

VIRGINIA:

IN THE COUNTY OF WASHINGTON

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

JANUARY 16, 2007

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER
PEGGY BARBAR - PUBLIC MEMBER
BILL HARRIS - CITIZEN REPRESENTATIVE
BRUCE PRATHER - GAS & OIL INDUSTRY REPRESENTATIVE

CHAIRMAN:

BENNY WAMPLER - DEPUTY DIRECTOR OF THE DMME AND CHAIRMAN

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

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*Approve minutes

BENNY WAMPLER: Okay. We'll go ahead and call the meeting to order. Good morning. My name is Benny Wampler. I'm Deputy Director for the Department of Mines, Minerals and Energy and Chairman of the Gas and Oil Board. I'll ask the Board members to introduce themselves starting with Ms. Quillen.

MARY QUILLEN: Mary Quillen, Director of Graduate Programs for the University of Virginia here the Abingdon Center, a public member.

PEGGY BARBAR: Good morning. Peggy Barbar, Dean of Engineering at Southwest Virginia Community College, a public member.

SHARON PIGEON: I'm Sharon Pigeon with the office of the Attorney General.

BRUCE PRATHER: I'm Bruce Prather. I'm a consultant and a representative of the oil and gas industry.

BOB WILSON: My name is Bob Wilson. I'm the Director of the Division of Gas and Oil and Principal Executive to the Staff of the Board.

BENNY WAMPLER: If you have cell phones, we would ask you to turn those off, please, at this time. Check them. The first item on today's agenda, the Board will receive a quarterly year-end report on the Board escrow account. That's administered by Wachovia Bank. Mr. Wilson.

BOB WILSON: Thank you. This is going to be kind of a brief report. As most of you know, we have recently changed directions with Wachovia as the escrow agent. There's a different form of accounting now. We have essentially changed the way we handle the account in the bank and along with that, there are some changes in the reporting, which we haven't quite gotten ironed out yet. Again, because of the relatively short run up to the Board date this month and the holidays, I only got this yesterday. So, I haven't had a chance to clarify some of the new reporting techniques. However, I can tell you that for the quarter that just ended, we had beginning value in the escrow account of \$15,715,751,303.59. We received deposits of \$540,230.29 and interest income of \$182,438.59. Expenses during the quarter were \$9,483.70. We had a total disbursements of \$522,325.44. These were disbursements made to claimants whose accounts were settled before the Board. This leaves us with an ending value of \$15,942,163.33. That would also, of course, be the year-end total. Compare that with the year ending last year...actually, I've printed off the wrong thing here. So, I don't have the year-ending last year. I'm sorry about that. The interest rate that we're getting now is just under 4% for the entire account. As you may remember, we have partitioned the account to leave the

bulk of it in readily available funds. We have taken out approximately five million, which are placed in a higher yielding fund and it's right now drawing about 5.2%. We have about a third of the account in that. We'll see how that works out. We may actually want to increase that allotment to the relatively inactive side of the accounting if this pans out. Again, I haven't had the opportunity to fully digest this. But I will be preparing a year-end statement for the Board members showing the full year activity and I hope to have that for you at our next hearing.

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Mr. Chairman, I have---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---just one question about the high yield. What is the time frame that that has to be left in that?

BOB WILSON: There is no time frame.

MARY QUILLEN: There is none?

BOB WILSON: In other words, the liquidity of that account is not substantially different from the other one.

MARY QUILLEN: Oh.

BOB WILSON: It's just that this one has a higher

yield and is a little bit easier from the bank's standpoint to manage as a growth fund as opposed to one that's active. The ten million or so that we have in the active account is set up such that it can be managed a little more insofar as taking in and sending out money. But there is no...there is no time break on it.

MARY QUILLEN: Thank you.

BOB WILSON: Uh-huh.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Thank you. The next item on the agenda is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-148. This is docket number VGOB-06-1114-1771, continued from December. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz.

JIM KAISER: Jim Kaiser for Penn Virginia.

MARK SWARTZ: We'd like to withdraw this item number two on the docket and item number three. You're going to oppose that, right?

JIM KAISER: No. It sounds good to me.

MARK SWARTZ: Okay.

BENNY WAMPLER: Those are withdrawn. Next is a

petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-36, Rogers 279. This is docket number VGOB-06-1114-1798. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TOM MULLINS: Tom Mullins with the Street Law Firm in Grundy, Virginia representing GeoMet.

JIM KAISER: Jim Kaiser representing Equitable Production Company.

JEFF TAYLOR: Jeff Taylor with GeoMet.

GEORGE MASON: George Mason representing LBR Holdings, LLC.

TOM MULLINS: Mr. Chairman, for docket numbers four, five, six, seven, eight, nine and ten Equitable and GeoMet are very close to reaching an agreement. We would like to ask that we be allowed to drop Equitable and their interest from these force poolings and just proceed on with the other parties that we are not going to reach an agreement with. We need to withdraw in their entirety docket numbers four and nine because after Equitable was the only interest in those units.

BENNY WAMPLER: So, the four that I just called is withdrawn?

TOM MULLINS: Right.

BENNY WAMPLER: And---?

TOM MULLINS: We also leased the other outstanding interest in nine. There was one other outstanding interest.

BENNY WAMPLER: That's docket number VGOB-06-1219-1847 and that's withdrawn.

TOM MULLINS: Yes, sir.

BENNY WAMPLER: All right. I'll go ahead and call...Mr. Kaiser, do you have any---?

JIM KAISER: We're in agreement with Mr. Mullins' statement and hope to have something worked out as early as this week. So, as long as we're withdrawn as a force pooled party to those seven petitions, we're fine.

BENNY WAMPLER: Okay, what just took place is number four and nine, those docket numbers are withdrawn in their entirety. Dockets numbers...which is our number rather than the docket number, five, six, seven, eight and ten they're withdrawing---.

JIM KAISER: Removing.

BENNY WAMPLER: Removing, yeah, Equitable as a claimant. So, they will go forward with those cases.

JIM KAISER: Well, not necessarily as a claimant, as a party.

(Bill Harris enters the room.)

BENNY WAMPLER: Well, as a party. Okay, thanks

for the clarification. So, Mr. Harris, we're on number five.

BILL HARRIS: Okay, thank you.

BENNY WAMPLER: This is a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-34, docket number VGOB-06-1114-1800. This was continued from December. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TOM MULLINS: Tom Mullins with the Street Law Firm representing GeoMet.

JEFF TAYLOR: Jeff Taylor with GeoMet.

GEORGE MASON: George Mason representing LBR Holdings, LLC.

TOM MULLINS: The record will show not others. You may proceed.

TOM MULLINS: I'd like to have Mr. Taylor sworn.
(Jeff Taylor is duly sworn.)

JEFF TAYLOR

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name?

A. Jeff Taylor.

Q. And by whom are you employed?

A. GeoMet Operating Company.

Q. What are your job duties with GeoMet?

A. I'm project manager for the Virginia and West Virginia Operations.

Q. Are you familiar with the application for this unit, A-34?

A. I am.

Q. How many acres are there in this unit?

A. 80.

Q. And it's an Oakwood Coalbed Gas Unit...Field Unit?

A. Yes.

Q. Does GeoMet have drilling rights on this unit?

A. Yes.

Q. And are there parties' respondent listed on Exhibit B-3 that need to be dismissed today? I think we're already included Equitable.

A. Yeah. No others other than Equitable.

Q. All right. And currently, what is the percentage of coal ownership that GeoMet has under lease?

A. It would be 16...that's oil and gas. I

apologize.

Q. The coal ownership would be 88.39 currently under lease?

A. That is---.

Q. Is that correct?

A. That's correct.

Q. Okay. And that doesn't include Equitable's interest at this point?

A. No, sir.

Q. And the gas ownership that you currently have under lease is what?

A. 72.155%.

Q. And was notice sent as required by Virginia Code Section 45.1-361.19?

A. Yes.

Q. And have the green cards been filed?

TOM MULLINS: I'm showing that they...can we file those post hearing? Contingent upon the Board's approval, can we bring those post hearing and file those with the Gas and Oil office, Mr. Chairman, and the Board's order be contingent upon that?

A. We actually have them in that box.

TOM MULLINS: I know. I know where the box is.

BENNY WAMPLER: Yes. You file with Mr. Wilson's

office.

TOM MULLINS: Okay. I will.

Q. Was notice provided by a newspaper advertisement as well?

A. Yes.

TOM MULLINS: Okay. And we will file the proof of publication, along with the green cards, Mr. Chairman.

Q. Is GeoMet authorized to do business in the Commonwealth of Virginia?

A. Yes.

Q. And have you filed a bond as required by statute?

A. Yes.

Q. What terms has GeoMet offered to those folks who voluntarily enter a lease with them?

A. Twenty dollars per acre for a five year paid up lease with a one-eighth royalty.

Q. And, based on your experience in the oil and gas industry, is this a reasonable and fair lease terms?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet seeks to pool?

A. 16.245.

Q. What is the percentage of the coal estate

that is sought to be pooled?

A. 11.61.

Q. And, of course, the 11.61 represents the interest owned by Equitable, does it not?

A. Let's see, that would go to 0. I apologize. We just got this worked out a few minutes ago.

Q. Are there any unknown owners?

A. No.

Q. Okay. Are there any parties whose interest are in dispute?

A. Yes.

Q. And those would be what we've presented to the Board before as the Rogers Cousins?

A. That's correct.

Q. And which tract is involved in that? Is that 2?

A. It's Tract 2.

Q. Okay. And the percentage for that is 16.23---?

A. 235. As well as the other one, 16.235 that we sought to pool. I said 16.245. I apologize for that.

Q. And an Exhibit B has been...excuse me, Exhibit E has been filed showed that conflicting claim of ownership, is that correct?

A. Yes.

Q. Okay. Is the Board...is GeoMet requesting that the Board pool these unleased interests in the unit?

A. Yes.

Q. And correspondence should be sent to Joseph L. Stevenson at GeoMet Operating Company at 5336 Stadium Trace Parkway, Suite 206, Birmingham, Alabama 35244?

A. Yes.

Q. And did you assist in the preparation of the estimate of well costs or was that done under your direction?

A. It was.

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

A. 2,120 feet.

Q. What are the estimated reserves for this particular unit?

A. 1.044 billion cubic feet.

Q. What are the estimated well completion costs?

A. \$393,575.

Q. And the dry hole costs?

A. \$164,050.

Q. Has an Exhibit been attached to the

application listing these estimated costs?

A. Yes.

Q. Do those costs include a reasonable charge for the supervision of the drilling of the well?

A. They do.

Q. Would the granting of this application promote conservation and protect correlative rights and prevent waste?

A. It would.

TOM MULLINS: That's all I have, Mr. Chairman.

BENNY WAMPLER: One thing we would need is revised Exhibits everywhere that you're taking out Equitable.

TOM MULLINS: We will submit those tomorrow.

BENNY WAMPLER: Mr. Wilson?

BOB WILSON: Mr. Chairman, yeah, as I'm understanding it, the numbers that you have given actually still include Equitable, is that correct?

TOM MULLINS: That is not correct.

BOB WILSON: That's not correct?

BENNY WAMPLER: No.

BOB WILSON: The 11.6%---

BENNY WAMPLER: They changed it 0.

TOM MULLINS: 0.

JEFF TAYLOR: 0.

BOB WILSON: Okay. Okay, I missed that. Okay.

BENNY WAMPLER: And they're going to file revised Exhibits.

BOB WILSON: Okay, good.

SHARON PIGEON: Well, but they didn't change their coal leased percentage to 100% anywhere in their testimony. That's why Bob is confused, I think. They changed---

TOM MULLINS: We're working out the agreement, but we don't want to represent to the Board that we've got the agreement right now.

SHARON PIGEON: So, it is released?

TOM MULLINS: It is released. That's why the evidence came in the way it came in.

BOB WILSON: Could...just for clarification, and since I'll be having to check these orders when they come in against the transcript, could we again address the exact numbers that are going to be pooled as a result of today's hearing?

TOM MULLINS: Sure.

JEFF TAYLOR: Yes.

TOM MULLINS: What's going to be pooled on the oil and gas estate is 16.235%. What is sought to be pooled of the coal estate is 0.

BOB WILSON: Okay. Thank you.

TOM MULLINS: You're welcome.

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

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TOM MULLINS: No, sir.

GEORGE MASON: Mr. Chairman, I have one question.

