IN THE COUNTY OF WASHINGTON

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD

DECEMBER 18, 2007

APPEARANCES:

BOARD MEMBERS:
MARY QUILLEN - PUBLIC MEMBER
PEGGY BARBAR - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
BRUCE PRATHER - GAS AND OIL 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

SHARON PIGEON - ASSISTANT IN THE ATTORNEY GENERAL'S OFFICE

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

MARY QUILLEN: Mary Quillen. I'm Director of Graduate Programs for the University of Virginia here at the Southwest Center and I'm a public member.

PEGGY BARBAR: I'm Peggy Barbar, Dean of Engineering at Southwest Virginia Community College. I'm a public member.

KATIE DYE: I'm Katie Dye. I'm a public member from Buchanan County.

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

DONNIE RATLIFF: I'm Donnie Ratliff with Alpha Natural Resources representing the coal.

BRUCE PRATHER: I'm Bruce Prather. I represent the industry.

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

BENNY WAMPLER: A reminder of the cell phones, if you will, put them on silence or cut them off, please, so we

don’t disruptions. We have first on the agenda, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530018. This is docket number VGOB-07-1113-2090. We’d ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Mr. Chairman, Tim Scott and Jerry Grantham and Phil Horn for Range Resources-Pine Mountain. We’re going to withdraw that application.

BENNY WAMPLER: Okay. That is withdrawn. Next is a petition from Range Resources-Pine Mountain for an additional well location exception for proposed well V-530015. This is docket number VGOB-07-0918-2037-01. We’d ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Tim Scott, Phil Horn and Jerry Grantham for Range Resources-Pine Mountain.

BENNY WAMPLER: The record will show no others. You may proceed. We need to get your witnesses sworn.

TIM SCOTT: Yes, sir.

(Jerry Grantham and Phil Horn are duly sworn.)

TIM SCOTT: Mr. Chairman, while Mr. Grantham is passing out Exhibit C, I want to give a little background about this particular application. We started this in

September and filed...we first appeared in October. Then, we determined that there was another well from which that Range Resources-Pine Mountain was drilling from which no location exception had been requested, so we amended our application, amended our exhibit and then we found yet a third well. So, what we're going to do is do everything today to get all of these wells on the Exhibit C and that's what...that will be our testimony. No order has been entered presently, but the disposition back in October was originally granted for the three wells that we had originally requested. Okay.

BENNY WAMPLER: Okay.

TIM SCOTT: All right.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Okay. Mr. Horn, would you state your name, please?

A. My name is Phil Horn.

Q. And by whom are you employed?

A. Range Resources-Pine Mountain, Inc.

Q. And your job description, please?

A. I'm the district landman and I'm in the charge of all land related activities.

Q. Are you familiar with this application now pending before the Board?

A. Yes, I am.

Q. And are you familiar with the ownership of the oil and gas of the acreage encompassed by this unit?

A. Yes, I am.

Q. And who owns the oil and gas under these...in this unit?

A. Range Resources-Pine Mountain, Inc.

Q. And we indicated...I indicated to the Board earlier that we initially requested a location exception for three wells, but now we have five, is that right?

A. That's correct.

Q. Who operates P-56, P-65, P-113 and P-67?

A. Equitable Production Company.

Q. And who operates V-530010?

A. Range Resources-Pine Mountain, Inc.

Q. But you all have an agreement for participation, is that correct?

A. That's correct. By partner...yes, we're partners.

Q. Now, with regard to notice, certified mailing was affected for the October hearing, is that right?

A. That's correct.

Q. And it was affected for the November hearing, is that correct?

A. That's correct.

Q. And now we've done it again for the December hearing, is that correct?

A. That is correct.

Q. Now, we have filed with the Board an amended notice, is that correct?

A. That's right.

Q. And also a revised application reflecting a revised Exhibit A, is that also correct?

A. Yes, it is.

Q. Okay. And that's what I passed out to the Board earlier. Have you also filed proofs of mailing with Mr. Wilson?

A. Yes, we have.

TIM SCOTT: Okay. That's all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

JERRY GRANTHAM

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Okay. Mr. Grantham, would you please state your name and by whom you're employed?

A. Jerry Grantham. I'm employed by Range Resources-Pine Mountain, Inc.

Q. And your description, please.

A. I'm vice president.

Q. And are you familiar with this application?

A. Yes, I am.

Q. And you did participate in the preparation, is that correct?

A. Yes, I did.

Q. Could you please explain to the Board why

we're seeking the well location exception for V-530015?

A. We're seeking a well location exception for this well 530015 because it cannot be drilled in a legal location and drain the stranded reserves that exist there.

Q. What would be the number of acres that would be stranded if this application were not granted?

A. 81.2 acres.

Q. What is the proposed well depth?

A. The proposed well depth on this well is 6634 feet.

Q. And what would be the potential loss of reserves if this application were not granted?

A. 400 million cubic feet of gas.

Q. Okay. Why then should the Board approve this approve this application, Mr. Grantham?

A. The Board should approve this application to conserve the gas resource and ensure that stranded acreage is developed and to protect the correlative rights.

TIM SCOTT: Okay. That's all the questions I have for Mr. Grantham.

BENNY WAMPLER: I guess one thing we're looking at here, the applicant is Pine Mountain Oil and Gas, Inc., right?

TIM SCOTT: Yes, sir. That's where we started

actually.

BENNY WAMPLER: Okay. Is that where we are now though or is it Range?

TIM SCOTT: We are Range Resources-Pine Mountain, Inc. The September application was Pine Mountain.

BENNY WAMPLER: Just everything has Pine Mountain including what you passed out today.

TIM SCOTT: Okay.

PHIL HORN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you explain the devolution or how we now have Range Resources-Pine Mountain, Inc? Is it by merger and name change? Is that correct?

A. Yes, it is.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: For the record and the Board's information, Pine Mountain and Range Resources have merged. They have done all the proper paperwork with the Department to change their bond and their registration forms and that sort of thing. So, we're going to have some of this overlap between what they use to be and what they are now. But it's

merely a name change.

BENNY WAMPLER: Okay. I just wanted to make sure we---.

TIM SCOTT: Yes, sir. The remainder of the items that we have on the docket for today actually were filed in the name of Range Resources-Pine Mountain, Inc. That will be reflected in all future applications before the Board.

BENNY WAMPLER: Questions of this witness?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval.

TIM SCOTT: Thank you.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: With the Board's approval, we would like to issue a single order for this to include the original exceptions and the modified exceptions that we just heard today.

TIM SCOTT: That's how we will prepare it.

BENNY WAMPLER: Is that acceptable?

TIM SCOTT: Yes, sir.

BENNY WAMPLER: All right. That's approved.

MARY QUILLEN: Mr. Chairman, does that need to be a part of the motion?

BENNY WAMPLER: For him to have approval to do that? It wouldn't hurt to have that on record.

MARY QUILLEN: I amend my motion to include Mr. Wilson's instructions.

BENNY WAMPLER: Okay. Do you agree with that as a second?

PEGGY BARBAR: Second.

BENNY WAMPLER: Okay. 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.

TIM SCOTT: Thank you.

JERRY GRANTHAM: Thank you.

BENNY WAMPLER: Thank you. Merry Christmas.

TIM SCOTT: Thank you. I'll be back.

PHIL HORN: We'll be back.

TIM SCOTT: You get to see me first and last.

SHARON PIGEON: He didn't understand what Merry Christmas meant there.

(Laughs.)

TIM SCOTT: Go away.

(Laughs.)

BENNY WAMPLER: No, it didn't. The next item, the Board on its own motion will reconsider prior approval of pooling coalbed methane unit BH-107, docket number 07-0821-1986. We'd ask the parties that wish to address the Board in this matter to come forward at this time. Come or be called.

BOB WILSON: Get them a new alarm clock. Who are you?

MARK SWARTZ: For somebody who is not on the Board, you're taking a pretty active role here, man.

(Laughs.)

MARK SWARTZ: Mark Swartz and Dan Keen on behalf of CNX. I still think we should get your picture.

SHARON PIGEON: And a profile shot.

MARK SWARTZ: That's right.

BENNY WAMPLER: You have a third gentleman joining you there.

MARK SWARTZ: Okay. And Les Arrington.

BENNY WAMPLER: Are they going to testify?

MARK SWARTZ: Maybe. I mean, we're not sure---.

BENNY WAMPLER: They probably are.

MARK SWARTZ: Okay.

BENNY WAMPLER: We'll get them sworn in just in case.

MARK SWARTZ: Well, Les, eventually is, so we might as well get him---.

(Leslie K. Arrington and Dan Keen is duly sworn.)

BENNY WAMPLER: Mr. Wilson, will you update us on this?

BOB WILSON: Yes, sir. This particular unit was pooled, I believe, in September. When it came up initially in the August hearing, new respondents have been made known to us or the addresses of those respondents to be named... known to us. It was carried forward until September, at which time the Board approved pooling. The orders contend

to reflect that those parties were unknown. Contact was made with operator and they were instructed to come back before the Board and explain essentially what actions have been taken and what diligence had been done with the information that was supplied to them and what the status of the...of these unknown parties are at this time.

DAN KEEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Dan, could you state your name for the record, please?

A. Dan Keen.

Q. Who do you work for?

A. I'm an independent land broker. I have a contract to do work for CNX Gas Corporation.

Q. And how long have you been doing contract work for CNX?

A. About seven years.

Q. Okay. And as a contractor, are you involved in due diligence and title issues?

A. Yes.

Q. When were you first involved in title issues pertaining to unit BH-107?

A. Title issues, I started working on that unit about a year and a half ago.

Q. Okay. And when you started working on it, what were your goals and what were you trying to do?

A. The goal was to obtain leases from all of the Heirs of the Bessie Fuller Heirs.

Q. And in order to do that, you needed to find people and identify them?

A. That’s correct.

Q. Where did you get with regard to that task?

A. I leased approximately 75% to 80% of it at that time.

Q. Okay. And then when did you get involved in this matter again?

A. In September of this year.

Q. Okay. And do you recall why you were asked to---?

A. I contacted that a Wesley Hatfield had contacted the Gas Board and stated that he was one of the Heirs. I obtained phone number. So, I started working on that issue at that time.

Q. Okay. And what...what did you do?

A. I set an appointment with Mr. Hatfield, Wesley Hatfield. I contacted him. I had a meeting with him. I obtained a lease from him and any information he had of the...I think there was eight individuals in that group and obtained what information he had as far as addresses and phone numbers for the other individuals.

Q. Okay. And, then, what did you do with that information?

A. I contacted two of the individuals he gave me phone numbers for and obtained leases from them.

Q. So, at this point, you've leased three of the eight?

A. Three.

Q. Okay. What else have you done?

A. I contacted two more by telephone and mailed leases to them.

Q. Okay. So, we're up to five.

A. One of the individuals was in Georgia. He gave me a telephone number. I called that number. It said it had been disconnected. So, I haven't been able to find out any information after that. I tried to contact---.

Q. That would have been the sixth person.

A. That would have been the sixth person.

Q. What about the other two?

A. The other two, he told me one lived in Lebanon and one was near Southwest Virginia Community College and that if I could get up with the one at the college he might have a phone number for the one in Lebanon. It was in the Spring Hill area. I knew and individual who lived there. I went there. I contacted him. I asked him if he knew where Jackie Hatfield lived. He said he wasn't aware of where he lived, but if...he thought if I would contact the Cumberland Mountain Community Services they might have some information. I contacted them. They said they couldn't release any information to me, but they gave me a phone number for I guess his case worker. I contacted her. She said she would try to get me what information she could and would get back with me and I haven't heard back from her yet.

Q. And when were those discussions with the case worker, roughly?

A. Probably late October or early November.

Q. Okay. And any luck with the eighth person?

A. Well, that's the one who lives in Lebanon.

Q. Right.

A. He told me that if I could contact the one---.

Q. Here?

A. ---that has the case worker that he would probably have a phone number for the other one.

Q. Okay. So, that's your lead?

A. The eighth person, I haven't...all I know is Lebanon. That's all the information that I have. I don't know where in Lebanon, the phone number or address.

Q. Okay. You've succeeded in leasing three of the eight and you've sent leases to the other two and the remaining three are where you've just described?

A. Right.

MARK SWARTZ: That's all we have.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: I mean, we brought this back because of the potential due diligence issue if we had people that are known...should have been known, you know. A question, why weren't they contacted initially?

DAN KEEN: Initially, when I was contacting the other Heirs, I was asking, you know, if anyone had any information on any of the Heirs. I had a list of names. At that time, everyone...I was told by everyone I contacted that they didn't know any phone numbers, addresses or any information. I was unable initially when I started working

on this to obtain any information on the location of any of it.

BENNY WAMPLER: And how did you go about...did you just take the lead that a person that we...that Mr. Wilson gave you?

DAN KEEN: Right. In September, I was given a phone number of Wesley Hatfield. That's where I started working on that group.

BENNY WAMPLER: But you hadn't picked up on that group up until that time?

DAN KEEN: Up until that time, I had no information on the location of any of them.

BENNY WAMPLER: And search of records at the Courthouse didn't show they were owners of---?

DAN KEEN: Yes. We had them listed as owners. We just did not know any addresses or phone numbers or any location. I think there's like seventy some Heirs in the property. I had contacted, like I said, probably eighty percent of those Heirs.

BENNY WAMPLER: When you see an ownership, how do you...what do you do to contact those people just start out---?

