that file with
21 her. Winifred Coleman would have been his...let's just call
22 him Ralph Coleman---.

23 LYNETTE GREENE: Bill Coleman.

24

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1 JIM KAISER: Bill Coleman. I knew it was Bill or
2 Ralph. Bill Coleman's second wife, okay. The three people
3 that are listed above Winifred in your Exhibit B for Tract 3
4 were Bill and his first wife's children, okay? He excluded
5 her from his Will.

6 SHARON PIGEON: Have you been sworn?

7 JIM KAISER: No. Do you want to swear me in ?

8 (Jim Kaiser is duly sworn.)

9 JIM KAISER: Well, I guess I could just let her
10 tell the story. I'll tell you what, I'll just let her...I'm
11 sorry. I get carried away.

12 SHARON PIGEON: Just making sure.

13

14 LYNETTE GREENE

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. KAISER:

17 Q. Yeah, Lynette, can you explain why we're
18 repooling this one?

19 A. Mr. Coleman died with a Will excluding
20 Winifred Coleman, who was his wife at the time. She lives in
21 California. She will not probate the Will.

22 Q. She won't submit it to be recorded.

23 A. She will do nothing to assist us or...there

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1 are other entities after them trying to get her to even
2 provide a copy of the Will. So, we have seen a copy of it
3 that he has omitted her from the oil and gas estate. So, in
4 order for us to feel comfortable like we are giving her her
5 proportionate share at this point, we elected to force pool
6 her.

7 JIM KAISER: I will testify. Because in Virginia
8 for a foreign Will to pass title to real estate, it has to be
9 recorded and probated. So, now Winifred is in. So, we've
10 noticed her. We're pooling her. We also noticed the three
11 kids because there was deletion, obviously, of their
12 interest. They're aware of all of this. So, those are the
13 people that were noticed for this repooling, okay? She's
14 unleased and they're leased. She did a better job. I was
15 getting to it.

16 Q. So, at this time, could you state for the
17 Board what percentage of the unit is under lease?

18 A. 0.5272%.

19 Q. Okay. And what percentage is leased?

20 A. 99.472%.

21 Q. All right. And this is actually the third
22 time we've been before you on this one.

23 A. This is the third.

24

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1 Q. We don't have any unknown or unlocateable
2 parties, correct?

3 A. Right. Correct.

4 Q. We talked about who got notice and why?

5 A. Correct.

6 Q. Are the addresses set out, the last known
7 addresses for the respondents?

8 A. Yes.

9 Q. Are you requesting the Board to force pool
10 all unleased interest as listed at Exhibit B-3 to this
11 application---

12 A. Yes.

13 Q. ---which includes Winifred Coleman?

14 A. Yes.

15 Q. Are you familiar with the fair market value
16 of drilling rights here and in the surrounding area?

17 A. Yes.

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

20 A. It's a five dollar bonus, a five year and a
21 one-eighth royalty.

22 Q. In your opinion, do the terms you just
23 testified to represent the fair market value of and the fair
24

1 and reasonable compensation to be paid for drilling rights
2 within this unit?

3 A. Yes.

4 JIM KAISER: Okay. Mr. Chairman, I would ask that
5 the testimony regarding the statutory election options
6 afforded unleased parties previously taken today in 05-1018-
7 1521...I'm sorry, 1522, be incorporated for purposes of this
8 hearing.

9 MASON BRENT: It will be incorporated.

10 Q. Okay. Lynette, we do not need to establish
11 an escrow account for this well, is that correct?

12 A. That is correct.

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

15 A. Columbia Natural Resources, LLC.

16 JIM KAISER: Thank you. That's all I have of this
17 witness, Mr. Chairman.

18 MASON BRENT: Any questions of this witness?

19 MARY QUILLEN: Mr. Chairman.

20 MASON BRENT: Ms. Quillen.

21 MASON BRENT: I have just one question. This Tract
22 3, is this the tract that's all tied up in that Will? All
23 of the folks that are listed here are part of that Will, the
24

1 Coleman---?

2 JIM KAISER: Not all of them.

3 LYNETTE GREENE: Just the three children and the
4 widow.

5 MARY QUILLEN: And the three children, obviously,
6 are Lida Coleman and Daniel Coleman---.

7 LYNETTE GREENE: No, let's see.

8 MARY QUILLEN: And who is the other child?

9 LYNETTE GREENE: Lida Coleman, Allison and Ralph
10 Shep and Amy...well, Amy, Allison and Lida.

11 BILL HARRIS: Okay. So, they were Colemans before
12 they became Riley and Sheps?

13 MARY QUILLEN: Okay. But what about Daniel
14 Coleman, was he part of that?

15 LYNETTE GREENE: A brother...I would think a
16 brother of Bill.

17 MARY QUILLEN: Okay. Now, were they included in
18 the Will, the children?

19 LYNETTE GREENE: No...the children...everything was
20 left to the children. The wife, Winifred, was omitted.

21 MARY QUILLEN: Okay, okay, that was...that
22 was...because I thought you said that they were excluded and
23 I just wanted to clarify that they were.