BENNY WAMPLER: Mr. Mason.

CROSS EXAMINATION

QUESTIONS BY MR. MASON:

Q. Mr. Taylor, was that...the pooling of the Rogers Cousins was that both Tracts 1 and Tracts 2? I thought you said just Tract 2. I just want to make sure that the testimony was clear.

A. No, I did not speak to a specific tract number, I don't think.

TOM MULLINS: You testified to Tract 2.

A. Just a second. It's Tract 1 and 2.

TOM MULLINS: Tract 1 and 2?

A. Yes.

GEORGE MASON: I have no other questions. Just a statement. That LBR Holdings is here in support of GeoMet's petition for force pooling and that it be designated

operator of this unit. Thank you.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Escrow 1 and 2 or not?

JEFF TAYLOR: Which tracts? It's both tracts, Tracts 1 and 2. The Rogers Cousins are in both.

TOM MULLINS: All of...let's double check that. We will...when we submit the revised Exhibits they will list those, Mr. Chairman.

BENNY WAMPLER: Okay.

TOM MULLINS: We're seeking to escrow all of the interest of the Rogers Cousins, which it appears to be in Tracts 1, 2 and 5.

JEFF TAYLOR: Is that what you're showing, Mr. Mason, 1, 2 and 5?

GEORGE MASON: Yes, 1, 2 and 5.

JEFF TAYLOR: Okay.

TOM MULLINS: I apologize for any confusion created.

JEFF TAYLOR: Mr. Stevenson was unable to be with us this morning.

TOM MULLINS: We're winging it.

BENNY WAMPLER: Ms. Quillen?

MARY QUILLEN: He answered my question. Thank you.

BENNY WAMPLER: Okay. All right. Other questions?

(No audible response.)

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

TOM MULLINS: Thank you, sir.

BENNY WAMPLER: Next is a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-35, Rogers 294. This is docket number VGOB-06-1114-1801. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins with the Street Law Firm

representing GeoMet.

GEORGE MASON: George Mason on behalf of LBR Holdings, LLC in support of GeoMet's petition to be...to force pool this unit and also be designated as the unit operator.

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

TOM MULLINS: I'd like to incorporate the prior testimony about employment and all of the routine items testified to previously, Mr. Chairman.

BENNY WAMPLER: I'll need you to be more specific so that she knows---

TOM MULLINS: He testified concerning his employment, who he was employed by, what his job duties where, what his role was. I'd like to incorporate that.

BENNY WAMPLER: That will be incorporated.

JEFF TAYLOR

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. You are Jeff Taylor, correct?

A. Yes, sir.

Q. And you...are you familiar with the application in this unit?

A. I am.

Q. How many acres are there in this unit?

A. 80.

Q. It's an Oakwood unit?

A. Yes.

Q. And what is the unit number?

A. YYY-35.

Q. Does GeoMet have drilling rights in this unit?

A. Yes.

Q. And the parties...again, this is one of those that we have asked that the interest held by Equitable be...that they be dismissed as parties, is that correct?

A. Yes.

Q. Okay. What is the percentage of coal ownership that GeoMet has currently under lease?

A. 26.9625%.

Q. And what is the percentage of the gas ownership that GeoMet currently has under lease?

A. 35.95%.

Q. Was statutory notice sent as required?

A. It was.

Q. And are you asking leave of the Board to submit the green cards and the notice of publication with

the Oil...Division of Oil and Gas office?

A. I am.

Q. Is GeoMet authorized to do business in Virginia?

A. Yes.

Q. And do you...does GeoMet have a bond?

A. Yes.

Q. And are the lease terms that you offered folks the same as you've previously testified to in the prior hearing?

A. Yes.

Q. And those...it's still of your opinion those are fair and reasonable lease terms?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 8.9875%.

Q. What is the percentage of the coal estate sought to be pooled?

A. 0.

Q. And this is one of those cases that involve the Rogers Cousins?

A. Yes.

Q. And the outstanding oil and gas interest is

the Cousins' interest 8.9875%, is that correct?

A. Yes.

Q. And are they listed on Exhibit E?

A. They are. Tract 1.

Q. Is GeoMet requesting that the Board pool these unleased interests in the unit?

A. Yes.

Q. Are there any unknown owners?

A. Not our knowledge.

Q. Okay. Did you direct that the well estimation cost be prepared for the filing of the application?

A. I did.

Q. What's the total depth of this well?

A. 2,250 feet.

Q. And the estimated reserves?

A. 992 million cubic feet.

Q. And the estimated well completion costs?

A. \$407,075.

Q. And the dry hole cost estimate?

A. \$171,250.

Q. And have...has there been attached to this application an Exhibit listing these estimated costs?

A. Yes.

Q. Does those...do those costs include a reasonable charge for the supervision of the drilling of the well?

A. They do.

Q. In your opinion, would the granting of this application, promote conservation, protect correlative rights and prevent waste?

A. It would.

TOM MULLINS: That's all I have, Mr. Chairman. We will submit revised Exhibits.

BENNY WAMPLER: All right. And when you did the testimony about the lease terms, you want those incorporated into this, I assume?

TOM MULLINS: Yes, sir, please. I forgot that.

BENNY WAMPLER: That will be incorporated.

Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Mr. Wilson, do you have anything?

BOB WILSON: No, sir.

BENNY WAMPLER: Tract 1, right, on Exhibit E?

JEFF TAYLOR: Yes, sir.

BENNY WAMPLER: I'm just clarifying. No questions. Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

TOM MULLINS: Thank you, sir.

BENNY WAMPLER: Next is a petition from GeoMet
Operating Company, Inc. for pooling of coalbed methane unit
YYY-34, docket number VGOB-06-1114-1811. We'd ask the
parties that wish to address the Board in this matter to
come forward at this time.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins of the Street Law Firm
representing GeoMet.

GEORGE MASON: George Mason representing LBR
Holdings, LLC, who is here in support of GeoMet's petition
for force pooling and that they be designated the operator.

TOM MULLINS: Again, Mr. Chairman, I'd like to
incorporate the employment information and the lease term
information from the prior---

BENNY WAMPLER: It will be incorporated.

TOM MULLINS: Thank you, sir.

BENNY WAMPLER: I need to have him agree to that...to the lease terms.

JEFF TAYLOR: Yes, sir.

JEFF TAYLOR

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Are you familiar with the application for unit YYY-34?

A. I am.

Q. Is that an 80 acre unit?

A. Yes.

Q. It's located in the Oakwood Field?

A. It is.

Q. Aside from Equitable, are there any other parties that need to be dismissed?

A. No.

Q. What is the percentage of the coal ownership that GeoMet currently has under lease for this unit?

A. 66.36%.

Q. What is the percentage of the gas ownership

that GeoMet currently has under lease?

A. 49.77%.

Q. Was notice sent as required by statute and published as required by statute?

A. Yes.

Q. Are you asking leave of the Board to submit the green cards and the evidence of publication post hearing with the Gas and Oil office here in Abingdon?

A. I am.

Q. Is GeoMet authorize to do business in Virginia?

A. Yes.

Q. And GeoMet has a bond as required by statute?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 16.59%.

Q. And the coal estate?

A. 0.

Q. Are there any unknown owners?

A. Not to my knowledge.

Q. Are the parties that are sought to be pooled the Rogers Cousins?

A. They are.

Q. Is that...are their interest involved in Tract...listed as Tract 1?

A. It is.

Q. Is GeoMet requesting that the Board pool these unleased interests in the unit?

A. We are.

Q. Did you direct a estimated well costs Exhibit be prepared for this unit?

A. Yes.

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

A. 2,290 feet.

Q. And the estimated reserves?

A. 922 million cubic feet.

Q. And the estimated well completion costs?

A. \$406,625.

Q. And the estimated dry hole costs?

A. \$172,750.

Q. And is an Exhibit attached listing these estimated costs?

A. Yes.

Q. And does that include a reasonable charge for supervision of the drilling of the well?

A. It does.

Q. And, in your opinion, would the granting of this application promote conservation, protect correlative rights and prevent waste?

A. It would.

TOM MULLINS: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris?

BILL HARRIS: I have a question about your estimated well cost. We have that as Exhibit C down at the bottom. In the middle first section under the total column, in fact, it happens a couple of times in that total column, there's the pound sign and then value---

JEFF TAYLOR: Yeah.

BILL HARRIS: ---that's listed and that's usually, I think, an error that Excel does if---

TOM MULLINS: If you screwed up the formula it tells you that.

BILL HARRIS: Yeah, the formula isn't good or something. I guess there needs to be some amounts in there.

JEFF TAYLOR: I apologize. I think the...I'll have to add the column up, but the total---

TOM MULLINS: The total for the first one should

be the only one listed there is \$1,375 for the wire line, logging and cased hole. So, I'm assuming that's what that value should be listed in that column, is that right?

JEFF TAYLOR: Yeah. And, actually, I think, the best I can remember how these formula's work, and I'll add the columns up here a little bit to make sure, but they come down and subtotal under drill and complete and then it's a summation of the column of drill and complete to get you to like the \$328,575. I will add that up to double check, but the best I can remember how I've got the formula in here it doesn't total the total column. It totals the two subtotals, if that makes sense.

BILL HARRIS: Yeah, but I'm not sure if that answered the question though. The 1375...I was just wondering about the values that actually go in there.

JEFF TAYLOR: Yeah, it would just come straight. It would be 1375.

BILL HARRIS: Okay.

TOM MULLINS: And the 10,000---.

JEFF TAYLOR: And the 10,000.

BILL HARRIS: That's what I needed to hear. So, you're saying the totals are correct?

JEFF TAYLOR: I'm wanting to think...the best I can remember how I have the formulate wrote in there, the

totals will be correct. I will double check.

TOM MULLINS: I just done it. It is correct.

JEFF TAYLOR: It's correct? Okay.

BILL HARRIS: Okay.

BENNY WAMPLER: And you're saying because it's adding the actually totals drilling and---?

JEFF TAYLOR: Yes, sir.

BENNY WAMPLER: ---complete, intangible and tangible, right?

JEFF TAYLOR: Yes.

MARY QUILLEN: Yeah, it's the right total.

BENNY WAMPLER: Just so the Board members understand that.

JEFF TAYLOR: I thought it was. I don't know exactly why that's there. I apologize.

BENNY WAMPLER: On your...on your Exhibit E...had you finished your testimony?

TOM MULLINS: Yes, sir.

BENNY WAMPLER: On your Exhibit E, what are you asking to be listed as conflicting?

TOM MULLINS: The---.

BENNY WAMPLER: Which tract?

JEFF TAYLOR: 1.

TOM MULLINS: Tract 1.

BENNY WAMPLER: Okay. I will need you to revise your estimated well cost as well---

JEFF TAYLOR: I will do.

BENNY WAMPLER: ---and put those values in. Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TOM MULLINS: No, sir.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: And second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JEFF TAYLOR: Thank you.

BENNY WAMPLER: Next is a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-34, Rogers 593. This is docket number VGOB-06-1114-

1812. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins with the Street Law Firm representing GeoMet.

GEORGE MASON: George Mason representing LBR Holdings, LLC who is here in support of GeoMet's petition for force pooling and that it be designated as the unit operator.

BENNY WAMPLER: Thank you. The record will show no others. You may proceed.

TOM MULLINS: Thank you, sir. I would, again, like to incorporate the testimony concerning employment and lease terms.

BENNY WAMPLER: That will be incorporated. You need to agree to the lease terms.

JEFF TAYLOR: I do.

BENNY WAMPLER: Okay. You may proceed.

JEFF TAYLOR

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Are you, Mr. Taylor, familiar with this application for unit ZZZ-34?

A. I am.

Q. Is this an 80 acre Oakwood unit?

A. It is.

Q. Does GeoMet have drilling rights in this unit?

A. They do.

Q. Aside from what we've already advised the Board concerning any claim that Equitable has, is there anybody else that needs to be dismissed?

A. No, sir.

Q. What is the percentage of the coal ownership that GeoMet currently has under lease?

A. 38.87%.

Q. What is the percentage of the gas ownership that GeoMet currently has under lease?

A. 29.2275%.

Q. And was notice both sent and publized as required by statute?

A. It was.

Q. Are you asking leave of the Board to submit the green cards and the evidence of publication post hearing?

A. I am.

Q. Is GeoMet authorized to do business in the

Commonwealth of Virginia?