DAN KEEN: You start out trying to locate any Heirs you can. When you locate them, you ask them if they

have any information on any of the other Heirs.

BENNY WAMPLER: But, I mean, how do you begin? What do you use to even begin your first search?

DAN KEEN: A lot of times the tax tickets at the Courthouse will have a mailing address of someone who the tax ticket is mailed to. That's...that's usually a good starting point. You can contact maybe that person as a starting point.

BENNY WAMPLER: Do you do that by mail or call by telephone or---?

DAN KEEN: Preferably by telephone or in person. Most of it by in person if they're close enough or local enough.

BENNY WAMPLER: Other questions from members of the Board?

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

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---about...you said that one of the people lives in...is supposed to be in Lebanon.

DAN KEEN: That's correct.

MARY QUILLEN: Do you know that person's name?

DAN KEEN: Yes. It's Jimmy Hatfield.

MARY QUILLEN: Who have you talked with in Russell

County like at the Courthouse or maybe the police department or those people that might have some idea of the location because Lebanon, you know...with a Lebanon address probably wouldn't be that---.

DAN KEEN: I haven't contacted anyone in Russell County. Like I said, his brother said if I could get up with Jackie, he had a phone number for Jimmy. So, I was, I guess, going in that route trying to contact Jackie to see if I can get information on his brother Jimmy.

MARY QUILLEN: Well, do you think that would be...you know, a good possibility that you could locate him by talking to some Russell County authorities or some of the offices?

DAN KEEN: It's a possibility.

MARY QUILLEN: Do you think that might be a route that you might be able to---?

DAN KEEN: Well, I'm still working on this. If I don't get up with Jackie, I was going to take other routes. I've done searches on the computer for the name, for any address or information. I've done computer searches and haven't come up with anything yet to...or any records that I can find yet. But I'm still working on it.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Could I ask one question, please? You said that you initially leased Wesley Hatfield on your first contact with him. What was the date of that lease?

DAN KEEN: Yes. September...September the 20th.

BOB WILSON: That was the same week as the Board hearing when this was pooled?

(No audible response.)

BOB WILSON: Presumably, if you're successful with ongoing due diligence, this could be shown in the supplemental order after an order is issued. I would like, please, to have the information amended for the proposed order to show the known addresses for these folks for our Exhibit B-3 and E.

BENNY WAMPLER: Is that agreed?

LESLIE ARRINGTON: Yes.

MARK SWARTZ: We need to show the leases as well.

LESLIE ARRINGTON: Right. The leases don't show up in your---.

MARK SWARTZ: Well, they need to come out---.

LESLIE ARRINGTON: ---Board order. Yes.

MARK SWARTZ: ---is what I'm saying, that we've leased them out.

BOB WILSON: Yes.

LESLIE ARRINGTON: Right. B-2, right.

MARK SWARTZ: Right. That they're not being pooled.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do we need an affirming of the prior order or what...what route would be best for the record since we recalled it for reconsideration?

BOB WILSON: I would think that would be appropriate, yes, sir.

BENNY WAMPLER: With the continued diligence? Does that make sense?

(No audible response.)

BENNY WAMPLER: Is everybody satisfied that that's going on? Do you understand what I was suggesting that maybe just reaffirm the prior order and make a stipulation of continued due diligence?

(No audible response.)

BENNY WAMPLER: Is there a motion to that effect?

DONNIE RATLIFF: So moved, Mr. Chairman.

BENNY WAMPLER: Is there a second?

BRUCE PRATHER AND PEGGY BARBAR: Second.

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

(All members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: I abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. You have approval. Next is the Board on its own motion will reconsider prior approval of disbursement of funds to Juanita---. And I never can pronounce it. Somebody say that word.

BOB WILSON: Przybycki.

BENNY WAMPLER: Thank you. ---Heirs in conventional unit EH-18. This was continued from October and it's docket number VGOB-190-0419-0004-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: As you will probably remember, this was recalled after the Board had approved disbursement of funds. When the order was being prepared, it was discovered that the testimony and the exhibits presented for the disbursement did not match the records insofar as ownership percentages were concerned. We recalled it for reconsideration. The person who is attempting to help the

Przybycki Heirs get their disbursement has been unable to get them all together to sign new documents to give him the authority to do that. I would recommend to the Board that this approval for disbursement be rescinded and that the Przybycki Heirs be notified that if they wish to get a disbursement, they will have to start over with a new application with the correct land picture shown.

BENNY WAMPLER: Bob, what is the...is the docket number correct on here?

BOB WILSON: No, sir. It should be 90-0419-0004-01. That's a mistake that we didn't catch on the docket.

DONNIE RATLIFF: Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: Are we putting the responsibility on the Heirs or back on the operator?

BENNY WAMPLER: This was on Heirs because it came forward they had...the operator wasn't contesting that they were just...but they were the ones that had worked out an agreement and had the wrong numbers.

BOB WILSON: That's correct. And this actually predated the last law change, which put the requirements on the operator to file these petitions. And Jim Talkington, who is a land agent and who has appeared before this Board a number of times, was trying to assist these people pro-bono

to get their money, but they've been less than totally cooperative apparently and he hasn't been able to get the necessary signatures to represent them again. He actually represented them the first time for it.

BENNY WAMPLER: So, you're suggesting that the Board rescind its prior order and that you would send a letter to them notifying of that recission and explaining what they would need to do to come back before the Board?

BOB WILSON: That's correct. We cannot do a disbursement based on the testimony and the exhibits that we got the first time because it would be totally incorrect.

DONNIE RATLIFF: I move to rescind, Mr. Chairman.

BENNY WAMPLER: Is there a second?

MARY QUILLEN AND BRUCE PRATHER: Second.

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: The order is approved. Next is a petition from CNX Gas Company, LLC for a rehearing to correct testimony for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 1B, 1E, a portion of 1G and 1H for unit W-35. This is docket

number VGOB-09-0324-0627-05. 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 Anita Duty. This thing have been back a lot. Anita has come up with a potential solution. We've been waiting on a prior disbursement of the same units so that the percentages will work. As far as we know, that still has not occurred. What Anita is passing out at this point is an allocation with disbursement percentages that would assume that all of the disbursements be made at the same time rather than in sequence. So, we're giving Mr.---.

BENNY WAMPLER: So, we'd do one order?

MARK SWARTZ: So, we could do one order that would authorize one disbursement and then the percentages would all track each other and we don't have to sequence one and wait for it to clear and then do the next one. It seemed like a way to get, you know, off of...out of neutral. But, obviously, you know, it's an option.

BENNY WAMPLER: All right. Go ahead and swear Ms. Duty, please.

(Anita Duty is duly sworn.)

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Okay. And who do you work for?

A. CNX Gas Company.

Q. And does one of your duties working for CNX have to do with escrow disbursements?

A. Yes.

Q. What have you done with regard to unit W-35 in that...in that respect?

A. I've compared the deposits that we sent to the escrow account with their ledger sheets to make sure everything is accounted for.

Q. Okay. And you've done that on several occasions?

A. Yes.

Q. And mostly recently you've done it through the end of November of '07, correct?

A. Yes.

Q. And when you compare the payment records of

the operator to the bank's records in terms of what they've received, how do they compare?

A. Everything is accounted for.

Q. Okay. And this Exhibit A that you've passed out today, does that fold in the prior disbursement request into the more recent disbursement request so that they could all be made at one time?

A. Yes.

Q. And if all of these disbursements for the various tracts identified on Exhibit A that you've tendered to the Board today were made at the same time, tell the Board what column the escrow agent should use to make the allocations?

A. The owner's percent of escrow.

Q. Which would be the second from the last one on the right?

A. Yes.

Q. Okay. And all...it looks like all of these are 50/50 divisions?

A. Yes.

Q. Okay. The tracts that are concerned, are they all listed under the tract numbers?

A. Yes.

Q. And the yellow ones were the ones from

quite some time ago?

A. Yes.

Q. And the green ones are the more recent requests?

A. Yes.

Q. And would you...would be your recommendation to the Board that we do it all at once so that we can be done with this?

A. Yes.

BENNY WAMPLER: You can look at your attorney before you answer this question I am going to ask you, but does your testimony override your disclaimer that's in red below the table?

ANITA DUTY: Yes.

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

MARK SWARTZ: Well, not really.

BENNY WAMPLER: Well, you're not testifying.

MARK SWARTZ: Yeah, because the dollars are going to be different.

(Laughs.)

MARK SWARTZ: The dollars are going to be different. I mean, that's the problem.

BENNY WAMPLER: Well, no---.

MARK SWARTZ: But the percentages are right, absolutely.

BENNY WAMPLER: Well, okay.

MARK SWARTZ: Absolutely.

BENNY WAMPLER: I mean, she testified to---.

SHARON PIGEON: The testimony was to as the percentages.

BENNY WAMPLER: ---that...to that effect.

MARK SWARTZ: Right.

BENNY WAMPLER: Yeah.

MARK SWARTZ: But, I mean, that's why that's on there---.

ANITA DUTY: Well---.

MARK SWARTZ: ---because the numbers are different and people get upset about that.

ANITA DUTY: Yeah. Like if they get a check that's different from what the check is here even though it's probably more.

BENNY WAMPLER: I understand that, but I needed to clarify that as to the percentages.

ANITA DUTY: Yeah.

BENNY WAMPLER: We weren't---.

MARK SWARTZ: I just thought it was a trick question, Mr. Chairman, you know.

ANITA DUTY: I should have looked at your first.

BENNY WAMPLER: I didn't...I didn't ask you.

(Laughs.)

BENNY WAMPLER: Questions from members of the Board?

MARK SWARTZ: Well, you don't listen to me, so why would you listen to Benny, you know.

(Laughs.)

BENNY WAMPLER: You don't have to answer that.

(Laughs.)

ANITA DUTY: Thanks.

MARK SWARTZ: Well, and I think in fairness to Mr. Wilson. Does this make sense, Bob, I mean, to you?

ANITA DUTY: He looks like he's confused.

MARK SWARTZ: Would this help or not? I mean---.

BOB WILSON: I think so. Very honestly, I don't remember right here today exactly where the original distribution to the Davis Burk and the O. H. Keen is, but I think we're going to be okay if we go this route.

MARK SWARTZ: I mean, obviously, we need to confirm that the disbursement hasn't been made, which is, I think, what's troubling you.

BOB WILSON: Yeah.

MARK SWARTZ: At least as far as we know it

hasn't.

ANITA DUTY: Well, I have the report from Wachovia and there has been no disbursements. It has all been contributions or interest.

BOB WILSON: I would like for any approval to leave us the option, I guess, of readjusting the percentages if, in fact, that check has left the bank today.

BENNY WAMPLER: Right. In other words, if the disbursement---.

MARK SWARTZ: Well, I think we just need to make it contingent on---.

BOB WILSON: Sure.

MARK SWARTZ: ---payment...no prior payment. I just...that, I think, would solve that problem.

BOB WILSON: Absolutely.

MARK SWARTZ: Okay.

BOB WILSON: And I think we'll okay on that one. I'm pretty sure we will.

BENNY WAMPLER: Does everybody understand what we're talking about here? There are prior---.

(Sharon Pigeon confers with Benny Wampler.)

BENNY WAMPLER: This was as of 11/30/07, is that correct?

ANITA DUTY: Yes.

SHARON PIGEON: That no disbursement had been made, the same date on that?

ANITA DUTY: Well, the report actually went back to September of '06.

BENNY WAMPLER: I understand. But, what we're asking---.

SHARON PIGEON: The most recent confirmation.

BENNY WAMPLER: What she was asking, when you talk to the bank to confirm no disbursement, when was that?

MARK SWARTZ: When was the last time---?

ANITA DUTY: That was yesterday.

BENNY WAMPLER: Yesterday?

ANITA DUTY: Uh-huh.

BENNY WAMPLER: Okay. All right.

BOB WILSON: You actually talked to the bank or you got our last...the total from our office?

ANITA DUTY: No, I talked to Judy yesterday.

BOB WILSON: Okay, good. Okay, good. Very good.

BENNY WAMPLER: All right. We should be okay. But, anyway, it will be contingent on no prior disbursements, the approval here.

MARK SWARTZ: Right. And then we've got the numbers if that happened.

ANITA DUTY: Uh-huh.

BENNY WAMPLER: Yeah.

MARK SWARTZ: So, we're good to go either way.

BOB WILSON: And contingent on no prior disbursement to these folks listed in Exhibit A because there have been prior disbursements from this particular pool.

MARK SWARTZ: Well, under---.

BOB WILSON: Under other orders, yes, and other applications.

BENNY WAMPLER: Right. But what's before us is all we're dealing with.

MARK SWARTZ: We're talking about no disbursements to the folks in yellow. That's the contingency.

BOB WILSON: Yes, sir.

MARK SWARTZ: Okay.

BENNY WAMPLER: On Exhibit A---?

MARK SWARTZ: Right.

BENNY WAMPLER: ---just to be clear? All right. Is there a motion to that effect?

DONNIE RATLIFF: So moved, Mr. Chairman.

BENNY WAMPLER: There's a motion.

MARY QUILLEN: Second.

BENNY WAMPLER: And a second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC fro pooling coalbed methane unit AW-132. This is docket number VGOB-07-1016-2042. We'd ask the parties that wish to address the Board in this matter to come forward. This is continued from October?

MARK SWARTZ: Mark Swartz and Les Arrington.

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

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, you've been sworn, but I need to get a little testimony from you with regard to what you do and so

forth.