24

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1 LYNETTE GREENE: The wife was excluded.

2 MARY QUILLEN: Only the wife was excluded?

3 LYNETTE GREENE: Uh-huh.

4 MARY QUILLEN: Okay. Because I wondered how they
5 could lease it if they weren't included. Okay, thank you.

6 MASON BRENT: Any other questions? Mr. Wilson?

7 BOB WILSON: Can I have you repeat your percentage
8 leased and percentage being pooled, please? I'm not sure I
9 heard it properly.

10 LYNETTE GREENE: Did I do wrong?

11 BOB WILSON: No, I'm not sure. I think---.

12 LYNETTE GREENE: Let me see if we have it
13 correctly. 99.472730% is under lease.

14 BOB WILSON: That's different than what's shown in
15 the application.

16 JIM KAISER: Yeah, that's different than what's
17 shown on the application. My questions are probably wrong.

18 LYNETTE GREENE: It sure is. Total percentage
19 leased 99.464053.

20 JIM KAISER: Sorry.

21 LYNETTE GREENE: Total percentage unleased
22 0.535947.

23 JIM KAISER: Yeah, the application is correct. I

24

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1 got it wrong on the questions. I had thirteen of these
2 today. I'm not perfect.

3 MASON BRENT: We had thirty-two. Any other
4 questions of this witness?

5 (No audible response.)

6 MASON BRENT: Okay. You have another witness?

7 ROBERT KEENON

8 DIRECT EXAMINATION

9 QUESTIONS BY MR. KAISER:

10 Q. Mr. Keenon, are you familiar with the land
11 in this unit and in the surrounding area?

12 A. Yes.

13 Q. And your responsibilities include this area?

14 A. They do.

15 Q. And what's the total depth of the well?

16 A. 5,775 feet.

17 Q. Are you requesting this force pooling to
18 cover conventional gas reserves, not only to include any
19 designated formation, but any other formations excluding coal
20 formations which may be between those formations designated
21 from the surface to the total depth drilled?

22 A. They do.

23 Q. Estimated reserves for this unit?

24

1 A. 415 million standard cubic feet.

2 Q. Now, are you familiar with the proposed
3 costs for this well?

4 A. I am.

5 Q. An AFE has been reviewed, signed and
6 submitted to the Board?

7 A. It has.

8 Q. And in your professional opinion, does it
9 represent a reasonable estimate of the well costs?

10 A. It does.

11 Q. Could you state both the dry hole costs and
12 completed well costs for this well?

13 A. Projected dry hole costs are \$229,021. The
14 completed well costs including pipeline are \$460...460,693.

15 JIM KAISER: And I might point out for the Board
16 that since we did...if you'll check out your Exhibit C to the
17 AFE, it is dated September the 14th of '05. We did submit a
18 new one since the original one was a year old at this point.

19 Q. And does your costs include...anticipate
20 multiple completions?

21 A. It does.

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

24

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1 A. Yes.

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

5 A. It would.

6 JIM KAISER: Nothing further of this witness, Mr.
7 Chairman. I hope we never see you on this well again.

8 MASON BRENT: I'm sorry. Any questions of this
9 witness?

10 (No audible response.)

11 MASON BRENT: Do you have anything further?

12 JIM KAISER: We'd ask that the application be
13 approved as submitted this time.

14 MASON BRENT: Do we have a motion?

15 DONALD RATLIFF: So moved, Mr. Chairman.

16 JIM McINTYRE: Second.

17 MASON BRENT: Motion for approval and a second.
18 Any further discussion?

19 (No audible response.)

20 MASON BRENT: All in favor, signify by saying yes.

21 (All members signify by saying yes.)

22 MASON BRENT: Opposed, say no.

23 (No audible response.)

24

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1 MASON BRENT: You have approval.

2 JIM KAISER: Thank you.

3 MASON BRENT: Thank you.

4 JIM KAISER: And I, again...I know I talked to you
5 before the hearing, but I would, on behalf of myself and my
6 various clients, would like to thank you for your service
7 over the last nine years and the fact that you showed up 99%
8 of the time and chaired it and everything else, we really do
9 appreciate it.