A. Yes.

Q. And does GeoMet have a bond, as required by statute?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 9.7425%.

Q. And the coal estate?

A. 0.

Q. Any unknown owners?

A. Not to our knowledge.

Q. And the parties that are in dispute are the Rogers Cousins?

A. That's correct.

Q. And it's Tracts 1, 3 and 4 as identified on the plat, is that correct?

A. 1, 2 and 4.

Q. I apologize. All right, 1, 2 and 4. And has an Exhibit E showing those conflicting claims of ownership been filed with the application?

A. Yes, sir.

Q. And is GeoMet requesting that the Board pool these unleased interests?

A. We are.

Q. And has a well estimate...cost estimation been prepared under your direction?

A. It has.

Q. What's the total depth of this well?

A. 2,320 feet.

Q. And the estimated reserves for this unit?

A. 932 million cubic feet.

Q. And the estimated well completion costs?

A. \$406,750.

Q. And the estimated dry hole costs?

A. \$172,750.

Q. And as an Exhibit to the application, you have listed these well cost estimates?

A. Yes.

Q. And do those estimates include a reasonable charge for the supervision of drilling of the well?

A. They do.

Q. And is it your opinion that the approval of this application would promote conservation, protect correlative rights and prevent waste?

A. It would.

TOM MULLINS: That's all.

BENNY WAMPLER: Questions from members of the

Board?

TOM MULLINS: Mr. Chairman, not to interrupt, but we have the same, I guess, printout problem with the estimate of the well costs on Exhibit C and we will submit a revised one of those with the Gas and Oil Office, if that's acceptable.

BENNY WAMPLER: All right. That's acceptable. On your total percentage ownership for the unit in dispute, what's that number?

JEFF TAYLOR: It's 9.7425%.

GEORGE MASON: It's on the last page.

BENNY WAMPLER: I've got it. I'm trying to reconcile another number. I thought you said 9.729.

JEFF TAYLOR: 7425.

BENNY WAMPLER: Not...not for this. But I thought you said earlier---

(Mr. Wampler confers with Ms. Pigeon.)

BENNY WAMPLER: I thought in your testimony you said 9 point...what was it, 729 or something like that.

JEFF TAYLOR: 7425 is what I---

BENNY WAMPLER: It should be...just for clarification---

TOM MULLINS: It should be 9.7425.

BENNY WAMPLER: All right. I just wanted to make

sure. Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TOM MULLINS: No, sir.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JEFF TAYLOR: Thank you, sir.

BENNY WAMPLER: Next is a petition from GeoMet
Operating Company, Inc. for pooling of coalbed methane unit
Rogers 331. This is CBM unit TTT-36, docket number VGOB-06-
1219-1848. We'd ask the parties that wish to address the
Board in this matter to come forward at this time.

JEFF TAYLOR: Jeff Taylor with GeoMet.

TOM MULLINS: Tom Mullins with the Street Law Firm
representing GeoMet.

GEORGE MASON: George Mason representing LBR Holdings, LLC who is in support of GeoMet's petition for the force pooling and that it be designated as the unit operator. Thank you.

BENNY WAMPLER: Thank you.

TOM MULLINS: And, Mr. Chairman, I'd like to ask that the Board incorporate Mr. Taylor's prior testimony concerning his employment and the lease terms, with his consent.

BENNY WAMPLER: It will be incorporated.

JEFF TAYLOR: Yes.

BENNY WAMPLER: Do you agree to those---?

JEFF TAYLOR: I agree.

BENNY WAMPLER: Thank you.

JEFF TAYLOR

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Are you familiar with the application for this unit TTT-36?

A. I am.

Q. It's an 80 acre Oakwood unit, is that correct?

A. Yes.

Q. Does GeoMet have drilling rights in this unit?

A. They do.

Q. Aside from Equitable, is there any other interest that should be dismissed today?

A. No.

Q. What is the percentage of the coal ownership that GeoMet currently has under lease?

A. 83.36%.

Q. And the percentage of gas ownership that GeoMet currently has under lease?

A. 62.52%.

Q. Was notice and...notice by publication done as required by statute?

A. It was.

Q. Are you requesting leave to file the green cards and the notice of publication with the Office of Oil and Gas post hearing?

A. I am.

Q. Is GeoMet authorized to business in the Commonwealth?

A. Yes.

Q. And does GeoMet have a bond as required by statute?

A. Yes.

Q. What is the percentage of the oil and gas estate that GeoMet is seeking to pool?

A. 20.84%.

Q. And what is percentage of the coal estate that is sought to be pooled?

A. 0.

Q. Okay. Are there any unknown owners?

A. Not to our knowledge.

Q. Is this a unit that involves the Rogers Cousins?

A. Yes.

Q. And is that the interest that you're seeking to have pooled here today?

A. Yes.

Q. Are they involved in Tracts 1 and 3 and 4?

A. Yes.

Q. And, again, it's your request that these interests be pooled and those interests represent 20.84% of the unit?

A. Yes.

Q. Was a well estimation cost prepared under your direction?

A. Yes.

Q. What is the proposed depth of this well?

A. 2,150 feet.

Q. And the estimated reserves?

A. 984 million cubic feet.

Q. And the estimated well completion costs?

A. \$394,575.

Q. And the estimated dry hole costs?

A. \$164,050.

Q. Have you checked the Exhibit C to see whether that contains any of the errors that we talked about earlier? I have not had a chance to look through that. Have you looked at that, Mr. Taylor?

A. Yes, sir, I have. It appears to be correct.

Q. Okay. And that is...that Exhibit C is a listing of the estimated costs for the well?

A. Yes.

Q. In your opinion, would the granting of this application promote conservation, protect correlative rights and prevent waste?

A. It would.

Q. And you're asking the Board to designate GeoMet as the operator for this unit?

A. Yes, sir.

TOM MULLINS: That's all I have, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

TOM MULLINS: Thank you, Mr. Chairman.

JEFF TAYLOR: Thanks.

BENNY WAMPLER: Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit J-37, docket number VGOB-07-0116-1853. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Do you have any housekeeping?

MARK SWARTZ: I don't think so.

BENNY WAMPLER: Do you all want a break or anything?

(No audible response.)

(Mr. Arrington passes out Exhibits.)

(Mr. Arrington is duly sworn.)

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. State your name for the record, please.

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. Did you either prepare or caused to be prepared under your direction a notice of hearing, the application and the related exhibits with regard to unit J-37 that we're addressing right now?

A. Yes, we have.

Q. And, in fact, you signed both of the...both

the notice of hearing and the application, did you not?

A. Yes.

Q. What did you do to tell people that there was going to be a hearing today with regard to unit J-37?

A. We mailed by certified mail, return receipt requested on December the 15th, 2006. It was published in the Bluefield Daily Telegraph on January 4, 2007.

Q. And have you filed your certificates with regard to mailing and publication with Mr. Wilson?

A. Yes, we have.

Q. And when you published, what did you publish in the paper?

A. Notice of hearing.

Q. You need to give that stuff to be Mr. Wilson.

A. Okay.

Q. The notice of hearing and what else?

A. The location map.

Q. Okay. And do you wish to add any folks as respondents today?

A. No.

Q. Do you wish to dismiss any of the respondents identified in the notice of hearing and Exhibit B-3?

A. No.

Q. Who is the applicant?

A. CNX Gas Company.

Q. Is CNX Gas Company a limited liability company?

A. Yes, it is.

Q. Was it formed in Virginia?

A. Yes.

Q. Is it authorized to do business in the Commonwealth?

A. Yes, it is.

Q. And who is it that the applicant is requesting be appointed the Board's designated operator in the event the pooling application is granted?

A. CNX Gas.

Q. In that regard, has CNX Gas filed a blanket bond with the DMME?

A. Yes, it has.

Q. And has CNX Gas also registered with the Department as an operator?

A. Yes, it has.

Q. What kind of unit is this?

A. It's an Oakwood 80 acre unit.

Q. How many wells are proposed?

A. At this time, one.

Q. What kind of a well is it?

A. It's a frac well.

Q. Where is it located in relation to the drilling window?

A. Within the drilling window.

Q. Would you tell the Board what interests you've been able to acquire in this unit and what interests you're seeking to pool?

A. We have acquired 99.9113% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.0887% of the coal, oil and gas owner's claim to coalbed methane.

Q. Are there some conflicts that require escrow?

A. Yes. In Tracts 3, 6 and 7.

Q. And have you filed an Exhibit E in that regard?

A. Yes, we have.

Q. There are no split agreements that we need to attend to?

A. No.

Q. And there's no other reason other than conflicts requiring escrow?

A. No.

Q. You've been successful in leasing over 99% of this unit...I'm sorry, over 90% of this unit. What are the lease terms that you have offered?

A. For a coalbed methane lease, our standard lease terms is a dollar per acre per year with a five year paid up term and a one-eighth-production royalty.

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

A. Yes, I would.

Q. Have you provided the Board with a well cost estimate?

A. Yes, I have. It's \$202,882...882.08 to a depth of 1,561 feet.

Q. And do you have a permit?

A. 7443.

Q. Is the well drilled?

A. Yes.

Q. Is it your opinion that if you combine the leasing efforts that you've succeeded in with regard to acquiring interests in this unit with a pooling order pooling the folks listed as respondents, that the correlative rights of all claimants and owners in this unit

would be protected?

A. Yes, they would be.

Q. Is it your further opinion that drilling one frac well in the drilling window of this unit is a reasonable plan to develop the coalbed methane resource within and under this unit?

A. Yes.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman, I have a question.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Les, a question about your plat. It shows down in the lower right corner that...I guess, is that a Edwards and Harding, an old EH well?

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: Is that---?

BENNY WAMPLER: The lower left, right?

BILL HARRIS: Lower...yes, thank you. Lower left corner.

LESLIE K. ARRINGTON: It's an old conventional well.

BILL HARRIS: Yeah. Is that still functioning or what's the...I noticed the little stars. I don't know what

the legend is for the plat.

LESLIE K. ARRINGTON: It does not indicate that it has been plugged. So, it's probably still...it may still be producing.

BILL HARRIS: And that was conventional gas you said?

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: Okay. Thank you. That's it.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a

petition from CNX Gas Company, LLC for pooling of coalbed methane unit S-54. This is docket number VGOB-07-0116-1854. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: The record will show no others.

You may proceed.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

MARK SWARTZ: Mr. Chairman, I'd like to incorporate Mr. Arrington's testimony with regard to CX...CNX's status in the Commonwealth, with regard to both the applicant and operator issues, his testimony with regard to standard lease terms and his employment, if I could.

BENNY WAMPLER: That will be incorporated. Do you agree to those standard lease terms?

LESLIE K. ARRINGTON: Yes.

Q. Did you either yourself prepare the notice of hearing, application and related Exhibits or caused them to be prepared under your direction?

A. Yes, I did.

Q. All right. Did you sign both the notice of hearing and the application?

A. Yes.

Q. We've got some revised exhibits Anita just distributed to the Board, is that correct?

A. Yes, they are.

Q. And are those the result of some changes in respondents?

A. Yes.

Q. Okay. If we look at Exhibit B-2 that was filed today, it's a one page document pertaining to Tract 1-H, is that correct?

A. Yes. 1-H and 1-J.

Q. 1-H...I'm sorry, 1-H and 1-J. And what has happened in those two tracts that has required these changes?

A. We have leased those interests.

Q. So, the people listed on Exhibit B-2, the...I guess, the four people---?

A. Yes.

Q. ---you've been able to have leased them since you filed this...between the time you filed this application and today?

A. Yes.

Q. And are you requesting that they be dismissed as respondents?

A. Yes, we are.

Q. Okay. With regard to the respondents and folks who might be interested in this unit, what...what did you do to notify people that there would be a hearing today?

A. We mailed by certified mail December 15, 2006 and it was published in the Bluefield Daily Telegraph on December the 30th, 2006.

Q. Okay. And when published, what was published in the paper?

A. The notice of hearing.

Q. And any map?

A. Yes.

Q. Okay. And have you filed or are you filing today with Mr. Wilson's office certificates with regard to mailing and with regard to publication?

A. Yes, we are.

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

A. No.

Q. Okay. And we've talked about the people that you want to dismiss?

A. Yes.

Q. You've also filed a revised Exhibit B-3.

A. Yes.

Q. Can I assume that the only changes to B-3 between the original that you filed with the application and the revised exhibit that you filed today would be to account for the folks listed in B-2?