A. Okay.

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. And what do you do for them?

A. Manager of environmental and permitting.

Q. As part of your duties, do you supervise and assist in the preparation of applications for pooling, the related exhibits and the notices of the hearings?

A. Yes, I do.

Q. With regard to the pooling applications that are on today's docket where CNX is the applicant, did you either do the work yourself or supervise the work that was done to prepare them?

A. Yes.

Q. And in that regard, have you signed yourself all of the notices of application and all of the pooling applications?

A. Yes, I have.

Q. Okay. With regard to this particular unit, this was continued forward from October, I believe, correct?

A. Yes.

Q. And the Board should have an amended notice of hearing, correct?

A. Yes.

Q. And what kind of unit is this?

A. This is a Middle Ridge unit containing 58.74 acres.

Q. And how many wells are proposed?

A. One.

Q. And is this well...is the proposed well located in the drilling window?

A. Yes.

Q. Okay. With regard to this particular unit, who is the applicant?

A. CNX Gas Company, LLC.

Q. And who is it that the applicant is requesting be designated as the Board's operator if the application is approved?

A. CNX Gas Company.

Q. And in that regard, is CNX Gas Company, LLC a Virginia Limited Liability Company?

A. Yes.

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

A. Yes, it is.

Q. And with regard to the designated operator issue, has CNX Gas Company, LLC registered with the DMME?

A. Yes.

Q. Does it have a bond on file?

A. Yes.

Q. Okay. What did you do to notify people that we would have a hearing today?

A. It was mailed by certified mail, return receipt on November 16 of ‘07 and published in the Bluefield Daily Telegraph November 30, 2007.

Q. And have you filed your proofs of mailing and the proof of publication that you received from the newspaper with Mr. Wilson?

A. Yes, we have.

Q. And when it was published in the newspaper, what was it that was printed in the paper?

A. The notice of hearing and the location exhibit.

Q. The...do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Okay. Did you provide the Board with a

well estimate?

A. Yes. It was $267,783.91 to a depth of 2,417 feet. The permit number is 8611.

Q. And that permit was apparently obtained since this was filed because it's not reflected in the application?

A. It must have been.

Q. Okay. What interest have you been able to acquire and what are you seeking to pool?

A. We have 100% of the coal owner's claim to coalbed methane and 99.9489% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 0.0511% of the oil and gas owner's claim to coalbed methane.

Q. Okay. There's an Exhibit E and you have some traditional conflicts here?

A. Tract 1C and 2.

Q. Okay. So, there would be an escrow requirement in that regards?

A. Yes.

Q. To the extent that this order might be approved and the Board needs to insert lease provisions or money provisions for people who are deemed to have been leased, could you tell the Board what you...what CNX typically pays the folks that...to obtain the leases that is

obtained in this unit and other units for CBM?

A. For CBM, it's a dollar per acre per year with a five year paid up term with the one-eighth production royalty.

Q. Why we're on the subject, since we'll have some conventional wells today, is there a difference between the conventional terms and the CBM terms?

A. Yes, it is.

Q. What would that be?

A. That's five dollars an acre.

Q. Okay. With the same one-eighth royalty?

A. Yes.

Q. Okay. In the event that the Board would approve this application, would you recommend the coalbed methane terms to be inserted in the order?

A. Yes, we would.

Q. Is the plan to develop the coalbed methane in this unit, which would be drilling a frac well in the drilling window of this Middle Ridge unit, is that plan a reasonable plan to develop the methane, in your opinion?

A. Yes, it is.

Q. And if you were to combine the leasing efforts that you've been successful with with a pooling order pooling .0511% of the outstanding oil and gas

interest, is it your opinion that the correlative rights and claims of all owners and claimants would be protected?

A. Yes, it is.

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

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: So moved, Mr. Chairman.

BENNY WAMPLER: Motion to approve.

PEGGY BARBAR AND 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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for a pooling of coalbed methane unit AX-132, docket number VGOB-07-1016-2043, continued from October. 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.

MARK SWARTZ: I'd like to incorporate Mr. Arrington's testimony about the applicant, operator, his employment and standard lease terms if I could.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, we're dealing with an amended notice here?

A. Yes.

Q. Okay. And this was originally noticed for October and got continued up until today?

A. Correct.

Q. And what kind of unit is this?

A. It's a Middle Ridge. It has 58.74 acres.

Q. How many wells are proposed?

A. One.

Q. Is it a frac well?

A. Yes.

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

A. Within the drilling window.

Q. What did you do to notify people that we would be having a hearing today?

A. We mailed by certified mail, return receipt on November 16, 2007 and published in the Bluefield Daily Telegraph November 30, 2007.

Q. When you published, what appeared in the paper?

A. The notice of hearing and location exhibit.

Q. Have you filed proofs of publication...the proof of publication and your certificates with regard to mailing with Mr. Wilson?

A. Yes.

Q. What interests have you acquired in this unit and what are you seeking to pool?

A. We've acquired 100% of the coal owner's claim to coalbed methane and 98.9105% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 1.0895% of the oil and gas owner's claim to coalbed methane.

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

A. Yes. It's $241,635.96 to a depth of 2,484

feet.

Q. And the permit number?

A. 8656.

Q. It looks like we have some conflicts in a tract. Which one was that?

A. 1B.

Q. And then we've got an Exhibit EE?

A. Yes.

Q. And this is a little different than what we normally see. It's not a 50/50.

A. I'm not sure. Yes, it appears there has been some difference in the royalty splits.

Q. Okay. The asterisks, which apparently applies to everybody on Exhibit EE, is a one-eights seven-eights?

A. Yes.

Q. Okay. And is it your request to the Board that in the event they were to pool this unit that the pooling order would allow you to pay the folks listed on Exhibit BB...EE, I'm sorry, directly rather than escrowing their funds and to pay them consistent with their agreement?

A. Yes, it would be.

Q. What tracts does EE apply to? Is it 1A, 2A, 2B and 2C?

A. Yes.

Q. Okay. Is it your opinion that drilling one frac well in the drilling window of this Middle Ridge unit is a reasonable way to develop the methane within the unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine a pooling order with the leasing efforts that CNX has been successful in that the correlative rights of all of the owners and claimants will be protected?

A. Yes.

Q. And this...when you look at the plat here, and we've got another one coming up right behind this, it looks like you've actually been able to twin a CBM well with a conventional well, is that---?

A. We are. Yes.

Q. And so if you look at the plat, you've got AX-132 and then you've got an AX-132CV, which is the next item on the docket?

A. Yes, it is. It's a conventional well.

Q. And CV stands for that actually?

A. Yes.

Q. Okay. And does...are you able to use the same road?

A. Yes.

Q. The same gathering lines?

A. Maybe.

Q. Maybe, okay. How about the same...building basically the same site?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. Mrs. Dye abstains. Next is a petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit AX-132CV. This is docket number VGOB-07-1016-2044. 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 again.

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

MARK SWARTZ: I'd like to incorporate Mr. Arrington's testimony about the applicant and operator, his employment and standard lease terms for conventional wells.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Okay, this is...this is a two part application here. One is to create a drilling unit?

A. Yes.

Q. And one is to pool that unit?

A. Yes, it is.

Q. The unit that you're proposing to create is mapped on your plat, right?

A. Yes, it is.

Q. And the shape of that unit?

A. It’s a circle.

Q. And it has what...what’s the radius?

A. 1250 feet.

Q. And that’s...this is basically a statewide spacing, correct?

A. Yes, it is.

Q. And the tract identifications page indicates how many acres are in that unit?

A. 112.69 acres.

Q. Okay. What did you do to advise people that there would be a hearing with regard to the application to create a unit and then to pool the unit?

A. We mailed by certified mail, return receipt on November 16, 2007 and published in the Bluefield Daily Telegraph on November 30.

Q. Okay. And when you published, what appeared in the newspaper?

A. The location exhibit and the notice.

Q. And have you filed your certificates with regard to mailing and your proof of publication that you got from the newspaper with Mr. Wilson?

A. Yes, we have.

Q. Obviously, we don’t have any leasing of the

coal side here, but what are the oil and gas interest that you've been able to acquire and what are you seeking to pool?

A. We've acquired 93.6363% of the oil and gas from this unit. We're seeking to pool 6.3637% of the oil and gas interest.

Q. And there's no escrow required here---?

A. No.

Q. ---because we don't have a conflict when you're looking at conventional?

A. Correct.

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

A. Yes, it's $387,335.16 to a depth of 7,024 feet. The permit number is 8648.

Q. Is it your opinion that drilling a...is this a frac well?

A. Yes, it is.

Q. Is it your opinion that drilling a frac well in this statewide spacing unit is a reasonable way to develop the gas within and under the unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine your leasing efforts with a pooling order pooling

6.3637% of the unit that the correlative rights of all of the owners of the oil and gas estate will be protected?

A. Yes, they will.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit A-24CV. This is docket number VGOB-07-1218-2093. 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.

MARK SWARTZ: Again, I would like to incorporate, if I might, Mr. Arrington's testimony concerning the applicant and the operator, his employment and standard lease terms in conventional.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. This is, again, two part application. One is to create a statewide drilling unit---?

A. Yes.

Q. ---and then to pool it?

A. Yes.

Q. This...there’s a plat that shows the unit?

A. Yes, it is.

Q. And it is a circular unit?

A. Yes.

Q. What’s the radius?

A. 1250.

Q. Okay. Even though it doesn’t say so, so that's what it is?

A. Right.

Q. And then if we look at the track identification's page, again, how many...how many acres does this unit contain?

A. 112.69 acres.

Q. The same as last time?

A. Yes.

Q. And you're proposing one well, which is drilled in the center---?

A. Yes.

Q. ---of the unit?

A. That's correct.

Q. And is that going to be a frac well?

A. Yes, it is.

Q. And you've indicated there are a number of CBM wells on the plat that are less than 2500 feet---?

A. That's right.

Q. ---and then you've indicated that there's one, apparently, conventional well a little of 3,000 feet away?

A. Yes, we have.

Q. Okay. And the distance limitation with regard to other conventional wells will be 2500 feet?

A. Yes, it is.

Q. What did you do to notify people that we were going to have a hearing on this application today?

A. We mailed by certified mail, return receipt on November 16, 2007 and published in the Bluefield Daily Telegraph on November the 28th.

Q. When you published, what appeared in the

paper?

A. The notice of hearing and location exhibit.

Q. Have you filed your certificates with regard to mailing and your proof of publication with Mr. Wilson?

A. Yes, we have.

Q. What have you been able to acquire and what do you need to pool?

A. We've acquired 99.9743% of the oil and gas interest and then we're seeking to pool 0.0257% of the oil and gas interest.

Q. You've provided the Board with a well cost estimate?

A. Yes. It's $397,645.36 to a depth of 6,877 feet and the permit number is 8809.

Q. And there's no escrow requirement?

A. No.

Q. Is it your opinion that drilling one frac well in the center of this circular unit is a reasonable way to develop the conventional gas under this unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine your leasing and acquisition efforts with a pooling order that pools .02572% of the unit the correlative rights

of all of the owners of the conventional oil and gas will be protected?

A. Yes, they will.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Where is this located?

LESLIE K. ARRINGTON: The location is basically north of Whitewood...between Whitewood and Slate Creek, I believe it would be.

BENNY WAMPLER: Similar to the one that we just approved?

LESLIE K. ARRINGTON: No. The one you just approved is down closer to Richlands.

BENNY WAMPLER: Okay. Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No.

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 members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: Mrs. Dye abstains. You have approval. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit F-13. This is docket number VGOB-07-1218-2094. 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.

MARK SWARTZ: I'd like to incorporate, if I might, Mr. Arrington's prior testimony concerning the applicant, the operator, his employment and the CBM lease terms.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, what kind of unit is this?

A. It's an Oakwood 80 acre unit.

Q. Okay. And you're proposing how many wells?

A. One.

Q. And this one is not located in the window?

A. No, it is not.

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

A. Yes. It's $288,810.14 to a depth of 2,411 feet. The permit number is 8048.

Q. What did you do to advise the respondents and others that there would be a hearing today?

A. We mailed certified mail, return receipt on November 16, 2007. We published in the Bluefield Daily Telegraph November 28, 2007.

Q. When you published, what appeared in the paper?

A. The notice of hearing and location exhibit.

Q. Have you filed the proof of publication and your certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. What are...what have you acquired and what are you seeking to pool?

A. We've acquired 99.9766% of the coal, oil

and gas owner's claim to coalbed methane. We're seeking to pool 0.0234% of the coal, oil and gas owner's claim to the coalbed methane.

Q. There's no escrow requirement?

A. No.

Q. There's no split agreements?

A. No.

Q. You don't want to add or subtract any respondents?

A. No.

Q. Is it your opinion that if you combine a pooling order with the acquisition of interest and leases that you've been successful in obtaining that the correlative rights of all of the owners and claimants to the coalbed methane will be protected?

A. Yes, they it will.

Q. Is it your further opinion that drilling a frac well and the location that's shown on the plat is a reasonable way to extract coalbed methane from within and under this unit?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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 members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have one abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit T-20. This is docket number VGOB-07-1218-2095. 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 passes out revised exhibits.)

MARK SWARTZ: We have some revised exhibits with regard to this unit, which Les has just given you.