10 MASON BRENT: Well, thank you.

11 JIM KAISER: Good luck to you.

12 LYNETTE GREENE: If you would be interested in
13 being a landman, I'd have a position for you.

14 MASON BRENT: Thank you very much. The only other
15 piece of business I have is the minutes.

16 JIM KAISER: Did you hear that?

17 MASON BRENT: No, I did not.

18 LYNETTE GREENE: If you're interested in being a
19 landman, I have a position for you.

20 (Everyone laughs.)

21 MASON BRENT: I already worked for Columbia for
22 thirty years.

23 LYNETTE GREENE: We'll bring you back.

24

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1 MASON BRENT: Been there and done that.

2 DON HALL: Equitable could use you too.

3 (Everyone laughs.)

4 LYNETTE GREENE: I spoke up first.

5 DONALD RATLIFF: I move that we approve the minutes
6 as presented.

7 MASON BRENT: Okay. We have a motion to approve
8 last month's minutes. Do we have a second?

9 JIM McINTYRE: Second.

10 MASON BRENT: Any further discussion?

11 (No audible response.)

12 MASON BRENT: All in favor, signify by saying yes.

13 (All members signify by saying yes.)

14 MASON BRENT: Okay, the minutes are approved. Mr.
15 Wilson, you had one scheduling item, I believe.

16 BOB WILSON: Yes, sir, please. We want to suggest
17 and get approval for moving the December hearing to December
18 the 13th, which would be the second Tuesday rather than the
19 third Tuesday. This would get it out of the Christmas
20 holidays and we'll have to approve that now in order to meet
21 our deadlines in the future.

22 MASON BRENT: Well, I certainly won't be here. But
23 for the rest of you, how does that date sound?

24

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1 BILL HARRIS: I'm probably in exams. But I don't
2 know what the schedule is yet. I'll try my best to make it
3 as usual. But that is, I think, our second day of exams.
4 But don't do that because of...don't make any changes because
5 of me though.

6 BOB WILSON: Shall we reschedule then?

7 (No audible response.)

8 MASON BRENT: Okay. So, we're moving the meeting
9 to December the 13th.

10 JIM KAISER: Well, let's poll the Board and make
11 sure we're going to have a quorum maybe before we decide to
12 do that, if we could. There's one here.

13 NEW BOARD MEMBER: I'll be here.

14 JIM KAISER: There's one here. Jim, you're good?

15 JIM McINTYRE: Yeah.

16 JIM KAISER: Donnie?

17 DONALD RATLIFF: I'm good that day.

18 MASON BRENT: And Bill is not sure.

19 MARY QUILLEN: I'd have to look at my schedule. As
20 far as I know...I think that---

21 JIM KAISER: You're a professor also, aren't you?

22 MARY QUILLEN: Uh-huh.

23 BOB WILSON: Benny will be here.

24

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1 JIM KAISER: Benny won't be here on the 13th?
2 BOB WILSON: Will be.
3 JIM KAISER: Will be?
4 SHARON PIGEON: Peggy.
5 MASON BRENT: And then Peggy Barbar.
6 JIM KAISER: Huh?
7 MASON BRENT: And Peggy Barbar who is not here
8 today.
9 SHARON PIGEON: And we have a new member who will
10 start next month.
11 JIM KAISER: Right. He said he will be here. Do
12 you think Peggy will be here?
13 SHARON PIGEON: Well, she's a teacher---.
14 JIM KAISER: We should be all right.
15 SHARON PIGEON: ---as well. So, we don't---.
16 MARY QUILLEN: Right.
17 BOB WILSON: I'd say that we have an equal chance
18 on the 13th than the 20th.
19 JIM KAISER: All right. I was just trying to
20 protect...trying to protect my clients.
21 MASON BRENT: Before you go off the record, I
22 would---.
23 JIM KAISER: We've had an occasion or two where we
24

1 haven't had a quorum this year.

2 MASON BRENT: Before you go off the record, I would
3 just like to---

4 MARY QUILLEN: I will do my best. I think I can
5 rearrange my schedule.

6 MASON BRENT: I'd just like to tell the Board how
7 much I've enjoyed working with the Board and with the
8 Division of Gas and Oil. It has been a real pleasure. I'm
9 going to miss all of you. I may even come back and visit
10 someday. Thank you.

11 SHARON PIGEON: We hope...we hope you will.

12 MASON BRENT: I thank all of you all for your
13 support and I've enjoyed the nine and a half years. Thank
14 you. This concludes the meeting.

15

16 STATE OF VIRGINIA,

17 COUNTY OF BUCHANAN, to-wit:

18 I, Sonya Michelle Brown, Court Reporter and Notary
19 Public for the State of Virginia, do hereby certify that the
20 foregoing hearing was recorded by me on a tape recording
21 machine and later transcribed under my supervision.

22 Given under my hand and seal on this the 8th day of
23 November, 2005.

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NOTARY PUBLIC

My commission expires: August 31, 2009.