A. Yes, it is.

Q. You've also filed a revised Exhibit E?

A. Yes.

Q. And what would the revision pertain to with regard to that Exhibit?

A. Okay. Originally, they were listed as et al.

Q. okay.

A. Now, it's broke out.

Q. And then, lastly, with regard to Exhibit A, page two, obviously, you have leased more interests the percentages are going to change?

A. Yes.

Q. Could you tell the Board, as it stands

today, what interests you have leased in this unit and what interests you're seeking to pool?

A. Yes, we've leased 99.8125% of the coal owner's claim to coalbed methane; 46.2% of the oil and gas owner's claim to coalbed methane; and we're seeking to pool 0.1875% of the coal owner's claim to coalbed methane; and 53.8% of the oil and gas owner's claim to coalbed methane.

Q. What kind of unit is this?

A. It's an Oakwood 80.

Q. How many wells are proposed?

A. One.

Q. What kind of a well?

A. Frac.

Q. Where is it located in relation to the window?

A. Within the drilling window.

Q. Have you provided the Board with a well cost estimate for this well?

A. Yes, we have. It's \$261,919.10 to a depth of 2,442.59 feet. The permit number is 7305.

Q. Is it drilled?

A. Yes.

Q. Are there some escrow requirements here?

A. Yes, for Tracts 1-A, 1-B, 1-C, 1-D, 1-E,

1-F, 1-G, 1-H, 1-I, 1-J, 1-L, 1-M, 1-N, 1-O and 1-P.

Q. And is the reason that escrow is required because of conflicts?

A. Yes, it is.

Q. We've got everybody's address and so forth? It's just the conflicts?

A. Yes.

Q. And there are no split agreement that we need to attend to, is that correct?

A. No.

Q. Is it your opinion that if you combine the leasing activities and efforts that the applicant has succeeded in with a Board order pooling the folks that remain as respondents, that the correlative rights of all claimants and owners will be protected?

A. Yes, it will.

Q. Is it your further opinion that drilling one frac well in the drilling window of this unit is a reasonable plan to develop the coalbed methane resource within and under this unit?

A. Yes, it is.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

(No audible response.)

BILL HARRIS: Motion for approval.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All Board members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a
petition from CNX Gas Company, LLC for a repooling of
coalbed methane unit A-31. This is docket number VGOB-06-
1219-1849-01. We'd ask the parties that wish to address the
Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

TOM MULLINS: Tom Mullins of the Street Law Firm
representing GeoMet.

JEFF TAYLOR: Jeff Taylor with GeoMet.

GEORGE MASON: George Mason representing LBR
Holdings, LLC.

BENNY WAMPLER: Can you hear him down there?

(Court Reporter indicates in the affirmative.)

BENNY WAMPLER: The record will show no others.

You may proceed.

TOM MULLINS: We have objections to file, Mr. Chairman. Should we go ahead and hand those out?

BENNY WAMPLER: Sure.

(The objections are passed out.)

BENNY WAMPLER: Does Mr. Swartz have one?

TOM MULLINS: I gave him one.

(Board members review the objections.)

BENNY WAMPLER: Okay. The record will show no others. You may proceed, Mr. Swartz.

MARK SWARTZ: I have a couple of preliminary motions that I would like to make before we get to the merits of our repooling application. Those motions, there are actually three, pertain to the letter that I handed out. Since the Board pooled roughly thirty-four units involving CNX on applications filed by GeoMet in November and December, CNX has filed twelve permit applications with Mr. Wilson's office pertaining to twelve of those thirty-four units and there will be more coming. The response of the Street Law Firm and GeoMet has been as is indicated in this letter. What concerns me, and the basis for my motion, is that when we were here pooling these thirty-four units and

we wanted to talk about...at least CNX wanted to talk about whether or not GeoMet had any reasonable expectation of ever getting a permit, GeoMet's repeated objection was, "Permitting is not an issue that should or could be addressed by the Virginia Gas and Oil Board and it should be addressed by the Division of Gas and Oil and by Mr. Wilson." That was repeatedly the objection. The ruling seemed, in general, to agree with that coming from the Chairman and the Directive seemed to us to be if you want to deal with a permit, you know, start from scratch in front of Mr. Wilson.

Now, that we have filed twelve permits in front of Mr. Wilson to address that issue, the story has flipped and now Mr. Wilson is being told in this January the 4th letter, my favorite is paragraph four, "CNX is barred by the principals of *res judicata* from seeking a well permit in this unit." If you carefully read the rest of the letter, in particular, you know, paragraph one and paragraph three, essentially, GeoMet is telling Mr. Wilson, having told the Board that it was his issue, that it's really not his issue and that once the Board enters a pooling order and designates an operator, he has no authority to entertain a permit from anybody else. I mean, that's what this letter says. The objection that you got this morning from GeoMet says the same thing.

My motions are as follows...and the only other thing that I would offer with regard to these three motions is the following observation: I think we need to attend to what is the most efficient use of people's time. This Board's time, Mr. Wilson's time, my client's money to pay me to come down here and spend hours and hours and hours with you all, not that I don't like you, but, you know, what's an efficient use of people's time and energy. This Board has one day a month to deal with this kind of stuff. My motions in that context are as follows: First of all, I would move that you enter an order staying the entry of your December order which pooled this particular unit. So, you made a decision in December to pool the unit, but that order hasn't, you know, been entered as yet because there's usually a month or two time lag. My first motion would be to stay the entry of that order. My second motion would be to either direct a letter from the Board to Mr. Wilson, or I guess you could actually make a decision that you would reduce to writing, to direct to Mr. Wilson advising him that his jurisdiction to entertain permit applications from any operator authorized to do business in this state remains his job and that the Board's designation of an operator in a unit should not be deemed by him to be relevant to passing on the merits of a permit application. My third motion

would be to defer any further orders, Board orders...the entry of any further Board orders with regard to this particular unit until some operator shows up with a permit so that we're not talking about hypothetical issues in front of the Board and if permitting is going to be the impediment here, let's deal with it in the agency that has jurisdiction and let the Board react to Mr. Wilson's decisions in that regard.

For the reason stated, I would respectfully request that you consider granting that relief with regard to this application.

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: May I respond?

BENNY WAMPLER: Yes.

TOM MULLINS: I think Mr. Swartz has mischaracterized our objections as listed in the letter and as listed in the objections filed with the Board. There's nothing inconsistent with what we've said and what has been set forth. The code says that once this Board designates an operator as the operator of a unit, that is the operator authorized to drill the unit. That's what we've pointed out to Mr. Wilson and candidly we're sort of talking a little of school because there's a hearing scheduled on these that has not been heard. This is a little premature. In fact, you

may be asked to rule on an issue that's actually pending before the Director. I consider that to be improper. However, to go to the merits of the argument, I think the code contemplates this Board having designated an operator as being the one authorized to drill the unit. Otherwise, if there are permits to be issued, then...to non-operators, you'll have chaos...utter chaos. You could have ten operators vying for a permit, none of whom could drill the unit, because they have not been designated as the unit operator. That's not what the code says. That's not inconsistent with what we have said. The permitting process has proceeded independently. But once a unit operator is designated...just as the letter said, once the unit operator has been designated, than that is the person who is authorized to drill the unit and produce the interests that were pooled. That's the purpose behind it. That's the purpose of having a force pooling statute.

I think this is just an attempt by CNX to circumvent the Board's ruling. They didn't like the ruling. They don't want to appeal the ruling and wanting to put off GeoMet's activity upon the property. This is just an attempt to do that. That's why we've asked for sanctions. If you will go back through the Board's transcripts, CNX has already asked to be designated as operator in each one of

these units that's pending upon this Board's docket today in which we have interest. They have come out and testified under oath, "We want to be the operator of this unit." and that was denied. Now, we're back, again, on the same issue. There has to be finality. Their sole relief is an appeal to the Circuit Court of Buchanan County. They may not want to do that, but that is their remedy.

We speak of efficiency of uses of time. My position is, this Board is bound by its prior ruling and prior entries of approvals of those force pooling orders. This is the waste of time. It's circumventing and trying to tie up procedurally this Board and second guessing the Board's decision. They didn't like it. They are coming back for another strike at the nail. That's not appropriate. There is a remedy for them and that is appeal.

There's nothing inconsistent with my letter. I'm proud of the letter. I filed the letter. There's nothing inconsistent with the objections filed here today with my prior positions. That has been...that has been the policy of the Board, as I know it, and I did not state anything inconsistent, from my view point anyway. I don't understand his position saying that it is inconsistent. I'm just pointing out that what the code says once that's done, then, certain things kick into play, but you still can proceed

independently. That's my position. I ask that this application be dismissed as being improperly brought.

BENNY WAMPLER: Mr. Mason?

GEORGE MASON: On behalf of LBR Holdings, LLC, I'd like to join in all of his objections that Mr. Mullins has stated. As you can see from a special appearance that has been handed to you to review, LBR Holdings is joined in that. Also, we filed separately objections to those twelve applications filed by CNX Gas Company. So, we're in opposition to those because my client is also...is a coal owner and also a majority gas owner. We think that any relief CNX Gas Company seeks from Board orders that already have force pooled in November and December and LBR Holdings, LLC joined in those force poolings request that the Board issue those. Also, that GeoMet be designated as the operator. So, the only relief that we see that CNX Gas Company has is to file an appeal with the Buchanan County Circuit Court and that that this...we join in the same motion, that this be dismissed, this and all of the other application for repooling, because the Board has already made that decision. Thank you.

BENNY WAMPLER: Thank you. Mr. Swartz?

MARK SWARTZ: I have two comments. They're both saying that the only option my client has is to file an

appeal. Well, we're here. If you feel that you were sucker punched by people who came in and said, this is a permitting issue. You don't need to contend with it here. You don't need to address it when you're looking at appointing an operator, and you took them at their word. Then, when we filed twelve permitting applications, the story changes. Now, they're telling Mr. Wilson that when you all made a decision to pool these thirty-four units, you trumped his authority to entertain permit applications. We've got a new story. We've got a new (inaudible) which depends on---

TOM MULLINS: I object to that. That is not what happened. He's mischaracterizing what was said, Mr. Chairman.

BENNY WAMPLER: That's on record. I'll let you address it in just a minute.

TOM MULLINS: Thank you.

BENNY WAMPLER: Let him go ahead and make his---

MARK SWARTZ: The point is, if people weren't going to have an opportunity to address the merits of permitting in front of Mr. Wilson, then we needed to have an opportunity to do it here. I mean, it's one or the other. I mean, if permitting is an important issue with regard to operating a unit, and it clearly needs to be...I mean,

if...I don't think this Board had any intention of appointing an operator who couldn't apply for a permit or determining that some other operator in the Commonwealth couldn't apply for a permit in this unit. I mean, if the permitting issue was once and for all resolved in front of the Board when we had the pooling hearing, people needed to have an opportunity to address permitting questions at that hearing because if they weren't, then they've never had an opportunity. So, what I'm saying is either my client should have had an opportunity to address permitting here, which I think is silly. But, you know, if they didn't have the opportunity to address it here and they're not going to get an opportunity to address it in front of Mr. Wilson, they've never had their day with regard to permitting...their day to have a fair hearing with regard to that. So, that's why I move that this Board either write Mr. Wilson a letter indicating that you did not intend to impair his ability to address permits in the ordinary course or make a decision in that regard.

The second point that I would make is, we are here today...you have not entered a written order yet on this unit and you have jurisdiction over this unit to do the right thing as we sit here today. I don't have to appeal. You're a Board that can modify your decision, can stay your

decision and can act in a fair way to give people an opportunity to vindicate their rights. The only way that the permitting issue, which is critical to these thirty-four cases, can be vindicated, in my judgment, is to let Mr. Wilson do his job. The story and the objection that we're hearing today...that he has received and that you're hearing today is his job...he no longer has a job. You've preempted his decision and that's the reason for my motions.

BENNY WAMPLER: Mr. Mullins.