Basically, what has happened, and will get to that in his testimony though, is that there has been some leasing since this was filed. So, the percentage that we need to pool is gone down and the list of respondents has gotten somewhat shorter. I'd like to, if I could, incorporate Mr. Arrington's testimony from previous hearings today with regard to the applicant, the operator, his employment and standard lease terms concerning coalbed methane.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Yes. Leslie K. Arrington.

Q. With regard to T-20, do we have some revised exhibits?

A. Yes.

Q. Let's start with those. What has happened between the time that you filed this application and today that's necessitated these?

A. We discovered, you can see it on Exhibit B-2, that Norfolk Southern is the owner and not the Trustee of the Jerusalem Primitive Baptist Church.

Q. Okay. So, it turned out they have some leased and you had named somebody who is not an owner?

A. Right.

Q. Have you included an Exhibit B-2 that says that and in fact lists the people that needed to be added and dismissed?

A. Yes, we did.

Q. Okay. So, basically, you're asking that the Board dismiss the Trustees of the Church and add Norfolk Southern?

A. Yes, of which is leased.

Q. Right. Actually, not add them at all?

A. Right.

Q. Okay. And the percentage then has changed somewhat, correct?

A. I'm not sure whether it changed or not, but there's a revised Exhibit A, page two.

Q. Okay. The revised Exhibit, page two---?

A. It would have changed.

Q. ---indicates what you've acquired and what you're seeking to pool today?

A. Yes, it does.

Q. And what are those percentages?

A. We've acquired 96.2875% of the coal, oil and gas owner's claim to coalbed methane and we're seeking to pool 3.7125% of the oil and gas owner's claim to coalbed methane.

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

A. It's an Oakwood 80.

Q. How many wells are proposed?

A. One.

Q. And is it located in the drilling window?

A. Yeah...let's see this is T-20A---.

Q. Okay, we've got T-20 on the plat, but we don't have T-20A apparently, correct?

A. Yeah, we're only pooling---.

BENNY WAMPLER: Yeah, it is. It's on the bottom right hand side.

A. ---T-20A.

MARK SWARTZ: Oh, there it is, okay.

A. We're only pooling T-20A. I just had to look for it.

Q. Okay. And T-20A is not in the window?

A. No, it is not.

Q. Okay. And have you provided the Board with

a well cost estimate for T-20A?

A. Yes. It's $235,901.99 to a depth of 1930 feet.

Q. Apparently, you don't have a permit for that yet?

A. No.

Q. Okay. Is that going to be a frac well?

A. Yes.

Q. Are there escrow requirements with regard to this unit?

A. Yes, for Tract 2, 4 and 5.

Q. And is that because they're traditional conflicts?

A. Yes.

Q. And there are no split agreements?

A. No.

Q. What did you do to notify the respondents that there would be a hearing today?

A. We mailed by certified mail, return receipt on November 16, 2007. We published in the Bluefield Daily Telegraph on November 28, 2007.

Q. And when you published, what appeared in the newspaper?

A. The notice of hearing and location exhibit.

Q. And have you provided Mr. Wilson with copies of the proof of publication and your certificates with regard to mailing?

A. Yes.

Q. And, in fact, they are part of the revised Exhibit packet that you give to the Board today?

A. Yes, they are.

Q. Is it your opinion that drilling one frac well in the location shown on the plat is a reasonable way to develop the coalbed methane from this 80 acre unit?

A. Yes, it is.

Q. And is it your further opinion that if you combine the leasing and acquisition activities that you've been successful with with a pooling order pooling 3.7125% of the unit that the correlative rights of all of the owners and claimants will be protected?

A. Yes, they will.

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

BENNY WAMPLER: Would you revisit your...which tracts would be pooled and look at your revised exhibits? You stated 2, 4 and 5 for the record.

LESLIE K. ARRINGTON: Tracts 2, 4 and 5 are the ones that's in conflict---.

MARK SWARTZ: For escrow.

LESLIE K. ARRINGTON: ---for escrow. Tract number 4 is, I believe, the one that's the unleased interest.

BENNY WAMPLER: Okay. I just wanted to get clarification on that. Questions from members of the Board?

(No audible response.)

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

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussions?

(No audible response.)

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

(All members signify by saying yes, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye.

BOB WILSON: Mr. Chairman, can I ask a---?

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: ---belated question here?

BENNY WAMPLER: Sure.

BOB WILSON: You're showing Tract 4, I believe, as having the same coal and oil and gas ownership. Your Exhibit E, I believe, shows Tract 4 to be escrowed.

BENNY WAMPLER: That's where I was going with my question.

LESLIE K. ARRINGTON: Yes, that is correct. If you will note on Tract 4, Island Creek Coal Company has the three seam and H. A. Street has all other coal.

BOB WILSON: So, a portion of it is escrowed?

LESLIE K. ARRINGTON: Yeah.

BOB WILSON: I understand. Thank you.

BENNY WAMPLER: Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit U-7, docket number VGOB-07-1218-2096. 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.

MARK SWARTZ: If I could, I would like to incorporate Mr. Arrington's testimony concerning the applicant and operator, his employment and the standard lease terms for the coalbed methane.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: We have a revised plat for well U-7, which Les is passing out.

(Leslie K. Arrington passing out a revised plat.)

MARK SWARTZ: If you look at the initial, just for comparison purposes, if you look at what was filed, when the application was filed, I've got in my left hand there were three yellow notes where the wells where. The one in the middle, the U-7, is no longer on the plat. That's the revision.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, what kind of unit is U-7?

A. It's an Oakwood 80.

Q. And how many wells are proposed?

A. Two.

Q. And what are they called?

A. U-7A and U-7B.

Q. And they're both shown on the revised plat that you've tendered to the Board today?

A. Yes...yes. And you will note that both of the wells U-7A and U-7B are outside of the drilling window

and that's due to the Pocahontas Number Three seam being mined in that area. We're attempting to get in...within mine...blocks of coal that's left in the mine.

Q. Okay. And that's why the locations are the way they are?

A. Yes, it is.

Q. The...are these wells going to be frac wells?

A. Yes, they are. U-7A it's well cost is $223,880.04 to a depth of 1588 feet. U-7B is $218,367.04 to a depth of 1,483 feet.

Q. And there is actually a mine under these---?

A. Yes, it is.

Q. The percentage that you're seeking to pool and the percentages that you've acquired are what?

A. We've acquired 100% of the coal owner's claim to the coalbed methane and 92.175% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 7.825% of the oil and gas owner's claim to coalbed methane.

Q. What did you do to notify the respondents that you've listed, and others, that there was a going to be a hearing today?

A. We mailed by certified mail, return receipt

on November 16, 2007. We published on...in the Bluefield Daily Telegraph on November 29, 2007.

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

A. The notice of hearing and location exhibit.

Q. Have you filed the proof of publication and your certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. Are there escrow requirements?

A. Yes, for Tract 1A, 1B, 1C, 1E, 1F, 1G, 1H, 1I, 1J, 1K, 2A, 2B, 2C, 2D, 3A and 3B.

Q. There are no split agreements, correct?

A. Tract 1D, I believe.

Q. You're right. So, 1D has a split agreement and in that regard, are you requesting that the Board allow the operator, if this application is approved, to pay the folks indicated in Exhibit EE directly rather than escrowing their funds?

A. Yes.

Q. And is this a 50/50 agreement?

A. Yes, it is.

Q. Okay. Is it your opinion that drilling these frac wells in the location shown is a reasonable way to develop coalbed methane especially in light of the

existence of mine works under the locations?

A. Yes, it is.

Q. And is it also your opinion that if you combine a pooling order pooling 7.8250% of the oil and gas interest with the leasing activities that you've been successful and the acquisition activities in which you've been successful that the correlative rights of all owners and claimants of the coalbed methane would be protected?

A. They are.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

DONNIE RATLIFF: Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: Les, under the affidavit for due diligence, what's the relationship with unit U-20 to U-7? In paragraph two, you reference U-20 and in paragraph 4 you reference this unit.

LESLIE K. ARRINGTON: On the due diligence?

DONNIE RATLIFF: Yeah. Are they same owners?

MARK SWARTZ: No.

LESLIE K. ARRINGTON: No. We've just made a typo there. In paragraph---?

DONNIE RATLIFF: Paragraph two.

BENNY WAMPLER: Paragraph two you have U-20.

BOB WILSON: Mr. Chairman, the file copy represents it as U-7---.

LESLIE K. ARRINGTON: U-7.

BOB WILSON: ---in both paragraphs. We can accept the official copy, I presume.

LESLIE K. ARRINGTON: Yeah. And that's what... that's what my copy has. I've continued reading. I'm thinking I don't see it. So---.

BENNY WAMPLER: So, the---?

MARK SWARTZ: See, when you don't have your glasses on, I'm always suspicious when you can't find something, you know.

BENNY WAMPLER: That's interesting how...our says U-20 on it---.

MARK SWARTZ: It does on mine as well.

BENNY WAMPLER: ---but U-7 down here.

MARK SWARTZ: Yeah. So, you know, he did it to everyone, you know, except Bob.

BOB WILSON: I'm special.

(laughs.)

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

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson. A couple of questions, please. This over a sealed mine, is that correct?

LESLIE K. ARRINGTON: Yes, it is.

BENNY WAMPLER: Okay. And I presume this area has been approved for multiple wells for the unit...in the second unit?

LESLIE K. ARRINGTON: I can't...Bob, I'd have to have my map for that situation.

BOB WILSON: Yeah, that's the situation that I was in. But you've got...you're proposing two wells as part of the pooling order, both of which are outside of the window and, generally, under those infill drilling orders it's going to require probably a trip back to the Board or something

or---.

LESLIE K. ARRINGTON: For the location exception.

BENNY WAMPLER: Yes.

MARK SWARTZ: Except there is a provision that allows you to track development to a mine plan. So, I'm not sure that we agree with you. I mean, I need to look at that. I think that's where Les is coming from.

BOB WILSON: That's for an active mine plan. It's not for a sealed mines...drilling over a sealed mine.

MARK SWARTZ: I don't know if the word “active mine plan”---.

BOB WILSON: It may be arguable.

MARK SWARTZ: ---appears in there. Again, I think where Les is probably coming from was he a had a mine plan and he could track that and that's---.

LESLIE K. ARRINGTON: That's exactly what we done.

MARK SWARTZ: You know, I'm assuming that's his theory. If you want us to take a look...it's a legitimate question if you want us to take a look at that, but that was the theory that we showed up with as opposed to some infill drilling permission.

BOB WILSON: I...I can't address that myself.

MARK SWARTZ: I'd have to look at that.

BOB WILSON: But if that's the case, that would actually allow an operator to drill essentially any wells he wanted to and as many wells as he wanted to in a unit even over an abandoned mine.

MARK SWARTZ: If you have a mine.

BOB WILSON: So, I would...it was my impression and my thought, totally unverified today, that this has to do with active mine plans and not sealed mines. It's something that we need to explore.

MARK SWARTZ: Then, we can probably...we may be

able to answer that question by looking at the statute. So, if you want to continue this, you know, until next---.

LESLIE K. ARRINGTON: That's fine.

MARK SWARTZ: ---month we'll---.

BENNY WAMPLER: I think we should just so we know we're clear---.

MARK SWARTZ: ---come back and we'll talk about that.

BENNY WAMPLER: ---because there's no point in you having to come back either---.

MARK SWARTZ: Right.

LESLIE K. ARRINGTON: Right.

BENNY WAMPLER: ---if it's, you know, because of that.

MARK SWARTZ: Then, we'll---.

BENNY WAMPLER: We'll continue that.

MARK SWARTZ: We can continue our dialogue.

BOB WILSON: Oh, I'm sure we will.

BENNY WAMPLER: So, that's continued. Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit AW-131, docket number VGOB-07-1218-2097. 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. What kind of unit is this, Les?

A. This is a Middle Ridge. It has 58.74 acres.

Q. And the...how many wells are proposed?

A. One.

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

A. Within the drilling window.

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

A. We mailed by certified mail, return receipt on November 16, 2007 and published in the Bluefield Daily Telegraph November 29, 2007.

Q. In that regard, have you filed proofs of publication and your certificates with regard to mailing

with Mr. Wilson?

A. Yes, we have.

Q. When it was published, what appeared in the paper?

A. The notice of hearing and location exhibit.

MARK SWARTZ: Mr. Chairman, I'd ask that you incorporate Mr. Arrington's testimony with regard to the applicant and operator, his employment and the standard lease terms for coalbed methane from his prior testimony today.

BENNY WAMPLER: That will be incorporated.

Q. What interests have you acquired and what are you seeking to pool in this unit?

A. We've leased 100% of the coal owner's claim to coalbed methane and we've leased 83.6632% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 16.3368% of the oil and gas owner's claim to coalbed methane.

Q. Have you provided the Board with your cost estimate?

A. Yes. It's $253,587.14 to a depth of 2,490 feet and the permit number 8702.

Q. This well, it looks like it has been drilled, right?

A. No---.

Q. No, it has not.

A. ---it has not.

Q. It has not, okay. Are there escrow requirements here?

A. Yes. Tract 1A, 1C, 1D, 1E, 1F, 2A, 2B, 4D and 4E.

Q. And there's a split agreement?

A. For 1B.

Q. Okay. And is that a 50/50 agreement or is it something---?

A. Yes, it's the one-eights and seven-eights royalty split.

Q. And are you requesting that in the event this unit should be pooled that the Board allow the operator to pay the folks identified in Exhibit EE in accordance with their agreement, which is a one-eights and seven-eights?

A. Yes, we would.

Q. Is it your opinion that drilling a frac well in the window of this Middle Ridge unit is a reasonable way to develop the coalbed methane in and under the unit?

A. Yes, it is.

Q. Is it your opinion that if you combine your leasing and acquisition activities where you've been

successful with a pooling order pooling 1...16.3368% of the oil and gas interest that the correlative rights of all owners and claimants to the CBM would be protected?

A. Yes, it will.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-132, docket number VGOB-07-1218-2098. 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.

MARK SWARTZ: I'd like to incorporate, if I could, Les' testimony concerning the applicant and operator, his employment and standard lease terms regarding the CBM.

BENNY WAMPLER: That will be incorporated.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, what kind of unit is this?

A. This is a Middle Ridge. It's 58.74 acres.

Q. How many wells are proposed?

A. One.

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

A. Within the drilling window.

Q. What did you do to notify people that we were going to have a hearing today?

A. We mailed by certified mail, return receipt on November 16, 2007 and published in the Bluefield Daily Telegraph on November 29, 2007.

Q. What was printed in the paper?

A. The notice of hearing and location exhibit.

Q. Have you filed your proof of publication that you got from the newspaper along with your certificates concerning mailing with Mr. Wilson?

A. Yes, we have.

Q. What are you seeking to pool and what have you acquired?

A. We have 83.3663% of the coal owner's claim to coalbed methane and 82.6691% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 16.6337% of the coal owner's claim to coalbed methane and 17.3309% of the oil and gas owner's claim to coalbed methane.

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

A. Yes, it's $308,494.46 to a depth of 2,556 feet. The permit number is 8164.

Q. There's an escrow requirement in a number of tracts?

A. Yes, there is. That would be for Tract 3B, 4A, 4B, 4C, 4E, 4F, 4G, 4H, 4I, 4J, 4K, 4L, 4M, 4N, 4P, 5A, 5B, 5C, 5D and Tract 6.

Q. Okay. And in tract 4F, in addition to just to the typical conflicts issue that we see, there's also a

title issue, which is identified in the exhibits?

A. That's correct. And then there's escrow for unknowns in Tract 4N.

Q. 4 what?

A. 4N.

Q. N, okay. Is it your opinion that if you combine your leasing and acquisition efforts where you've been successful in reaching agreements with owners and claimants with a pooling order pooling the coal, oil and gas interest to which you've testified that the correlative rights of all owners and claimants in this unit will be protected?

A. Yes, they will.

Q. Is it your opinion that drilling one frac well in the window of this Middle Ridge unit is a reasonable way to develop the CBM resource within the unit?

A. Yes, it is.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BENNY WAMPLER: Is there a second?

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Mrs. Dye. Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit XXX-21, docket number VGOB-07-1218-2099. 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 passes out revised exhibits.)

MARK SWARTZ: We've got some revised exhibits with regard to this unit. Again, it's because we have leased a number of interests of people that were listed as respondents. So, that...those exhibits related to that, it will all change.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Okay, Les, with regard to this unit, what did you do to let people know there would be a hearing today?

A. We mailed by certified mail, return receipt on November 16, 2007. We published in the Bluefield Daily Telegraph on November 29, 2007.

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

A. The notice of hearing and location exhibit.

Q. Have you filed your proof of publication and certificates with regard to mailing with Mr. Wilson?

A. Yes, we have.

Q. Between the time you filed this application and today, have there been a change in the lineup or list of respondents that you need to pool?

A. Yes, it has.

Q. And is that...are those changes reflected on the revised Exhibit B-2?

A. Exhibit B-2 indicates that we've leased some additional interest.

Q. Okay. And that would have been in Tracts 1, 6...1 and 6?

A. Yes.

Q. And are you requesting that you be allowed to dismiss the folks that you've leased as indicated in B-2?

A. Yes, we do.

Q. Do you want to add anybody?

A. No.

Q. Have you revised Exhibit B-3 accordingly?

A. Yes, have.

Q. And have you submitted a revised B-3?

A. Yes, we have.

Q. Have the percentages that you have acquired by lease or acquisition and that you need to pool changed?

A. Yes.

Q. And you filed a revised Exhibit A, page two?

A. Yes, we have.

Q. And what is the ownership pooling requirement at this point?

A. We've leased 99.97% of the coal, oil and gas owner's claim to coalbed methane. We're seeking to pool 0.03% of the coal, oil and gas owner's claim to coalbed methane.

Q. And this is a Oakwood 80, I think?

A. Yes, it is.

Q. And how many wells are proposed?

A. One well.

Q. Is it a frac well?

A. Yes.

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

A. Within the drilling window.

Q. Have you provided a cost estimate?

A. Yes, we have. It's $241,798.44 to a depth of 2,386 feet.

Q. We don't have an escrow requirement?

A. No.

Q. And we don't have split agreements?

A. No.

Q. Is it your opinion that drilling a frac well in the drilling window of this Oakwood 80 is a reasonable way to develop the coalbed methane?

A. Yes, it is.

Q. Is it your opinion that if you combine your successful leasing and acquisition efforts with a pooling order pooling .0300% of the coal, oil and gas interest the correlative rights of all owners and claimants to the

coalbed methane will be protected?

A. Yes, they will.

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

BENNY WAMPLER: On your Exhibit A, page two, you show under item three percentage of coal under lease is 100%. You testified it was 99.97, is that correct?

LESLIE K. ARRINGTON: You'll just have to let me---.

BENNY WAMPLER: Your revised---.

LESLIE K. ARRINGTON: Yeah. I believe that will be correct, yes. Yes.

BENNY WAMPLER: Yes, what?

LESLIE K. ARRINGTON: Yeah, it's 99.7.

BENNY WAMPLER: 99.97?

LESLIE K. ARRINGTON: .97, yes.

BENNY WAMPLER: Mr. Swartz, did you incorporate the prior testimony?

MARK SWARTZ: No, I did not. I would like to. Thank you.

BENNY WAMPLER: Do you want to state what you want incorporated?

MARK SWARTZ: Yes. Mr. Arrington's prior testimony concerning CNX's applicant and operator, his employment with CNX and his testimony concerning standard

lease terms for coalbed methane.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

BENNY WAMPLER: Questions from members of the Board?

MARY QUILLEN: Mr. Chairman, just one---.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---question. On the spreadsheet that you gave us, the unit acres you have it as an Oakwood unit of 58.74 and then you testified that it's 80. It should be corrected?

LESLIE K. ARRINGTON: It should be 80, yes.

BENNY WAMPLER: Other questions?

(No audible response.)

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

MARK SWARTZ: No, I do not.

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. Ms. Dye abstains. Thank you.

MARK SWARTZ: Thank you.

BENNY WAMPLER: Merry Christmas.

MARK SWARTZ: Merry Christmas to you all. Where are we on the boundary issue? Was that...what that continued beyond this month or---?

BOB WILSON: Yes. That was continued indefinitely until---.

MARK SWARTZ: Okay.

BOB WILSON: ---we have something to bring back.

MARK SWARTZ: Okay. It keeps showing up in my pile of stuff. Okay. All right.

BENNY WAMPLER: All right. We're going to take a ten minute break and we'll be back with Equitable Production Company.

(Break.)

BENNY WAMPLER: Okay, we'll go back on record. Just a reminder of cell phones and pagers and all of those good things. If you'll mute them or turn them off, please.

The next item on the agenda is a petition from Equitable Production Company for pooling of coalbed methane unit VC-536517. This is docket number VGOB-07-1218-2100. 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 and Don Hall on behalf of Equitable Production Company.

(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 your name for the Board, 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. Are you with the application that we filed seeking a pooling order to pool the unleased interest in the unit for EPC well number VC-536517, which was dated November

the 16th, 2007?

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 a voluntary lease agreement with each of the respondents?

A. Yes.

Q. What's the percentage of the gas estate under lease to Equitable within the unit?

A. We have 94.91% of the gas estate leased.

Q. And what percentage of the coal estate is unleased to Equitable?

A. A 100% of the coal estate is leased.

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

A. Yes.

Q. So, that means it's 5.09% of the gas estate that remains unleased?

A. That's correct.

Q. Okay. In this particular unit, we do have an unknown interest, the Heirs of Maude Massey, is that

correct?

A. That's correct.

Q. And were reasonable and diligent efforts made to locate and identify those Heirs?

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

A. We are.

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

A. Yes.

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

A. We pay five dollars an acre on a five year term with a one-eighth royalty.

Q. In your opinion, do the terms you've 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. And as to the parties that remain unleased within the unit, do you recommend that they be allowed the following statutory options with respect to the ownership interest: 1) participation; 2) a cash bonus of five dollars per net mineral acre plus a one-eighth of eight-eights royalty; 3) in lieu of a cash bonus and one-eighth of eight-eights royalty share in the operation of the well on a carried basis as a carried operator under the following conditions: such carried operator should be entitled to the share of production from the tracts pooled accruing to his or her interest exclusive of any royalty or overriding royalty reserved in any leases or 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 a carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of the carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by respondents be in writing and sent to the applicant at Equitable Production Company, Land

Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Atkinson, Regulatory?

A. Yes.

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

A. It should.

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 option in lieu of participation?

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 their proportionate share of actual well costs?

A. Yeah, they should.

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

A. Yes.

Q. Should the applicant be allowed 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 that election should be treated as if no initial election had been filed and that respondent should be treated as deemed to have leased?

A. Yes.

Q. In this particular case, we do need the Board to establish an escrow account?

A. Yes.

Q. And that will be for proceeds attributable to---?

A. Tract 2.

Q. Tract 2?

A. That's correct.

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

A. Equitable Production Company.

Q. And what’s total depth of this well?

A. It's 3415 feet.

Q. Estimated reserves for the unit?

A. 330 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. It has.

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

A. Yes.

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

A. The dry hole cost is $181,101 and the completed well cost is $416,949.

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 interest of

conservation, the prevention of waste and the protection of correlative rights?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: Abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-537244. This is docket number VGOB-07-1218-2101. We'd ask the parties that wish to address the Board in this matter to come

forward 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, are you familiar with the application that we filed in this case to pool the unleased interest in the unit for well VC-537244?

A. Yes.

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

A. Yes.

Q. And prior to the filing of the application, were efforts made to contact each of the respondents owning an interest and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

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

A. We have 99.51% of the gas estate leased.

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

A. We have a 100%.

Q. And the one unleased party is set out in Exhibit B-3?

A. Yes.

Q. So, 0.49% of the gas estate is all that remains unleased, correct?

A. That's correct,

Q. And that is represented by Tract 9 and we're showing the owner there to be the Arrington Cemetery Trustees unknown and unlocateable?

A. That's Tract 6, yes.

Q. Tract 6, I'm sorry.

A. Yeah, that's correct.

Q. Reasonable diligent efforts were made to check and identify and locate these cemetery trustees including deed records, probate records, assessor's records, treasurer's records, 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. It was.

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

A. Yes.

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

A. Yes.

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

A. We pay five dollars an acre on a five year term with one-eights 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. Yes.

JIM KAISER: Mr. Chairman, at this time with your permission, I'd like to incorporate Mr. Hall's previous testimony concerning the statutory election options afforded any unleased parties that was taken in the matter of 2100.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, the Board does need to establish an escrow account for this unit?

A. That's correct.

Q. And that would be for proceeds attributable to Tracts 2, 3, 4, 5 and 6, 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 proposed depth of this well?

A. It's 2356 feet.

Q. Estimated reserves for the unit?

A. 200 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. Yes.

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

A. The dry hole costs is $133,355 and the completed well cost is $309,421.

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 professional opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and 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?

MARY QUILLEN: Mr. Chairman, I have just one question of Mr. Hall. Repeat the depth of the well.

DON HALL: 2356.

MARY QUILLEN: Thank you.

BENNY WAMPLER: Other questions?

(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?

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 members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-501854. This is docket number VGOB-07-1218-2102. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Jim Kaiser and Don Hall, again, 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, again, are you familiar with the

application that we filed seeking to pool any unleased interest in the unit for EPC well number VC-501854, which was dated November 16, 2007?

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 owning an interest and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. And what is the percentage under lease at this time in the gas estate to Equitable?

A. We have 91.617110% leased.

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

A. 100%.

Q. Are all unleased parties set out in B-3?

A. Yes.

Q. So, that means 8.382890% of the gas estate remains unleased?

A. That's correct.

Q. And we do have some unknown and

unlocateable interest owners in this unit also, right?

A. That's correct.

Q. And, again, you've made all reasonable and diligent efforts to attempt to identify them, correct?

A. Yes.

Q. Okay. Are the addresses set out 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. Again, are you familiar with the fair market value of drilling rights in the unit here and in the surrounding area?

A. Yes.

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

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

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

A. They do.

JIM KAISER: Mr. Chairman, at this time, I'd ask that the testimony regarding the statutory election options afforded the unleased parties that was previously taken in item 2100 earlier today be incorporated for purposes of this hearing.

BENNY WAMPLER: That will be incorporated.

Q. Mr. Hall, in this particular case, the Board needs to establish an escrow account, I believe, for the proceeds of Tracts 1, 2 and 3, is that correct?

A. Yes, that's correct.

Q. And we also have a royalty split agreement---?

A. Yes.

Q. ---that's reflected in Exhibit EE to the opinion which covers some interest in Tract 2, correct?

A. That's correct.

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

A. Equitable Production Company.

Q. And the total depth to this proposed well?

A. 2,061 feet.

Q. The estimated reserves for the unit?

A. 200 million cubic feet.

Q. Has the AFE been reviewed, signed and

submitted to the Board as Exhibit C?