TOM MULLINS: Sure. He has mischaracterized what was stated at the prior hearings. What was stated, actually, when the permitting questions came up was...his position was GeoMet could not get a permit and not whether CNX was entitled to a permit and not whether anybody else could have gotten a permit. His objection was GeoMet could not get a permit. That's something to be addressed by the Director. That's still something to be addressed by the Director. That's not what was argued and objected to at the prior hearings. His statement, clearly, makes it plain that CNX is mad at the Board for having granted the applications of GeoMet. He's asking the Board, in effect, to assert the decision of the Director on those pending permit applications. I would submit that the proper procedure is to let Mr. Wilson make whatever decision he's going to make,

considering the objections, considering the permit application as filed. There is an appeal right that they have to this Board on those permit applications. There is not an end around here or any vindication of anybody's rights. There is a procedure and there are regulations and there are statutes. That's merely what's set out in those letter...in the letter that I wrote to Mr. Wilson and in the objections. There is a procedure for removing an operator if the operator is not doing the right thing. There's no evidence of that. That's not in their applications. There's nothing pending before the Board that would let...lead the Board to say under its own regulations that GeoMet needs to be removed as an operator. That's not even been submitted or suggested in the applications, to my knowledge. If I mis-speak, I'm sure they will correct me on that.

But the applications, as pending, are without merit. There is no evidence before this Board that would justify the staying of any orders. This is merely an attempt to do an end around the Board's decision in November and December because they didn't like them. They have not followed the regulations. They are merely trying to have a second bite at the apple or maybe a third bite considering the permit applications that they're filing. I would submit

that all of the argument concerning the permit applications is improper since this E-45 is currently pending a decision before the Director and a hearing has been scheduled.

That argument is prejudicial to the parties. He's attempting to argue his case before the Director who is attendance here today outside of that formal hearing forum and is improper. I ask that the Board...I'm sorry, they're upset, but I ask the Board to dismiss their applications as being improperly brought, barred by the principals of res judicata. They have rights to appeal. While we like the Board, there has been an occasion or two where we've appealed the Board's decisions and that's the normal course. That's the way it is supposed to proceed. I think that's what the Board is bound to do.

GEORGE MASON: I'll try to make it short and sweet. LBR Holdings, at great expense, has sent me here in support of GeoMet's application for force pooling and it be designated operator. I've been here for both days in November, a day December and here today. The twelve applications that CNX has filed have been scheduled by Mr. Wilson for a hearing Friday, the 26th of January. So, I'll be there also in support of GeoMet's permits that have been previously granted for its force pooling application and designated as operator. So, we agree with all of the points

that Mr. Mullins has raised. Also, just to reiterate, that if they have, you know, any type of...want to seek relief, they should do that by filing an appeal with the Buchanan Circuit Court. That this Board has already ruled that GeoMet has...you know, has the right to force pool, has approved that and also the designated operator. So, that should stand. Thank you.

BENNY WAMPLER: Thank you.

MARK SWARTZ: Three sentences. One, GeoMet has not filed one permit application for any one of these thirty-four units that we're aware of. We would be entitled to---

TOM MULLINS: Objection. That's outside the scope of what's here today.

MARK SWARTZ: ---notice---

BENNY WAMPLER: I'm going let him go ahead and make a statement.

MARK SWARTZ: And we would be entitled to notice because we're in all thirty-four of these units. I would submit to the Board that the reason they haven't filed any applications for any of these thirty-four units is because they can't submit a complete application. The statute says when you file a permit application you have to file a consent to stimulate. They don't have any. That's the

issue we raised at the Board hearings or tried to raise at the Board hearings. We have consents to stimulate that we filed...can file with regard to everyone of these docket items including this one. So, they haven't filed any permit applications. They can't file a complete permit application and yet they are here telling you that he does not have jurisdiction, Mr. Wilson, to entertain a permit...a well work permit application from a party who actually can file an application...a complete application. Now, what's the relevance to your...it's a fourth point, to your situation, when you appoint a Board's designated operator, I think you have in mind that that person could actually perform that function...could actually get a permit and could actually drill the well. If the evidence is that they can't and the evidence is further that they've taken the position that he can't...Mr. Wilson can't make that determination, then, it becomes your determination. So, we're back here on that issue. My concern is that we've never had a hearing in front of you on the consent to stimulate issue for the reasons I've summarized. Now, they're saying we can't have a hearing in front of Mr. Wilson either and there is something wrong with that.

TOM MULLINS: Just a very limited response. That's what the permit hearing and appeal process is for.

After that is completed, if it cannot be proven that we would have the right to drill a unit, I think that would then be due diligence grounds to file an application for an involuntary removal of an operator. I think that's what the statute and the regulations contemplate and that's not what they're trying to do. They're trying to do an end run around the Board, I would respectfully suggest.

GEORGE MASON: I just agree with Mr. Mullins' comments. Thank you.

MARK SWARTZ: I agree with Mr. Mullins, if you stay this proceeding today and direct Mr. Wilson to proceed, we'll back here with an outcome, which is what I just understood him to say was probably a good idea.

TOM MULLINS: That is not what I said. That's a total mischaracterization of what I said. I said that CNX is not attempting to follow the proper procedures. We've had rulings by the Board. We're entitled to have the order entered. There has been no suggestion or no findings made by this Board or otherwise. The issue concerning permitting of another well is currently pending before the Buchanan County Circuit Court. We've made argument before this Board before as to why the consent to stimulate issue, if the Board is going to get into that, should not be an issue in the permitting process. Those will be made before the

Director. I think the Board at the last hearing said since we didn't make it before the Director on that occasion, the Board would consider it. It will be made before the Director. So, they're assuming facts not in evidence. The Board has made its decision. I ask the Board to stand by its decision.

GEORGE MASON: I just agree with Mr. Mullins' comments. Thank you.

BENNY WAMPLER: Any questions or comments from members of the Board?

BRUCE PRATHER: I have a comment or a question. Mr. Swartz, this is my second meeting. Could you tell me why you didn't file simultaneously at the same time they did?

MARK SWARTZ: We can't. We get something in the mail. There's a thirty day window. We have to file with the Board thirty days ahead of time because it has to be published if you filing an application.

BRUCE PRATHER: Okay.

MARK SWARTZ: So, that's our problem. They've got a twenty day notice requirement too. I mean, they want us out thirty days so that they can fulfil their twenty days. That's the problem.

BRUCE PRATHER: Well, I mean, it would have been a

lot simpler if you had filed at the same time.

MARK SWARTZ: It would be great. We couldn't, unfortunately.

BRUCE PRATHER: Okay.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Mr. Wilson, do you have any comments?

BOB WILSON: Well, I don't want to get very heavily...in fact, I don't want to get at all into the permitting questions---

BENNY WAMPLER: No.

BOB WILSON: ---because as it has already been pointed out, we do have an informal hearing scheduled for the 26th of this month to consider objections to the twelve permit applications that they have referred to. Insofar as Board instructions that might affect that, the Administrative Process Act allows me in this informal process to consider any public information so long as I give notice, which I always do when I notify of this hearings. So, anything that you put on record here can be used, if necessary or if desirable, in a decision that derived from my informal permitting process.

That aside, I do have some comments to make on the

concept of filing applications on top of applications insofar as the logistics of operating the Board are concerned. I am concerned that if that door is open, the Board is going to end up in a very locked up condition. Basically, anybody who disagrees with a decision the Board makes can then file a competing application before the Board for the next hearing. If we today...if the Board today approves these applications for repooling and these applications for change of operator, there's nothing in the world to keep GeoMet from filing for the next month to get a change of operator. There's nothing...in the coalbed methane operation, there's nothing to keep any owner within a unit from filing a an application on top for a repooling after a pooling has been done. Repooling has been, historically, to make corrections to pooled units. My fear is not the current argument between GeoMet and CNX not being settled or being settled or to anybody's discontent. My fear is what it could possibly imply for Board operations if this sort of process is...does go forward. I do think, personally, that there is an appeal process there. If there's an unfavorable decision, in my opinion, that's where that should be.

BENNY WAMPLER: Comments from members of the Board or questions?

(No audible response.)

BENNY WAMPLER: Is there a motion?

BRUCE PRATHER: Can I make a motion?

BENNY WAMPLER: Sure.

BRUCE PRATHER: I make a motion that we stay this for one more month...stay it.

TOM MULLINS: Mr. Chairman, I'd submit that you can't do that because the Board hasn't given notice to stay its order.

BENNY WAMPLER: I'm not going to take comments right now.

TOM MULLINS: All right, sir.

BENNY WAMPLER: I've got a motion to stay the decision.

(Ms. Pigeon confers with Mr. Wampler.)

BENNY WAMPLER: Okay, we have a motion. Is there a second?

(Pause.)

BRUCE PRATHER: I make the motion that we stay the decision for one more month.

BENNY WAMPLER: Are you talking about the decisions in November and December?

BRUCE PRATHER: Right. The December one is the only one I was any part of. The November one, I don't know

what you did.

BENNY WAMPLER: Okay. So, you're saying the
December one?

BRUCE PRATHER: Yeah.

BENNY WAMPLER: We have a motion.

MARY QUILLEN: Mr. Chair, may I ask---?

BENNY WAMPLER: Ms. Quillen?

MARY QUILLEN: ---a question?

BENNY WAMPLER: Sure.

MARY QUILLEN: The November decision, I would have
to refresh my memory and maybe you can refresh my memory, in
the November was the meeting that was the---.

BENNY WAMPLER: Day and a half.

MARY QUILLEN: Right. And if we could include the
November and December in his stay would that be acceptable?

BENNY WAMPLER: The person making the motion has
to agree to that?

BRUCE PRATHER: I'd agree with it.

MARY QUILLEN: I'll second his motion.

(Ms. Pigeon confers with Mr. Wampler.)

BENNY WAMPLER: As amended, for the November and
December.

MARY QUILLEN: As amended. As amended, as for the
November.

BENNY WAMPLER: Any further discussion?

BILL HARRIS: Yeah, I'd like to talk about this just for a second. We are...the motion has been made to stay the writing of the orders, is that what I understand?

BENNY WAMPLER: A motion was made for the December...stay the December hearing, the motion was amended---

BILL HARRIS: Amended.

BENNY WAMPLER: ---and seconded to stay the November and December decisions of the Board---

BILL HARRIS: Okay.

BENNY WAMPLER: ---which were designating GeoMet as the operator.

BILL HARRIS: Okay. Now, the purpose of the motion to see what happens after the hearing?

BRUCE PRATHER: Well, I think we need time to discuss this. I mean, it just seems to me like we're being asked a decision when it has kind been dumped on us today.

BILL HARRIS: Well, of course, I...the permit part of it I think is part of the objection that I hear from---

BRUCE PRATHER: Well, what I was told originally was that the permitting was another process. That the next step was the Courts and that this was not come back in the condition that it is today.

MARY QUILLEN: Uh-huh.

BILL HARRIS: Well, I'm not sure. To me, the bottom line is in the permit application. If the permit is contingent upon, for instance, the consent to stimulate and that has come up several times, then if that's presented at the permit hearing then that answers that question. If it's not presented there, then that answers that too and I think that's going to probably open up a whole new---

BRUCE PRATHER: Well, has it been presented or has it been objected to?

BILL HARRIS: Well, that's not...that's not in front of us and see what concerns me about the motion is we're acting on information that we don't have in front of us.

BRUCE PRATHER: That's right.

MARY QUILLEN: That's the purpose of the stay---

BILL HARRIS: Well, but I'm not sure that---

MARY QUILLEN: ---until we do.

BILL HARRIS: Well, but---

BENNY WAMPLER: That's what he was trying to get clarification.

MARY QUILLEN: Clarification, I know.

BENNY WAMPLER: Is this stay for the decision of the Director or is it for some other purpose, as I

understood you trying to clarify it? Is that correct?

BILL HARRIS: Yeah, yeah. I'm...I'm just thinking if...well, if we don't have the stay, for instance, and the orders are written, still there has to be a permit granted to drill. If the stimulation permit is not accompanying that application, then there will not be...my understanding, that there's not going to be permit to drill. It seems to me the...if there is a problem, it seems to me it takes care of itself at the permitting stage.

BRUCE PRATHER: Does it, Bob?

BOB WILSON: What is your question?

BILL HARRIS: I guess, my...my question---

BOB WILSON: I'm not going to step too deeply into this.

BILL HARRIS: No...well, I guess...I don't know. It just seems to me that we've gone through and approved lots of applications here and now we're saying, well, hold, let's wait and see, even though there maybe something on the horizon that will prevent the permitting. I don't know that that's...I'm not sure what I'm trying to ask. I guess, what I'm trying to say is that if GeoMet comes to you and says, okay, we want to be designated...we want the permit to drill and that permit application must contain...I'm I correct in saying that must contain a consent to stimulate in those

cases?

BOB WILSON: The application is not granted...the permit is not granted without a consent to stimulate as things currently stand. That's correct.

BILL HARRIS: Okay. Now, if that were not granted, where does that leave us though with that...with that unit?