A. It has.

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

A. Yes.

Q. Could you state the costs for the Board?

A. The dry hole cost is $137,305 and the completed well cost is $288,801.

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 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: Was that split agreement a 50/50 split agreement?

DON HALL: It's 25/75.

BENNY WAMPLER: 25/75.

DON HALL: They have been before the Board with this same agreement releasing some funds from another well.

BENNY WAMPLER: Other 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?

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 members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff abstains. You have

approval. Next is a petition from Equitable Production Company for repooling coalbed methane unit VC-537113. This is docket number VGOB-07-0515-1934-01. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, at this time, we would ask the Board to continue this matter until the February, 2008 docket. We've got some issues that we're trying to work out with some of the numerous Heirs that we identified in refiling this application. So---.

BENNY WAMPLER: That matter is continued.

JIM KAISER: We just want to try and do it one more time. I think we had a 167 additional people that we notified on this one. So---.

BENNY WAMPLER: That will be continued until February. Next is a petition from Equitable Production Company for a modification of the Roaring Fork Gas...Coalbed Gas Field Rules to allow for drilling of an additional well in units AU-38, AT-39, AO-40, AN-40 and this is docket number VGOB-94-0215-0435-03. We ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, in this matter, it will be Jim Kaiser, Rita Barrett and Gary Baxter on behalf of

Equitable Production. We'd ask that they be sworn here in just a second when Gary gets done passing out his package out.

(Gary Baxter passes out an exhibit.)

(Gary Baxter and Rita Barrett are duly sworn.)

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

JIM KAISER: Okay. We'll start with Ms. Barrett.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, if you'd state your full name, who you're employed by and in what capacity?

A. Rita Barrett. I'm employed by Equitable Production Company as landman III. I'm responsible for all land functions.

Q. Okay. Now, in this particular application, we're asking for an increased density or second well in four units as depicted on the Exhibit A that we filed with the application and the Board now has in front of them. That's AN-40, AO-40, AU-38 and AT-39. Now, all those units are a

100% under lease to Equitable, correct?

A. They are.

Q. And all four of these wells what we're asking for increased density on in this particular instance all four of the increased density wells will be outside the interior window, is that correct?

A. That's correct.

Q. Okay. But is it also a fact that we are going to ask this order to include the right to be able to drill these outside that window because if you take a shadow unit and put this second well in the center of it, then everyone within that shadow unit will also be under lease to Equitable and there would not be any...in the instances of these four units and these four wells, there would not be any correlative rights issues?

A. That's correct. It will all still be on Greater Wise.

Q. So, it will all be just one property owner?

A. Right.

Q. Okay.

BENNY WAMPLER: For the Board's benefit, explain shadow units?

A. Mr. Wilson has asked us to provide...he may have an example of that. What we do is where the well is

located...where the well spot is, we put the same size of grid, 16 X 16, on top of that and we determine that anything that falls outside of that is not a new lease or an additional lease. In this instance, it's all Greater Wise.

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: May I add? Actually, this is not my decree. This is the usual Board order that is issued for infill drilling. There are two ways that the second well in each unit can be drilled outside of the interior window. One of which is that if that well falls at the center of a hypothetical unit of the same size as the field rules is specified, in this case 80 acre---.

JIM KAISER: 80 acres. This is Roaring Fork.

BOB WILSON: ---I believe, and if that unit is voluntary to the operator, in other words, there are no correlative rights issues and everything is under lease, then I can grant that location exception administratively. If that is not the case, then they have to come back before the Board and explain how they are going to protect correlative rights of those other individuals. I think what they're trying to do here is to eliminate the necessity of having to pass that paper back and forth and show me the correlative rights issues are not there and just include

them in the initial order.

JIM KAISER: Correct.

BENNY WAMPLER: Proceed.

JIM KAISER: Mr. Baxter...nothing further from Ms. Barrett. So, if the Board has any questions for her---.

BENNY WAMPLER: Any questions of this witness?

(No audible response.)

JIM KAISER: Call your next witness.

GARY BAXTER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Gary Baxter, Equitable Production Company, operations engineer.

Q. And if you would...you've testified...I think it was last month on a couple of increased density applications, so the Board is familiar with your background and your work history. So, if you would just go through your testimony now as to why we would like to drill these increased density wells and, you know, what you think the

effect is on both the first well and the second well and ultimately, obviously, the royalty owner and the severance tax and all of the different variables that come into play here?

A. Okay. We're going go A, B, C, D and E through these.

Q. Okay. This will be A, B, C, D and E through these five exhibits.

A. The first---.

SHARON PIGEON: We need to use double letters on these because we have those letters designated---.

JIM KAISER: We have A and B at least. Yeah, you're right. So, let's do double AA through EE.

BENNY WAMPLER: Yeah.

A. Exhibit AA depicts the four units that we are attempting to grant your permission to drill a second well in the unit.

Exhibit BB shows in grey the units that have already had a second well granted in Nora CBM Field, right here and then three units that we were granted last month on November the 13th. Over here on the left is where we're talking about today, the four units that we want be...to be granted this second...to drill the second well.

Exhibit CC is a production plot for Lick Creek CBM

Field. It will be eleven units that we've already had this second well granted showing the first and the second wells' production with an incremental rate of .9 mmcf per day. The green line shows the production for the first well only. The red line shows the production for the first well plus the second well in the unit.

Exhibit DD shows our Middle Fork CBM area, which includes sixteen units. The first and the second well's production the incremental rate for this area is 1.4 mmcf per day. Again, the green line shows the first well only and the red line shows the first well plus the second well.

Exhibit EE is a Greater Wise EUR calculation. The average first well EUR for each of these units is 300 mmcf per well. The percentage of the first well attributed to the second well is 50%. The second well EUR would then be 150 mmcf per well for a total unit EUR of 450 mmcf per the 80 acre unit in question.

Q. And, again, your finding in your...in the areas that you've...that you've drilled these increased density wells to date that the incremental production from the second well is great enough to cause you to want to do additional increased density drilling?

A. That's correct.

Q. So, it benefits not only the operator, but

the royalty owner in the counties in the form of severance tax?

A. That's correct.

BRUCE PRATHER: I have a question, Mr. Chairman.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: There has been no infill drilling in the gob area, is that correct?

GARY BAXTER: That's correct.

BRUCE PRATHER: How does that relate to this? I mean, what you're giving us here examples. They've got all of the Pocahontas seams and everything else. The Roaring Fork doesn't have that.

GARY BAXTER: Right. We're not sure yet what the effect on the area is going to be drilling the second well in the unit. So, we've conservatively estimated that we think that drilling the existing...the other well will affect the existing well...the EUR on the second well will be 50% of the EUR on the first well. So, we have no data yet.

BRUCE PRATHER: Okay.

BENNY WAMPLER: And you're requesting this in the Board designated units here?

GARY BAXTER: Correct.

JIM KAISER: Yes, sir.

BENNY WAMPLER: How many wells? One additional well?

JIM KAISER: One additional well in each unit.

BENNY WAMPLER: Without regard of whether it's inside or outside the window, is that right?

JIM KAISER: Well, Ms. Barrett...we---.

RITA BAXTER: These are all outside the interior grid.

JIM KAISER: Right.

DONNIE RATLIFF: So...Mr. Chairman. So, that's the reason for the shadow because it's outside the drilling window?

RITE BARRETT: Yes.

JIM KAISER: That was the reason for that earlier testimony. Correct.

RITA BARRETT: Yes.

DONNIE RATLIFF: I was trying to figure out why we would do that.

BENNY WAMPLER: And there's no correlative rights?

RITA BARRETT: There are no correlative rights issues associated with these four wells.

JIM KAISER: It's all one royalty owner.

RITA BARRETT: Yes.

BENNY WAMPLER: Other questions from members of

the Board?

MARY QUILLEN: Mr.---.

BOB WILSON: Mr. Chairman. Excuse me, I'm sorry. Please.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: I'm just not real familiar with Roaring Fork. We haven't had that many cases that have come before us that I remember involved just now clarified my memory. That's the reason I don't know much about Roaring Fork. What would the similarities be because the examples that you've given us are in Lick Creek and Middle Fork? Why are you comparing these wells? Are you basing it on the fact that there are two wells that are drilled in these other two areas? Are the conditions similar in the Roaring Fork or what are you basing that on?

GARY BAXTER: Well, we're...as far as completing the wells, it will be completed in the same techniques as the Nora infill wells are completed as. The production are going to produce in the same way. As far as...we really aren't sure yet on, you know, what's going to happen with these wells in the Roaring Fork. So, we wanted to base our...we wanted to show that we've done this before and that we have had success before and it's just too early yet to tell what's going to happen with these Roaring Fork wells.

MARY QUILLEN: Right. Your operations are going to be same, but what about the physical similarities of the locations?

GARY BAXTER: As far as the coal seams that we produce?

MARY QUILLEN: Uh-huh.

GARY BAXTER: Some of the same coal seams will be there, but, as he said, not all of them are going to be.

MARY QUILLEN: Okay. So, your examples are---?

JIM KAISER: They're all in the Nora Field.

MARY QUILLEN: ---in the Nora Field and you have been successful in the Nora Field and based on the operations of how you will proceed with this operation, the expectation is...and some of the physical conditions will be the same in both and that's what you're basing your estimation on?

GARY BAXTER: Correct.

MARY QUILLEN: Okay, thank you.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: The testimony has indicated that you have already picked the second well locations in all of these units and if the Board is going to be asked to provide basically permission to drill those outside the window, I think we either need an exhibit showing where those specific

wells are or testimony that any well that falls outside the window in any of these unit would have those characteristics of having no correlative rights interest?

RITA BARRETT: I have the well plats with me. I only have one copy.

BOB WILSON: That's all I need.

BENNY WAMPLER: Other questions from members of the Board while she's getting those?

DONNIE RATLIFF: Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: Just to clarify in my mind, you're going to come back on each one of these individually and request a pooling order if it's necessary...well, it's not going to be necessary because---.

BRUCE PRATHER: Unh-huh, it's all on the same---.

DONNIE RATLIFF: ---it's all on the same---.

JIM KAISER: It's all the same royalty owner.

DONNIE RATLIFF: So, if we do this we're granting permission for all four...for you to drill the well?

BENNY WAMPLER: Right.

RITA BARRETT: You'll see a lot of pencilled in. This is just us confirming that we have title on this particular well and that surface.

JIM KAISER: So, I guess, what we want to do is

incorporate these four plats into today's hearing into the testimony and, again, ask that the order allow us without a separate location exception to drill the increased density well at the areas designated on those four plats because there are no correlative rights issues.

BOB WILSON: Mr. Chairman, could we get these designated as exhibits and get your testimony of that. You'll have to designate those specifically.

BENNY WAMPLER: AAA and B...

JIM KAISER: Okay, Ms. Barrett, we'll put you back on the stand.

RITA BARRETT

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. So, do you have in your possession the four...the four well plats that we're designate AAA through DDD that actually depict the location that Equitable has chosen to drill the increased density well at and it's also true that all four of those locations are outside the interior window of the 80 acre unit and we would ask that the order allow us to drill the wells at these four specific locations outside the window because there is no correlative rights issues in that when we use the hypothetical unit with this second well in the center of it, the...everybody that's

in that unit is still Greater Wise and Greater Wise is the only royalty owner and we have a lease on this property with Greater Wise?

A. That's correct.

Q. Okay. And Greater Wise has been notified and they're all for this and they're not here objecting?

A. That's correct.

Q. You might want to point that out.

A. Greater Wise has coal approved all of these wells and they're not here to object.

BENNY WAMPLER: Okay. If you'll give those to Mr. Wilson for the record. Does Board members want to look at them? Why don't you pass them, Mr. Wilson? Pass them and let the Board members take a look before we vote.

BRUCE PRATHER: Mr. Chairman, I have a question.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: Would any of these wells affect any other royalty owners besides Greater Wise?

RITA BARRETT: No.

BRUCE PRATHER: Okay.

BRUCE PRATHER: I mean, there are no wells adjacent to it that would be affected to this?

RITA BARRETT: No.

BRUCE PRATHER: (Inaudible).

RITA BARRETT: These are all Greater Wise.

BRUCE PRATHER: Good.

MARY QUILLEN: Mr. Chairman, I have just one additional question. The existing wells that are in each of these units, are the within the window?

RITA BARRETT: I'll have to look at the plats to be able to answer that question.

BENNY WAMPLER: With observation, I would say if we approve this, we'll want to have the subsequent to today's hearing certified plats for all of these.

(Rita Barrett explains the plat with Ms. Quillen.)

RITA BARRETT: Yes, all of the existing wells are inside the interior grid.

BENNY WAMPLER: Just one clarification, the Buck Knob area is it geologically significantly different than the Roaring Fork and the other Fields?

GARY BAXTER: Not really.

BENNY WAMPLER: What does that mean? I'm not going to let you get by with that.

(Laugh.)

BRUCE PRATHER: Mr. Chairman, I can tell you what the difference is.

GARY BAXTER: I'm not a geologist.

BENNY WAMPLER: Okay. That's a good answer. You

stick with that. I'm not trying to pick on you. Just don't try to answer something that you don't know.

JIM KAISER: Well, presumably, it's a little bit different or we would have 58 acre units instead of 80 acre units. I imagine...I think he's testified that there are...there will be production from similar coal seams, maybe not all the same coal seams. Mr. Prather might be able to address that. I don't know.

BRUCE PRATHER: The Roaring Fork wells go through the Lower Horse Pin, which is above the Pocahontas seams. The Buck Knob wells would be a lot shallower than your wells over in the Nora, probably 600 or 700 foot. That's probably the reason you have a 58 acre spacing.

JIM KAISER: Well, this is the first bench. You're into this area, obviously, to try to this. Again, with one royalty owner there's nobody that can get harmed by this other than them by this not being successful and them wasting their capital. So---.

BENNY WAMPLER: Right. Okay. Do you have anything further?

JIM KAISER: We'd ask that the application be approved with all of the added exhibits and with the caveat that Equitable will supply you with actual certified well plats for the four locations on the increased density.

DONNIE RATLIFF: I move to approve, Mr. Chairman.

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

MARY QUILLEN: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Bruce Prather.)

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Prather. You have approval.

JIM KAISER: Thank you.

BENNY WAMPLER: Did you get those exhibits back?

BOB WILSON: Yes, sir.

BENNY WAMPLER: Next is a petition from Equitable Production Company on behalf of Tommy A. Fletcher, Jack Fletcher, Bea Fletcher, Clair Fletcher, Helen Boyd, Virgil Boyd, Harless Fletcher, Paul Kinsey Estate, Emily and Bill Wood, Marie Fletcher and Pine Mountain Oil and Gas, Inc. for the disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, unit VC-3672, docket

number VGOB-97-1021-0711-01. 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 and Don Hall on behalf of Equitable Production Company.

JACK FLETCHER: Jack Fletcher representing the Fletcher Heirs.

(Benny Wampler and Sharon Pigeon confer.)

BENNY WAMPLER: I was just asking...when you're saying representing, you're the spokesman for them, right?

JACK FLETCHER: The spokesperson.

BENNY WAMPLER: You're not an attorney representing them or anything?

JACK FLETCHER: They all---.

BENNY WAMPLER: They asked you to talk for them?

JACK FLETCHER: They...they don't do anything with this. It's just, “Jack, take care of it.”

BENNY WAMPLER: Okay. All right.

SHARON PIGEON: But you're not an attorney, correct?

JACK FLETCHER: No, ma'am. I'm one of the Fletchers.

BENNY WAMPLER: Okay. All right. You may proceed.

JIM KAISER: Mr. Chairman, we'd filed an application here to...on behalf of the folks that you've named in order to disburse proceeds attributable to Tract 3 from the unit for VC-3672. It's subjected to...we do have some folks who have elected to participate, so you'll see that in the 100% percentage. Then, the other interest are subject to a 75/25 split with Pine Mountain Oil and Gas and you've been provided with a exhibit today that shows... accurately reflects the state of the money in escrow as of July the 31st of this year.

DON HALL

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Hall, does all that sound accurate to you?

A. Yes.

Q. Would you agree to that?

A. Pardon?

Q. Would you agree with that?

A. Yes.

Q. And, then, it would...we would be here before the Board to ask them to disburse based upon the percentages that we show in this exhibit?

A. That's correct.

JIM KAISER: Nothing further of this witness.

SHARON PIGEON: Is that the next to the last column?

BENNY WAMPLER: The owner percent of escrow?

JIM KAISER: Well, it actually be...wouldn't you actually be using this figure?

DON HALL: No. The owner percent of the escrow is the percent of the total money in the escrow account.

BENNY WAMPLER: Right. Which one are you going to use?

DON HALL: We use the owner's percentage of escrow. Don't we, Mr. Wilson?

BOB WILSON: Yes, sir, that's correct.

SHARON PIGEON: So, the next to the last column?

DON HALL: Next to the last column.

JIM KAISER: Next to the last column.

BENNY WAMPLER: Right. Just getting confirmation.

SHARON PIGEON: And this would be AA?

JIM KAISER: Sure.

BENNY WAMPLER: Mr. Fletcher, do you agree with that?

JACK FLETCHER: Yes. This is...well, as he said, this is a total as of 7/31 and there will be adjustments. I

know that some of the...the owner's part escrowing seized in July, but I think we've gotten that straight in talking with Nikki Atkinson. She disbursed a couple of checks, which I returned to her---.

BENNY WAMPLER: okay.

JACK FLETCHER: ---to be put into the escrow account until after this hearing.

BENNY WAMPLER: All right. And have all of these other parties, the Fletcher Heirs as I will refer to them as, have they all asked you to...told you they agree with this?

JACK FLETCHER: Yes. They've all signed the 75/25 split agreement.

BENNY WAMPLER: All right. Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: No, sir.

BENNY WAMPLER: Do you have anything further?

JACK FLETCHER: No, sir.

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: I move to approve, Mr. Chairman.

BENNY WAMPLER: Motion to approve. Is there a 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: You have approval. Thank you.

JACK FLETCHER: Thank you very much.

BENNY WAMPLER: Next is a petition from Chesapeake Appalachia, LLC for reconsideration subsequent to correction of defective notice of a prior approval of a 320 acre provisional unit. This is docket number VGOB-07-1016-2065. We'd ask the parities that wish to address the Board in this matter to come forward at this time.

JIM KAISER: In this matter, I guess it will be Jim Kaiser and possibly Dennis Baker on behalf of Chesapeake. It may just need to be me. Let's swear Dennis Baker and Stan Shaw because they're going to have some coming up.

(Dennis Baker and Stan Shaw are duly sworn.)

JIM KAISER: Mr. Chairman and Board members, this is matter for the formation of a 320 acre unit for purposes

of drilling horizontal conventional wells was before you in...on October the 16th of this year and then sub...and it was approved by the Board and there was quite a bit of testimony taken. Then, subsequent to that approval, some title work showed that...if you'll look at your plat there, some title work showed that the tract down here in the southwest corner, we were showing as Knox Creek Coal 11/12th, Buchanan Realty Limited Partnership limited partnership a 1/12th is actually 11/12. So, we were attributing the Knox Creek as actually owned by Buchanan Gas Company. So, we refiled the petition just for corrective notices...notice purposes. They have been notified. They are aware of the hearing and if I'm not mistaken, Mr. Baker is still in negotiations on a lease with them at this time.

DENNIS BAKER: Yes.

JIM KAISER: So, we'd ask that the application... the unit be reapproved based upon the correction of the notice issue here.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Is there a motion?

PEGGY BARBAR: Motion to approve.

BENNY WAMPLER: Is there a 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: You have approval. Next is a petition from Chesapeake Appalachia, LLC for pooling horizontal conventional gas unit 826641, docket number VGOB-07-1218-2103. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: In this case, Mr. Chairman, Jim Kaiser, Dennis Baker and Stan Shaw.

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

DENNIS R. BAKER

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Now, Mr. Baker, if you'd state your name,

who you're employed by and in what capacity?

A. Dennis Baker. I'm employed by Chesapeake Appalachia, LLC as senior landman.

Q. Okay. Now, the unit for this horizontal conventional wells have already been formed. So, we're here before the Board today to pool this one unleased interest, which is represented again by that Buchanan Gas 11/12th interest in the tract that's down in the southwestern portion of the unit, is that correct?

A. That's correct.

Q. Okay. And prior to filing this application and on a continuing basis now, are you attempting to work out a voluntary oil and gas lease with Buchanan Gas on this tract?

A. Yes, we are.

Q. Okay. And as of right now, what is the interest in the oil and gas that's under lease to Chesapeake within this unit?

A. Currently, the interest leased is 97.138281%.

Q. Okay. So, the 11/12th in that other tract represents the unleased portion of the unit, which would be 2.861719%?

A. That's correct.

Q. Okay. Are all unleased parties set out in Exhibit B-3?

A. Yes.

Q. And we don't have any unknown or unlocateable entities, correct?

A. No, we do not.

Q. And you're requesting the Board to force pool all unleased interest as set out in Exhibit B-3, correct?

A. Yes.

Q. And 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 that you've 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: Now, Mr. Chairman, do you...would it

be your desire that I go through the statutory election option testimony or can I incorporate it?

BENNY WAMPLER: You can incorporate it if he accepts it.

DENNIS BAKER: I accept it.

BENNY WAMPLER: Okay.

Q. And, Mr. Baker, who would be named operator under...we don't need...the Board does not need to establish an escrow account for this well, correct?

A. That's correct.

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

A. Chesapeake Appalachia, LLC.

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

BENNY WAMPLER: Any questions from members of the Board?

(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, if you'd state your name, who you're employed by and in what capacity?

A. My name is Stan Shaw. I'm employed by Chesapeake Appalachia, LLC as a reservoir engineer.

Q. And you're familiar with the proposed exploration and development of this horizontal conventional well because you were one of the main witnesses at the hearing back in October, correct?

A. Yes.

Q. And I guess this is kind of tricky, but what's the total depth of the proposed well under the plan of development?

A. The measured depth will be 7,967 feet,

Q. Okay. And the estimated reserves for the unit?

A. 1 bcf or 1,000 million cubic feet.

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

A. Yes.

Q. An AFE has been reviewed, signed and submitted to the Board as Exhibit C to the this application?

A. Yes.

Q. In your opinion, does it represent a

reasonable estimate of the well costs?

A. Yes.

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

A. The dry hole cost $1,123,634 and completed well costs $1,868,938.

Q. Do these anticipate a multiple completion, these costs?

A. Yes. Multiple stages in the Lower Huron.

Q. And your AFE includes a reasonable charge for supervision?

A. Yes.

Q. In your professional opinion, granting this application would 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.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BRUCE PRATHER: 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 Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826642, docket number VGOB-07-1218-2104. 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, Dennis Baker and Stan Shaw on behalf of Chesapeake Appalachia, LLC.

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

DENNIS R. BAKER

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Baker, you're familiar with the application that we filed seeking to establish a drilling unit and pool any unleased interest in that unit for well 826642?

A. Yes.

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

A. Yes, we do.

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 agreement with each?

A. Yes.

Q. And what is the percentage of the unit that's under lease to Chesapeake at this time?

A. Currently leased to Chesapeake is 94.362114%.

Q. And what percentage remains unleased at this time?

A. 5.637886%.

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

A. Yes.

Q. Okay. We don't have any unknown or unlocateable entities, correct?

A. That's correct.

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

A. Yes.

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

A. Yes, I am.

Q. Could you, again, 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've testified to represent the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

JIM KAISER: Mr. Chairman, again, I'd ask that the statutory election option testimony be incorporated for purposes of this hearing?

BENNY WAMPLER: That will be incorporate. Do you accept them?

DENNIS BAKER: I accept those.

Q. Mr. Baker, we do not...the Board does not need to establish an escrow account for this particular unit, correct?

A. That's correct.

Q. There are no unknowns and there are no conflicting claims?

A. No.

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

A. Chesapeake Appalachia, LLC.

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: Call your next witness.

STAN SHAW

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 plan of development and the exploration for this well, correct?

A. Yes.

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

A. 5,960 feet.

Q. Estimated reserves for the unit?

A. 300 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. Yes.

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

A. It does.

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

A. Dry hole costs are $361,932 and completed well costs are $694,564.

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 professional opinion, would the granting of this application be in the best interests of conservation, the prevention of waste and 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.

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussions?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826718. This is docket number VGOB-07-1218-2105. 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, Dennis Baker and Stan Shaw. We've got some revised exhibits to reflect some additional leases that have been picked up since the time of the application was filed.

(Dennis R. Baker passes out revised exhibits.)

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

DENNIS R. BAKER

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Baker, we'll start with you. You're familiar with the application that we filed seeking to establish a drilling unit and pool any unleased interest in that unit for well number 826718, which was dated November the 16th, 2007?

A. Yes.

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

A. Yes, we do.

Q. And prior to the filing of that application did you...did you make an attempt to contact each of the respondents owning an interest and work out a voluntary lease agreement with each?

A. Yes.

Q. Okay. And at the time we filed the application, Chesapeake had 69.828734% of the unit under lease, but you were successful in your attempts since November the 16th and this was filed in picking up some additional leases and they're reflecting in the revised set of exhibits, is that correct?

A. That's correct.

Q. So, they...what you'll see then is a revised Exhibit B and a...the addition of an Exhibit, which has a misspelling in it, of Exhibit B-2, which shows the dismissed owners which are the additional leases that you've picked up since the time we filed the application and then a revised Exhibit B-3, which shows the smaller percentage of unleased people, right?

A. Right.

Q. So, what you picked up was three leases in Tract 2 and one lease in Tract 6?

A. That's correct.

Q. Okay. So, currently, as of right now with the revised exhibit, the percentage under lease to Chesapeake in the unit should be 72.364134?

A. That's correct.

Q. And the percentage that remains unleased would be 27.635866?

A. Yes.

Q. Okay. And all unleased...all the parties that remain unleased at this time are set out in the revised Exhibit B-3, correct?

A. Yes.

Q. Okay. We don't have any unknowns, do we?

A. Yes.

Q. Okay. We do have an unknown, a Glen Dotson and spouse or Heirs in Tract 2, right?

A. 2. Yes, that's correct.

Q. Did you make all reasonable diligent efforts to locate those Heirs?

A. Yes, we did.

Q. Okay. So, in your professional opinion, due diligence was exercised to locate each of the

respondents---?

A. Yes.

Q. ---named in Revised Exhibit B?

A. Yes.

Q. Okay. And you're requesting the Board to force pool all unleased interest as listed at Exhibit B-3, correct?

A. Yes.

Q. Okay. And could you state for the Board, again, the fair market value of drilling rights in the unit here and in the surrounding area?