BOB WILSON: Could I...I just say only that all decisions are appealable. Any decision that I make is appealable. It comes back to you guys first and then goes to Court. Any decision that you guys make is appealable to Circuit Court.

BILL HARRIS: Well, I understand. I'm not sure...okay...okay, thank you.

BENNY WAMPLER: Any other discussion?

(No audible response.)

BENNY WAMPLER: We have a motion and a second. All in favor, signify by saying yes.

(Mary Quillen, Bruce Prather and Peggy Barbar signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

BILL HARRIS: I'll oppose.

BENNY WAMPLER: Do we need a roll call? Let's roll call that vote.

COURT REPORTER: Mary Quillen?

MARY QUILLEN: Yes.

COURT REPORTER: Peggy Barbar?

PEGGY BARBAR: Yes.

COURT REPORTER: Bill Harris?

BILL HARRIS: No.

COURT REPORTER: Bruce Prather?

BRUCE PRATHER: Yes.

COURT REPORTER: And Benny Wampler?

BENNY WAMPLER: No.

TOM MULLINS: Mr. Chairman, I'd like to ask that that order be issued as soon as possible because we will follow the appeal process on that. We are going to take the issue staying the order to the Circuit Court because I believe that violates the Board's own policies and regulations.

MARK SWARTZ: My observation would be, I think it's an interlocutory order and it's probably appealable. We can thrash that out.

TOM MULLINS: It may or may not be.

BENNY WAMPLER: As I understand, it's three to two. Is that correct?

COURT REPORTER: Yes, sir.

BENNY WAMPLER: Now, as to the time frame, did we

discuss the time frame on that stay?

MARY QUILLEN: I believe, you stated one month.

Is that correct?

BRUCE PRATHER: Sure.

BENNY WAMPLER: Okay. Is that what we voted on?

SHARON PIGEON: Yes.

TOM MULLINS: Mr. Chairman, just so the record is plain and in case I have to state objections, some Courts have said you have to make your objections plain at the time, I object to the Board's action as undue influence in all of the pending permit applications and influencing the Director in his decision. I object on that basis of the Board's role in the permitting process that circumvents both the statutory and the regulatory mandates.

BENNY WAMPLER: It's noted.

GEORGE MASON: Mr. Wampler, I'd like to join in that objection on behalf of LBR Holdings, LLC. Thank you.

MARK SWARTZ: Before we---.

TOM MULLINS: Does this address all of the---?

BENNY WAMPLER: Well, that's why we need to---.

MARK SWARTZ: I'm thinking it does, but we need to make sure. But I think this takes care of the rest because they were either a repooling or a change of operator. So, I think it addresses...just to give you kind of the lineup,

Mr. Chairman, it takes care of thirteen through seventeen, which were repoolings.

BENNY WAMPLER: I need to make that all the parties agree with this.

MARK SWARTZ: And then it takes care of eighteen through thirty-one, which were petitions to change the operator.

TOM MULLINS: Judge...excuse me. Mr. Chairman, we object to eighteen through thirty-one. We did not receive notice. I think, as a party interested, we're required to receive notice. We did get notice of thirteen through seventeen, but did not get notice of eighteen through thirty-one and I object. That's the purpose of the special appearance. To my knowledge, GeoMet did not get notice of eighteen through thirty-one. So, I object to including those units.

BENNY WAMPLER: Let's discuss that and we'll see what we have.

(Board members confer.)

MARK SWARTZ: We mailed all of the original applications to GeoMet and to LBR Holdings. What I think they're talking about is they haven't yet received the amended petition that went out last week, but they got the original notice of hearing, which was mailed, you know, a

month ago, basically, and the...to both GeoMet and LBR. The only thing that I think they're complaining about is when we amended the petition, that was mailed, I think, last week. But the original notice of hearing went out and it was dated December the 13th. It noticed a hearing for change of unit operator. It had a pleading attached to it, which was entitled objection. The only thing that the amendment changed was it deleted the first page and it changed the name on it. I mean, all of the information that went out was the same. They got written notice.

TOM MULLINS: They---

BENNY WAMPLER: Do you have proof of notice?

LESLIE K. ARRINGTON: I don't have it with me. We sent it into to Bob when we left our green cards at the office or the certification.

TOM MULLINS: Mr. Taylor can testify that GeoMet has not received notice on those units.

BENNY WAMPLER: All right. Let me...let me just try this on all of you here. I mean, I'm inclined to continue everyone of these through thirty-one and whatever decision...based on, you know, the earlier decision and whatever would have be noticed and everything again anyway coming back before the Board. So, I mean, you know, your objection is noted. But based on the action earlier of the

Board, I think it's appropriate to continue everyone of these until such time as...for thirty days.

TOM MULLINS: Continuing the applications as submitted by CNX, but does the stay motion cover eighteen through thirty-one since we don't have notice of that and we have a vested interest, certainly? I don't think it's appropriate for the Board to take action concerning those units to stay those orders absent notice to the person the Board...or the entity that the Board has already designated as operator.

GEORGE MASON: Mr. Wampler, can I just add one thing?

BENNY WAMPLER: Sure.

GEORGE MASON: How LBR Holdings, LLC found out about the eighteen through...or got copies of it, I contacted Mr. Wilson's office and then he sent me copies of each one of those change of unit operator, eighteen through thirty-one. That's how we received notice. Other than just this---.

BENNY WAMPLER: I understand that we have a notice issue that's debated here, you know.

GEORGE MASON: Yes, sir.

BENNY WAMPLER: What I'm suggesting though, the motion that was voted on and approved by the Board was to

stay the November and December orders. Now, to the extent that those orders would not cover anything through thirty-one, I would agree we have a different type of issue. But to the extent it's covered, I'd say that we're going to continue them to the February hearing and if there's notice issues that need to be cured, they have to be cured between that time or your objection will still be ripe for consideration. Does that make sense?

GEORGE MASON: I understand.

BENNY WAMPLER: So, I'm continuing through thirty-one based on...unless someone can point out to me something that wasn't covered in the November or December decisions of the Board which are now stayed.

(No audible response.)

BENNY WAMPLER: Okay. They're continued.

BOB WILSON: May I get just a bit of a clarification for the records that we have to complete for today?

BENNY WAMPLER: Yes.

BOB WILSON: The action that the Board is taking is to stay the orders they previously issued in November and December relative to items thirteen through thirty-one on today's docket and then continue those items on today's docket to February, is that correct?

BENNY WAMPLER: I'm going to state it a little but different---.

BOB WILSON: Please.

BENNY WAMPLER: ---because the motion was to stay the November and December decisions regarding GeoMet's designation as operator. I don't know that that was everyone that's eighteen through thirty-one. I'm just saying eighteen through thirty-one is covered by that decision to stay for thirty days. Okay?

BOB WILSON: Okay.

BENNY WAMPLER: Now, if there is any left out, they still...the stay would still be on that order...just for...I'm I confusing you?

BOB WILSON: No, no, no.

BENNY WAMPLER: Okay.

BOB WILSON: We're good.

BENNY WAMPLER: All right.

MARK SWARTZ: So, it's a broader stay---?

BENNY WAMPLER: It could be broader if they're not on here, then, it's broader because it stayed everything...every decision regarding GeoMet designation as operator in November and December hearing.

MARK SWARTZ: I hate to be Mr. Wilson's interpreter, but I think he was also asking a question,

which I'm interested in, what does he notice for February in the printed hearing notice, I think was kind of partly...I mean, is this stuff going to be back on the docket or is it stayed for thirty days and somebody has to file a petition to put it back on the docket, which is kind of what I understood you to say? I don't know. I think we could benefit from some clarification.

BENNY WAMPLER: Well, I was speaking as to notice when I said you would have the opportunity to cure a notice issue. These are stayed and we'd come back on the docket. Eighteen through thirty-one are continued until next month---.

MARK SWARTZ: Until next month, okay, great. Understood.

BENNY WAMPLER: ---on the Board's motion.

MARK SWARTZ: Understood.

TOM MULLINS: Just as a point of clarification then, I'm I interpreting the Board's action as stating that until a order is issued, the Board's decision is not final and it is not controlling concerning the units or any issue of the order entered by the Board? Is that what the Board is stating here today?

BENNY WAMPLER: It's...the Board action stayed the decisions made in November and December regarding GeoMet's

designation as operator.

TOM MULLINS: I guess, what I'm saying is a decision was made and, I guess, the point I'm making is there has been some other controversy concerning orders entered. So, the Board is considered these orders as not being final orders because the written order has not been issued, is that correct?

BENNY WAMPLER: That's right.

TOM MULLINS: Thank you.

GEORGE MASON: Mr. Chairman, can I have one minute with---?

BRUCE PRATHER: May I make a comment?

BENNY WAMPLER: Sure.

BRUCE PRATHER: I think in all fairness to the Board and to the people who are participates of this is that CNX did not get a fair hearing for their being the operator. So, now what we've done, we've put them on the same basis with you people who were the original ones. I think in all fairness, that's the only way you can do it. I mean, I may be wrong, but that's...that's the way I look at it and we'll give you a month to...we'll mull this thing over and we'll go from there.

BENNY WAMPLER: Okay, thank you.

TOM MULLINS: Thank you.

BENNY WAMPLER: The next item on the agenda, and the Board may want to take a---

SHARON PIGEON: Yes.

BENNY WAMPLER: ---five minute break, will be the Chesapeake Appalachia, LLC, so if the folks will get ready for that.

(Break.)

BENNY WAMPLER: Next is a petition from...are we back?

(Court reporter indicates in the affirmative.)

BENNY WAMPLER: Next is a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826203. This is docket number VGOB-07-0116-1857. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and Board Members, Jim Kaiser, Stan Shaw and Dennis Baker on behalf of Chesapeake Appalachia, LLC. I'd ask that Mr. Baker and Mr. Shaw be sworn at this time. I'm going to pass out some revised Exhibits.

BENNY WAMPLER: All right.

(Dennis Baker and Stan Shaw are duly sworn.)

(Mr. Kaiser passes out revised Exhibits.)

JIM KAISER: All right. We'll start with Mr.

Baker.

DENNIS BAKER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Dennis, the Board is now passing around a revised Exhibit B. That's the only one of the Exhibits that's revised. There's no revisions to B-3 or E, if an E exists in this case, which, I guess...I think it does, and a revised DGO-7, which is attached to your plat. Could you...before we get into your standard testimony, could you explain to the Board why those revisions were made?

A. Well, I think on the application, the Exhibit B had listed for Tract 1 Pine Mountain Oil and Gas as being the oil and gas owner. Due to some wrong information on our mapping, as well as titles, it was confirmed that Samuel Breeding was, in fact, the oil and gas owner.

Q. Yeah, the original information showed Breeding owning just the surface and Pine Mountain owning the oil and gas, but it turns out that Breeding actually owned the oil and gas also, is that correct?

A. That's correct.

Q. Okay. And those revisions should reflect that. Mr. Baker, if you would, state who you're employed and in what capacity?

A. Dennis Baker, employed by Chesapeake Appalachia, LLC as Senior Land Representative.

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

A. Yes, they do.

Q. Are you familiar with Chesapeake's application seeking to establish a drilling unit and pool any unleased interest in the unit for well 826203, which was dated December the 15th, 2006?

A. Yes.

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

A. Yes, we do.

Q. Prior to the filing of the applications, were efforts made to contact each of the respondents named and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. What is the interest under lease to Chesapeake within the unit at this time?

A. The interest leased to Chesapeake is

61.635489%.

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

A. Yes.

Q. And what percentage of the unit that remains unleased at this time?

A. The unleased percentage is 38.364511.

Q. Okay. And are all unleased parties set out at Exhibit B-3 to the application?

A. Yes.

Q. Now, in this particular unit, we do have some unknown and unlocateable interest owners, is that correct?

A. That's correct.

Q. Were reasonable and diligent efforts made and sources checked to identify and locate these unknown interest owners including primary sources such as deed records, probate records, assessor's records, treasurer's records and secondary sources such as telephone directories, city directories, family and friends?

A. Yes.

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

in Exhibit B?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes, I am.

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

A. A five dollar per acre consideration, a five year term and a one-eighth royalty.

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

A. Yes.

Q. Now, as to those respondents and interest owners within the unit who remain unleased, do you agree that they be allowed the following statutory options with

respect to their ownership interest within the unit: 1) Participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eighths royalty; or 3) in lieu of a cash bonus and one-eighth of eight-eighths royalty share in the operation of the well on a carried basis as a carried operator under the following conditions: Such carried operator shall be entitled to the share of production from the tracts pooled accruing to his/her interest exclusive of any royalty or overriding royalty reserved in any leases, assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal, A) 300% of the share of such costs applicable to the interest of the carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of a carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that all elections by the respondents be in writing and sent to the applicant at Chesapeake Appalachia, LLC, 900 Pennsylvania Avenue, Charleston, West Virginia, zip, 25362, Attention: Donna Snyder?

A. Yes.

Q. Should this be the address for all communi-

cations with the applicant concerning any force pooling order?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Should the applicant be allowed a 120 days following the recordation date of the Board order and

thereafter annually on that date until production is achieved to pay or tender any cash bonus or delay rental becoming due under any force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to pay their proportionate share of well costs, then their election to participate should be treated as having been withdrawn and void?

A. Yes.

Q. Do you recommend that the order provide that where a respondent elects to participate but defaults in regard to the payment of well costs, any cash sum due becoming payable to that respondent be paid within 60 days by the applicant after the last date on which that respondent could have paid their costs?

A. Yes.

Q. Okay. In this particularly case, the Board does need to establish a escrow account due to the unknown and unlocateable parties within the unit and that is represented by Exhibit E to the application. That would effect proceeds from Tract 3 of the unit, correct?

A. Yes.

Q. And who should be named operator under any

force pooling order?

A. Chesapeake Appalachia, LLC.

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

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

STAN SHAW

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes.

Q. And you're familiar with the proposed development of this well?

A. I am.

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

A. 6,625 feet.

Q. Are we requesting this force pooling and

conventional gas reserves to include not only the designated formations, but any other formations excluding coal formations, which may be between those formations designated from the surface to the total depth drilled?

A. Yes.

Q. And the estimated reserves for this unit?

A. 400 million cubic feet.

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

A. I am.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs is \$310,100 and the completed well costs is \$556,433.

Q. Do these costs anticipate a multiple completion?

A. Yes.

Q. Does your AFE include a reasonable charge

for supervision?

A. It does.

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

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted with the revised Exhibit B and revised DGO-7?

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Motion is second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826204, docket number VGOB-07-0116-1858. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of Chesapeake. We'd ask that this hearing be continued until the February docket. We have located about a two or two and a half acre tract that we didn't know was in the unit when we filed the application and we'll get everything revised and perfect notice by this Friday so that it will be good to go for the February docket.

BENNY WAMPLER: That will be continued. Next is a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 824155. This is docket number VGOB-07-0116-1859. We'd ask the parties to address the Board to come forward at this time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser, Dennis Baker and Stan Shaw. We have the same situation with revised DGO-7s and Exhibit Bs here. It's the exact same situation that we had in item 1857. That's the Samuel

Breeding and Pine Mountain.

BENNY WAMPLER: Okay.

(Mr. Kaiser passes out revised Exhibits.)

BENNY WAMPLER: The record will show no others.

You may proceed.

DENNIS BAKER

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Dennis Baker, employed by Chesapeake Appalachia, LLC as senior land representative.

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

A. Yes.

Q. Are you familiar with the application we filed seeking to establish a drilling unit and pool any unleased interest for this well?

A. Yes, I am.

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

A. Yes.

Q. And prior to the filing of the application,

were efforts made to contact each of the respondents and an attempt made to work out a voluntary lease?

A. Yes.

Q. What's the interest under lease to Chesapeake within this unit?

A. Currently leased to Chesapeake is 78.747005%.

Q. And the unleased percentage?

A. 21.252995%.

Q. And all unleased parties are set out at Exhibit B-3 to the application?

A. Yes, they are.

Q. All right. In this particulate unit, we don't have any unknown or unlocateables, is that correct?

A. That's correct.

Q. Are the addresses set out in Exhibit B the last known addresses for the respondents?

A. Yes.

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

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in this unit?

A. Yes, I am.

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

A. A five dollar per acre consideration for a five year term and one-eighth royalty.

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

A. Yes.

JIM KAISER: Mr. Baker...Mr. Wampler, with the Board's permission and Mr. Baker's agreement, I'd like to incorporate the testimony previously taken in item 1857 concerning the statutory election options afforded any unleased parties and their time frames in which to make those.

A. Yes, I accept.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Baker, in this particular case, I guess we stated earlier, the Board does not need to establish an escrow account?

A. That's correct.

Q. And who should named operator under any force pooling order?

A. Chesapeake Appalachia, LLC.

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

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Shaw, again, do your responsibilities include the land involved here and the surrounding area?

A. Yes.

Q. Are you familiar with the development of this unit?

A. I am.

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

A. 6,450 feet.

Q. And the estimated reserves?

A. 450 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs are \$326,838 and the completed well costs are \$681,533.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

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

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted with the revision to Exhibit B and the DGO-7.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Thank you.

JIM KAISER: Thank you.

BENNY WAMPLER: Next is a petition from Equitable Production Company for a well location exception for proposed well V-536100. This is docket number VGOB-06-1219-1860. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, it will be Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BENNY WAMPLER: I need to get Don sworn.

(Don Hall is duly sworn.)

BENNY WAMPLER: The record will show no others.

You may proceed.

DON HALL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

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

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

A. They do.

Q. Are you familiar with the application that we filed seeking a location exception for well V-536100?

A. Yes.

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

A. Yes.

Q. Could you indicate for the Board the ownership of the oil and gas within this unit?

A. We have a 100% either leased or pooled.

Q. And does Equitable have the right to operate any reciprocal wells?

A. We do.

Q. In this particular case, I think we're just asking for an exception from one well and that being V-2135?

A. That's correct.

Q. Okay. And we're actually seeking an exception of roughly 35 feet, is that correct?

A. That's correct.

Q. And we don't have...so, there's no correlative rights issues involved because you have the right to operate the reciprocal well, correct?

A. That's correct.

Q. And we don't have a Exhibit for the Board, which is unusual for us, but explain why.

A. Well, the reason we moved the well, we initially had it about 80 feet to the east of where it's located presently. The reason that we moved it is that we found some poorly marked graves that were near this well after we had initially permitted it where it was. Once we found these graves, we didn't see them when we originally staked this well and once we found them, we moved the well about 80 feet to avoid impacting those graves.

Q. Okay. In the event that this location exception were not granted, could you project the estimated loss of reserves?

A. 400 million cubic feet.

Q. And what's the total depth of the proposed well?

A. 4931 feet.

Q. Are you requesting this force...this location exception to cover conventional gas reserves including the designated formations as listed in the application from the surface to the total depth drilled?

A. Yes.

Q. In your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and maximizing the recovery of the gas reserves underlying the area for V-536100?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Mr. Chairman---

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---just one clarification. On our printout that we got with listing the description of the...of this particular well the well that is...that is in question that is 30...approximately 35 feet closer, the numbers have been transposed. It should be 2135 and it's...or V-2135 and on this it has V-2351. On the plat, it's correct.

JIM KAISER: We don't even get that on our docket. It must be the one you all get.

MARY QUILLEN: Uh-huh.

BILL HARRIS: There's summary written for each of ours.

MARY QUILLEN: Uh-huh. Right, on the docket.

BOB WILSON: Thank you.

BENNY WAMPLER: Thanks for pointing that out because that is part of what we publish as public record.

MARY QUILLEN: Right.

BENNY WAMPLER: Thanks.

MARY QUILLEN: Yes. It's just the numbers were transposed.

BENNY WAMPLER: Sure. Thank you.

BOB WILSON: Yeah, thank you.

BENNY WAMPLER: Any other questions or comments?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Move for---

MARY QUILLEN: Motion---

BILL HARRIS: I'm sorry. I move for approval.

MARY QUILLEN AND PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit V-536191. This is docket number VGOB-07-0116-1861. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

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

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

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Yes, they do.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC VC-536191, which was dated December the 15th?

A. Yes.

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

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each of the respondents and an attempt made to work out an agreement?

A. Yes.

Q. What's the interest under lease to Equitable within the gas estate in this unit?

A. We have 93.16% of the gas estate leased.

Q. And the interest that's under lease in the coal estate?

A. 100%.

Q. So, that leaves 6.84% of the gas estate that's unleased?

A. That's correct.

Q. That's actually represented by the unknown interest of the G. W. Cook Heirs?

A. That's correct.

Q. Were reasonable and diligent efforts made to try to identify and locate those heirs?

A. Yes.

Q. In your opinion, due diligence was exercised to locate each and every person named in the Exhibit?

A. Yes.

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

A. We are.

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

A. Yes.

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

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

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

A. Yes.

JIM KAISER: At this time, Mr. Chairman, with your permission and Mr. Hall's agreement, I'd like to incorporate the testimony taken earlier today in item number 1857 regarding the statutory election options afforded any unleased parties.

BENNY WAMPLER: That will be incorporated.

Q. Now, Mr. Hall, in this particular case, we do need to establish an escrow account because of the unknown G. W. Cook Heirs for any proceeds---?

A. Yes.

Q. ---attributable to Tract 2 in the unit, is that correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. 3,056 feet.

Q. The estimated reserves for the unit?

A. 330 million cubic feet.

Q. Now, has an AFE been reviewed, signed and submitted to the Board?

A. It has.

Q. In your opinion, does it represent a reasonable estimate of well costs?

A. Yes.

Q. Could you state both dry hole costs and completed well costs for this well?

A. The dry hole costs is \$134,244 and the completed well costs is \$318,044.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

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

A. Yes.

JIM KAISER: Nothing further of this witness at

this time, Mr. Chairman.

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

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

PEGGY BARBAR: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-536825. This is docket number VGOB-07-0116-1862. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser and Don Hall on behalf of Equitable Production Company.

BENNY WAMPLER: The record will show no others.

You may proceed.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, do your responsibilities include the land involved here?

A. Yes.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest in the unit for EPC well number VC-536825, which was dated December the 15th, 2006?

A. Yes.

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

A. We do.

Q. Prior to the filing of the application, were efforts made to contact each of the interest owners within the unit and an attempt made to work out a voluntary lease agreement?

A. Yes.

Q. What's the interest under lease to Equitable in the gas estate?

A. We have 94.5% leased.

Q. And the interest under lease in the coal estate?

A. 100%.

Q. All unleased parties are set out in B-3?

A. Yes.

Q. So, that leaves 5.50% of the gas estate that's unleased?

A. That's correct.

Q. Okay. In this particulate unit, we don't have any unknowns, do we?

A. No.

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

A. They are.

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

A. Yes.

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

A. Yes.

Q. Could you advise the Board as to what those

are?

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

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

A. They do.

JIM KAISER: Mr. Chairman, again, I'd ask that the testimony taken in item 1857 regarding the statutory election options afforded any unleased parties be incorporated for purposes of this hearing.

BENNY WAMPLER: They will be incorporated. Do you accept those terms?

A. (No audible response.)

BENNY WAMPLER: Yes?

A. Yes.

Q. Okay. In this particular case, the Board does need establish an escrow account because of conflicting claims, is that correct?

A. That's correct.

Q. And as evidenced in our Exhibit E, that is going to be, I guess, every tract in the unit except nine and ten?

A. That's correct.

Q. So, it will be one through eight and eleven. And who should be named operator under any force pooling order?

A. Equitable Production Company.

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

A. 2895 feet.

Q. The estimated reserves for the unit?

A. 230 million cubic feet.

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

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of well costs?

A. It does.

Q. Could you state both dry hole costs and completed well costs for this well?

A. The dry hole costs is \$151,327 and the completed well costs is \$383,945.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

DON HALL: Thank you all.

BENNY WAMPLER: Thank you. Next is a...that gentleman outside, Bob, he's for thirty-eight, as I understood it.

BOB WILSON: Yes. You might want to get them in here.

JIM KAISER: I'm going to continue that one.

BENNY WAMPLER: Oh, okay. He's going to continue it. Go ahead and let him know...why don't you talk to him?

JIM KAISER: Okay.

BENNY WAMPLER: Go out there with Bob.

JIM KAISER: Do you want to take a minute or a timeout?

BENNY WAMPLER: Yeah.

(Break.)

BENNY WAMPLER: Did you take care of them?

JIM KAISER: The best we could. He was wanting to give away his interest. He's 94 and he wanted to know how much it might be worth. So, Jim suggested that he talk to Jay Rife or I just told him you can take...one simple way of doing it and you won't have to pay anybody for it. It won't be exact, but you can take what we said the reserves are and, you know, project a price...an average price of twenty

years and multiple that and then take your percentage of it and you've got something. It's exact as anything that you can get from it.

BENNY WAMPLER: Okay. The application is...a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-190. This is docket number VGOB-07-0116-1863. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and members of the Board, Jim Kaiser on behalf of Appalachian Energy. We'd ask that this petition be continued until the February docket. We had a...some problems with the plat. So, we need to file a revised plat.

BENNY WAMPLER: We're not going to be here in February.

(Laughs.)

BENNY WAMPLER: I was just kidding.

(Laughs.)

JIM KAISER: We had file a revised plat and some of the...I guess, some of the interest, particularly on the unleased parties, changed. It's going to require a renotice, which will be in effect by this Friday.

BENNY WAMPLER: All right. That's continued.

JIM KAISER: I don't like it any better than you

do, believe me.

BENNY WAMPLER: I know. Bob likes it less than either on of us.

(Laughs.)

BENNY WAMPLER: Next is a petition from---. How do you say it, Coronado?

JIM KAISER: Coronado.

BENNY WAMPLER: ---Coronado Resources, LLC for pooling of coalbed methane unit SSS-22. This is docket number VGOB-07-0116-1864. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and Board members, it will be Jim Kaiser, Mike Miller and Jim Talkington on behalf of Coronado. Actually, we changed everything after we filed it originally. It actually should be Coronado Virginia, LLC the entity in which their bonded and operating under---.

BENNY WAMPLER: Yeah, that's what I've got on the application.

JIM KAISER: ---in Virginia, just for clarification.

BENNY WAMPLER: Sure.

JIM KAISER: We'll ask that Mr. Talkington---.

SHARON PIGEON: No Resources in the name?

JIM KAISER: No Resources in that---.

BENNY WAMPLER: No.

JIM KAISER: I'd ask that Mr. Talkington and Mr. Miller be sworn at this time.

(Mr. Talkington and Mr. Miller are duly sworn.)

JIM KAISER: Okay. We'll start with Mr. Talkington.

JIM TALKINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Talkington, if you would state your full name, who you're employed by in this case and in what capacity?

A. Jim Talkington, Land Agent for Coronado Virginia, LLC?

Q. And do your responsibilities include trying to obtain leases from the interest owners in this particular unit and in the surrounding area, correct?

A. Yes.

Q. Now, Coronado Virginia, LLC is authorized to do business in the Commonwealth and has a blanket bond on

file with the DGO?

A. Yes, they do.

Q. Now, are you familiar with the application that we filed seeking to pool any unleased interest for Coronado Virginia well number SSS-22, which was dated December the 15th, 2006?

A. Yes.

Q. And does Coronado own drilling rights in the unit involved here?

A. Yes, they do.

Q. And prior to the filing of the application, do you actually make efforts to contact each of the respondents named...having an interest in the unit and attempt made to work out a voluntary lease with them?

A. Yes, I do.

Q. Okay. And what is the interest that's under lease to Coronado at this time?

A. 98.98%.

Q. And that's in the gas estate and the coal estate, right?

A. Yes.

Q. So, we're talking about...in this particular unit, we're talking about fee mineral tracts?

A. Yes.

Q. There is no severance of the coal and the oil and gas?

A. No.

Q. Okay. So, all the unleased parties are set out at Exhibit B-3, correct?

A. Yes.

Q. So, the interest in both the gas estate and the coal estate that remains unleased at this time is 1.02%?

A. Yes.

Q. Now, there are some unknown interest owners within Tract 3 of the unit, is that correct?

A. Yes.

Q. Okay. And you made reasonable and diligent efforts to attempt to identify these unknown heirs?

A. Yes.

Q. Okay. In fact, I think you and I have talked to some of the same people, Sam Talson, who is Georgia Roberts son. I think Ms. Roberts is about ninety-four or ninety-five at this time.

A. That's correct.

Q. And then J. D. Casey who was in here earlier today and we talked with. Even though these are...these unknown parties are brothers and sisters, for whatever reason, nobody knows what happened to them, is that

correct?

A. That's correct.

Q. So, in your opinion, we have exercised due diligence to locate each of the respondents named herein?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. I am.

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

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

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

A. Yes.

JIM KAISER: Mr. Chairman, at this time, if Mr. Talkington and the Board and yourself agree, we would like to incorporate the testimony taken previously in item 1857 regarding the statutory election options afforded any unleased parties.

BENNY WAMPLER: Do you agree to those terms?

A. Yes.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Talkington, we do need to...the Board...rather the Board needs to establish an escrow account for proceeds attributable to the unknown interest owners in Tract 3 of the unit, is that correct?

A. Yes.

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

A. Coronado Virginia, LLC.

JIM KAISER: That's all I have of this witness at this time, Mr. Chairman.

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

MIKE MILLER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Miller---

A. Yes, sir.

Q. ---it has been a long time, I guess, probably since you've testified before the Board. I think you---

A. Yes, it has.

Q. ---might have in the old days when it was called the Conservation Board or whatever maybe.

A. Somewhere in the early 1990s.

Q. If you would...before we get into your testimony, if you could just kind of refresh the Board's memory as to your work expense and educational background.

A. I've a Bachelor's Degree in Physics, a Master's Degree in Petroleum Engineering. I'm a registered Professional Engineer. I have nearly thirty years of well and gas industry experience including with coalbed methane for quite a few years. I work for Marshall Miller & Associates.

Q. And are actually do some contract work on

this prospect for Coronado.

A. For Coronado Resources, correct.

Q. Okay. And what is the total depth of this planned well?

A. It's planned to go 2,520 feet.

Q. The estimated reserves for the unit?

A. About 300 million cubic feet.

Q. And you're familiar with the well costs for this particular well?

A. Yes, I am.

Q. And you've reviewed the AFE that has been signed and submitted to the Board as Exhibit C?

A. I have.

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

A. Yes.

Q. Could you state both dry hole costs and completed well costs for this well?

A. The dry hole costs is \$151,500 and the completed well costs is \$441,225.

Q. Do these costs anticipate a multiple completion?

A. Yes, they do.

Q. Does your AFE include a reasonable charge

for supervision?

A. It does.

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

A. Yes.

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

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

BILL HARRIS: Mr. Chairman.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Just a couple of questions. I guess, one thing that sort of concerns me is sort of the amount...the total amount. I don't know if you---

MIKE MILLER: Yes, sir.

BILL HARRIS: ---can justify any of that or not. But it just...I guess when we look at other operators, and of course everybody has their own figures they draw from, the...well, with the exception of some that we had earlier today, most are much less than this. I don't have any kind of way to compare item by item.

MIKE MILLER: I can...I can give you, sir, you

know, the biggest part of it, I believe.

JIM KAISER: We anticipated this question.

MIKE MILLER: Yeah, yeah.

JIM KAISER: We anticipated that you would be the one that asked it.

(Laughs)

MIKE MILLER: I did review the AFE, yes. The...a big item there is \$101,000 for the stimulation of the well.

JIM KAISER: 105 actually, I think isn't it.

MIKE MILLER: Well, I think it's 101---

JIM KAISER: 101?

MIKE MILLER: 105. I think there was some add on costs to it. But the stimulation was \$101,000. The reason for that is they're anticipating...this is...I mean, this is the operator's choice, Coronado, a five stage completion. They probably will have five coal seams to complete. They're doing fairly large treatments on it. They're nitrogen assisted. They're also placing a large amount of sand. I'm familiar with Equitable Resources' completion policy, but they have a much lighter sand loading than it anticipated by Coronado here because it is an initial test well in this area. You could call it an exploratory well. They want to make sure that they leave no stone unturned. There's also costs in here for testing the well for an

extended period after completion before laying pipeline and going on with the development of offsetting wells. They're planning to pump test the gas, which will require trucking a lot of water. They're not going to have a saltwater disposal system in place such as CNX or Equitable would have. They're going to have to truck all of their water and pay for disposal. The trucking costs about \$1800 per load. Those are the two biggest items that are added on here.

BILL HARRIS: Okay.

MIKE MILLER: Okay.

BILL HARRIS: Thank you. I do have another question about signatures. I know it says signed. The signature that I see is from land. I'm not sure, if for the Board's purposes, is that adequate? I guess, I'm asking a question of---.

JIM KAISER: I think Mike Wilder signed it who would have been here instead of Mr. Talkington today, but he got iced in Oklahoma from that ice storm. I think he's actually the project manager for this prospect.

BILL HARRIS: Do we need something beyond the signature that we have, I guess is my---?

SHARON PIGEON: Well, your question is because it's on this line?

BILL HARRIS: Well, no. Well, because it's on

the land. Is that...is looks like everyone who---?

SHARON PIGEON: Yeah. But it's the only signature on that line as opposed to something at the bottom?

BILL HARRIS: For final approval or acknowledgment. Is this it?

SHARON PIGEON: No.

BILL HARRIS: I'm not sure. I'm just asking is that adequate?

BENNY WAMPLER: Do you see what he's saying? In other words, your question, as I understand your question, is you're saying is he only certifying as to land and not to the total?

BILL HARRIS: To the total.

BENNY WAMPLER: To the total?

BILL HARRIS: This looks like a sign off page for the price---.

JIM KAISER: Yes, sir. He's signing as to the total.

BENNY WAMPLER: Do you represent that it's signed as to the total...to the total AFE or DWE or whatever you call it here...AFE?

MIKE MILLER: I did not see a signed copy.

BENNY WAMPLER: He has signed on---.

BILL HARRIS: The second page, I believe it is.

BENNY WAMPLER: In other words, do you understand what I'm asking?

MIKE MILLER: I had an electronic copy that I reviewed.

BENNY WAMPLER: Is it your understanding that...do you represent to this Board that this signature is his certification that these AFEs are true and correct to the best of his ability?

MIKE MILLER: Yes. I've discussed it with him.

BENNY WAMPLER: And total and not just the land component?

MIKE MILLER: Correct.

BENNY WAMPLER: Hee signed on a line that said land and that's where the question came up.

MIKE MILLER: Right. I can verify that I discussed it with him...verbally with Mr. Wilder.

JIM KAISER: And I will...of course, I'm not under oath, but I'll tell you that I also discussed with him in the future, because we'll have some more, that we condense this thing to a one or two page AFE like everybody else does. So, that's what you'll be seeing.

SHARON PIGEON: And one signature line.

BILL HARRIS: Yeah.

JIM KAISER: With one signature line. That's what

you'll be seeing in the future.

BENNY WAMPLER: Okay. Other questions?

BRUCE PRATHER: Mike, does...what is the elevation on this well? Are you way up on top of the mountain or down in the valleys?

MIKE MILLER: It's about, I think, 17...I've got it here.

BRUCE PRATHER: Okay.

MIKE MILLER: I think it's about 1700 feet. I'm sorry, it's 2314.

BRUCE PRATHER: Okay. You're probably 600 foot up on the hill?

MIKE MILLER: Yes. I think the creeks about 1600 to 1700 feet there.

BRUCE PRATHER: Yeah.

BENNY WAMPLER: Other questions?

JIM KAISER: This is in an area where I think EOG actually drilled one or two conventional wells.

JIM TALKINGTON: This is an offset to one of the EOG wells.

MIKE MILLER: Yeah.

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

JIM KAISER: Thank you.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Could I request, please, that you get
me an amended B-3 that shows that...Exhibit B-3 that shows
that that is the coal and gas and oil estate?

JIM KAISER: Yeah, we have it on the B, but not
the B-3.

BOB WILSON: Right. Exactly. The B-3 is what we
record with the order.

JIM KAISER: Okay.

BOB WILSON: So, if you could get me an amended
one to show that both estates are covered there, I would

appreciate it.

JIM KAISER: I'll be glad to.

BENNY WAMPLER: You have the minutes from the last meeting. Is there a motion to approve or any suggested changes?

PEGGY BARBAR: Motion to approve.

BENNY WAMPLER: I've got a motion to approve. Is there a second?

BILL HARRIS: I second.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: Approval of the minutes. Mr. Wilson, do you have anything further?

BOB WILSON: No, sir.

BENNY WAMPLER: That concludes the hearing today.

Thank you.

STATE OF VIRGINIA,

COUNTY OF BUCHANAN, to-wit:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape-recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 12th day of February, 2007.

NOTARY PUBLIC

My commission expires: August 31, 2009.