A. A five dollar per acre consideration, a five year term and 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. Yes.

JIM KAISER: And with the Board's permission and your approval, I'd like to incorporate the statutory election option testimony taken earlier in item 2100.

DENNIS BAKER: I accept the terms.

BENNY WAMPLER: Do you approve of that?

DENNIS BAKER: Yes.

BENNY WAMPLER: That will be incorporated.

Q. Okay. The Board does need to establish an escrow account for that unknown interest in Tract 2, correct?

A. Yes.

Q. Okay. 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?

(No audible response.)

BENNY WAMPLER: Call your next witness.

STAN SHAW

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Shaw, you're familiar with the proposed exploration and development of this unit?

A. I am.

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

A. 5,535 feet.

Q. The estimated reserves for the unit?

A. 300 million cubic feet.

Q. Are you familiar with the well costs?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. The dry hole costs are $284,987 and the completed well costs are $636,989.

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 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 with the revised set of exhibits.

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 members signify by saying yes.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval. Next is a petition from Dart Oil and Gas Corporation for pooling of conventional gas unit Johnson 042201. This is docket number VGOB-07-1218-2106. Merry Christmas, Gentlemen.

STAN SHAW: Thank you. Merry Christmas.

DENNIS BAKER: Merry Christmas.

BENNY WAMPLER: I'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, in this case, it will be Jim Kaiser, Bob Powell and Ed Dominick for Dart Oil and Gas.

(Ed Dominick and Bob Powell are duly sworn.)

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

BOB POWELL

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Bob Powell. I'm employed by Dart Oil and Gas as a landman.

Q. And you've testified before the Board on numerous occasions previously on land matters?

A. Yes.

Q. And do your responsibilities include the

land involved here and in the surrounding area?

A. Yes.

Q. Now, this is an Abb's Valley well, so we're talking about a unit that was established by a field rule and these are 200 acre squares, is that correct?

A. Yes, it is.

Q. And, so, we are here filing this application seeking to pool any unleased interest within that 200 acre unit, correct?

A. Yes.

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

A. Yes, they do.

Q. And prior to the filing of the application, did you make efforts to contact each of the interest owners within the unit in an attempt to work out a voluntary lease agreement with each?

A. Yes.

Q. Okay. And what is the interest under lease to Dart within the unit at this time?

A. 70% at the time of the application.

Q. Okay. And all unleased parties are set out in Exhibit B-3?

A. Yes.

Q. So, 30% of the unit remains unleased?

A. That's correct.

Q. Okay. And there weren't unknown or unlocateable parties owning interest, is that correct?

A. No.

Q. And you're requesting the 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 the unit here and in the surrounding area?

A. Yes.

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

A. Twenty dollars per acre for a five year paid up lease.

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

A. Yes, it does.

JIM KAISER: Mr. Chairman, again, with your permission and Mr. Powell's approval, I'd like to incorporate the statutory election option testimony first

taken today in item 2100.

BENNY WAMPLER: Do you accept those terms?

JIM KAISER: Yes.

BENNY WAMPLER: That will be incorporated.

Q. In this particular case, we don't have...it's a conventional well. We don't have any unknown entities. So, the Board does not need to establish an escrow account, correct?

A. Correct.

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

A. Dart Oil and Gas Corporation.

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

BENNY WAMPLER: You didn't have any testimony as to the royalty or anything. Is there none paid or did I miss it?

JIM KAISER: Well, that would have been in the statutory election options, I guess.

BENNY WAMPLER: Okay.

SHARON PIGEON: But under his---.

JIM KAISER: Oh, under his lease terms? Yeah.

Q. What's your...what would be your standard royalty?

A. One-eighth royalty. It's the same as Equitable.

JIM KAISER: All right.

BENNY WAMPLER: All right. It's the same as the lease terms. All right. Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Before I tell him to call the next witness, I'll tell the Range folks that lunch is here and we're going to break for lunch. So, you know, be back at 1:00. Call your next witness.

JIM KAISER: Merry Christmas. Ha! Ha!

(Laughs.)

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

BENNY WAMPLER: Call your next witness.

ED DOMINICK

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Ed Dominick, Dart Oil and Gas and I'm in charge of engineering and operations.

Q. And you've previously testified before the Board at these force pooling hearings---?

A. Yes.

Q. ---on the operations and AFEs before, correct?

A. Yes.

Q. Okay. And you're familiar with the proposed plan of development for this unit in this well?

A. Yes.

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

A. 4500 feet.

Q. And estimated reserves for the unit?

A. 750 million.

Q. Are you familiar with the well costs?

A. Yes.

Q. Has an AFE ben reviewed, signed and submitted to the Board?

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 both the dry hole costs and completed well costs for this well?

A. The dry hole cost is $564,450 and the completed well cost is $750,400.

Q. And 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---?

A. Yes.

Q. ---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.

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

DONNIE RATLIFF: 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.

(All members signify by saying yes.)

BENNY WAMPLER: You have approval. Thank you.

(Lunch break.)

BENNY WAMPLER: Okay. We'll go ahead and call the meeting to order. The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for establishment of a 320 acre conventional gas unit for drilling horizontal wells. This is docket number VGOB-07-1218-2107. 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, Jerry Grantham and Phil Horn on behalf

of Range Resources-Pine Mountain Oil and Gas. I guess they both need to be...well, they may have been previously sworn.

BENNY WAMPLER: They've been previously sworn.

JIM KAISER: Both of them?

COURT REPORTER: Uh-huh.

JIM KAISER: Okay.

BENNY WAMPLER: Yes.

JIM KAISER: We'll start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Phil Horn. I'm district landman for Range Resources-Pine Mountain, Inc.

Q. And in this particular 320 acre unit, would it be your testimony that all of the coal, oil and gas owners within that 320 acres have been noticed by certified mail, return receipt requested?

A. That's correct.

Q. And, also, in this particular unit, different from the units that Range-Pine Mountain has formed

previously, we have not only acreage that is owned and/or controlled by Pine Mountain, but there are some tracts within this unit that are actually under lease to Equitable who will be a partner in the development of this unit, is that correct?

A. That's correct.

Q. So, when you take that and put it all together, then a 100% of the acreage in the unit is under lease owned and/or controlled by Range-Pine Mountain and Equitable?

A. That's correct.

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: Call your next witness.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Jerry Grantham. I'm employed by Range

Resources-Pine Mountain, Inc. and my position is vice president.

Q. And you have...you've been the lead witness on all the other applications that we've filed to establish these 320 acre units for the drilling of horizontal conventional wells in the past, correct?

A. That is correct.

Q. And with that being said, I would ask that you just go ahead and kind of take the lead here, along with your handout and go through the concept with the Board and why we want to do this and why we think it will be successful.

A. Okay. The concept is similar, really identical, to what you've seen that Pine Mountain has proposed in the past. If you look at Exhibit C, Exhibit C is a diagram of the proposed 320 acre unit for horizontally drilling in conventional reservoirs. The unit would have a dimension of 3733 feet by 3733 feet. So, of course, it would be a square. We're proposing that the setback would be 300 feet from the boundary so that no producing portion of the horizontal could be within that unit.

Now, if we go to Exhibit D, I've outlined these things. Again, the proposed units, 320 acre square. It gives the dimensions. We have an interior or actual

exterior window or a window frame if you want to call it that that we cannot produce outside of. We're proposing that between horizontals in different units that the horizontals would have to be 600 feet apart, not within a unit but between separate units. We also are proposing that there be a 600 foot distance between any portion of the horizontal well bore and any vertical well that's producing from the same horizon.

We're proposing that we be allowed to drill the maximum number of wells or laterals within a unit and that these could be from the same horizon, in other words, two horizontals from say the Lower Huron Shale or horizons or, excuse me, horizontals in multiple horizons. For example, a horizon on the Lower Huron and a horizontal in maybe the Berea or one of the other formations.

Then, lastly, we're proposing that we be allowed to drill the vertical portion of the hole outside of the window and even outside of the unit. The reason for this is, I think if we maybe just skip forward to Exhibit G, it spells it out a little better. Of course, the hole starts out vertically. I'll get back to this exhibit in a little bit. It starts out vertically. At some point, we have to start what we call building the curve. That's the time and distance it takes to go from a vertical well bore to a

horizontal well bore. For different operators, that maybe...take a different amount of distance. For us, it takes about 600 feet. So, our proposal to be able to be allowed to spud to the vertical portion of the hole outside of the unit would allow us to build that curve outside of the unit and, therefore, maximize the amount of horizontal that would be drilled within the interior window.

Now, I guess, if we back up a little bit and go back to Exhibit C, Exhibit C is just sort of a conceptual type of exhibit showing sort of the...I'm sorry, Exhibit E is...let's see, we have...I see we have some different exhibit numbers there. What you want to do would be on Exhibit E, which is in the upper right hand corner of that exhibit. That's the correct exhibit number. If you can scratch the number in the center part of the page there. I apologize for that. This exhibit is sort of showing how, you know, potentially three conventional vertical units sort of fit together with this 320 acre square proposal. Again, vertical units are on the circular with sort of the spider webb effect showing, you know, potentially acreage in between that's not being developed, whereas the square unit develops all acreage and it incorporates all of the royalty in that acreage and nobody is left out. The other thing that this exhibit shows is sort of the concept of maybe two

laterals within the unit. In this particular example, the little gas well down in the southeast corner sort of represents the surface location. Therefore, you know, we can drill maybe two wells or three wells. We don't know what the number is from one location. We're actually working on that right now.

Again, Exhibit F...I apologize. If you scratch the Exhibit C there. Exhibit F is just a side view, again, showing how these horizontals are drilled, the vertical section of the hole and then horizontally. The fact that we think that maybe multiple conventional reservoirs have potential and we certainly, you know, want to be able to go develop those on a horizontal basis from this one unit.

Exhibit G, we talked about a little bit. I want to go back and talk a little bit about the vertical section of the hole here. All of the requirements that the DGO has in place for a vertical well would apply to us including having to set a string of casing to protect the groundwater. A string of casing over all of the coals and those are cemented back to the surface. Then, the horizontal part of the well would be started below any of the coal bearing strata.

What we've seen thus far, and you can see on my diagram I've put about 3,000 feet, that's about how far out

we've seen or been able to drill at least on our initial well. We think that amount could be greater. There's a learning curve involved in anything new like this. So, you know, as we do some more of these, hopefully, we will find some of those things and we make things more efficient and more cost effective.

BENNY WAMPLER: Do you have a limited number of rigs that can do this or can any of them---?

JERRY GRANTHAM: There are certain rigs...yes, that's a good point. There are certain rigs that are well suited for this type of drilling and there are certain rigs that are not well suited for this type of drilling and a lot of it depends on the size of the rig. Actually, how much hook load it has, which is basically how much pipe it can pull out of the ground because you can imagine this vertical section of this hole on Exhibit G, if we're going to the Lower Huron Shale, you can see we're at about 5,000 feet. Then, we tag 3,000 feet on horizontally, we're up to 8,000 feet. Well, that's a deep...that's a deep well, certainly, for this basin, for the Appalachian area, that's a very deep well. So, you have to be able to have a rig that can get everything out of the hole that you put in the hole. So, there are certain rigs that can do this that are better suited and there are other rigs that, you know, we would not

use.

Then, finally, this is sort of a summary slide or sheet. The benefits of horizontal drilling, I think first and foremost is the fact that, you know, we're...we the operator are sort of wanting to test this technology here in Virginia. We think it has application. If it does have application and we can do it successfully, certainly, it's...hopefully, it will benefit us. I mean, our company wouldn't want us to do it if it didn't. But, there may also be a period of time where we have to go through a learning curve and figure out, you know, how is the most efficient way to do this. If it works at the end of the day and it benefits us, we believe it benefits the royalty owners because it's developing the royalty and the acreage underneath these units and it ultimately benefits the state from the stand point of, you know, jobs, increased taxes and those types of things. We also think that it has...promotes the conservation of the gas resource. These wells cost a lot more than a vertical well. Therefore, to make it work economically they're going to have to produce more gas in a vertical well. And, so, if we produce more gas, we're probably preventing waste and producing gas that probably wouldn't be produced by other methods.

The laterals, I think, have sort of a conservation

application from the stand point of the surface that can be drilled under areas that might not be accessible. A town, you can drill from one side and drill underneath a town, a river, a mountain, a coal mine. You know, there are things that we can do and access areas that probably couldn't be accessed vertically.

With that being said, potentially it could have less impact upon the coal because we would have fewer straws or the straws potentially might all be clumped together in one area. The same is true for the surface because, again, if we clump these wells together, we have an efficiency there that we like. You know, everything is in the same area.

Then, finally, the square units, you know, help get rid of this stranded acreage issue. So, we really feel like it's an exciting time. It's a neat technology. It's certainly has a proven track record in other areas and we hope it does here too.

BENNY WAMPLER: What kind of production do you typically get in the other states where you're doing this?

JERRY GRANTHAM: It varies. I mean, I...and I'm no directly involved in this, but down in some of the wells in Texas in the Barnett shale they're seeing production...and these are at initial rates...so, you know,

a well...a well's best day is usually its first one. That's not always true. But, generally, the highest production is on the first day and it goes down after a period of time. Some of those wells will come on at several million cubic feet of gas a day. So, in Kentucky from some of the information that I've seen that has been released, you know, a million to two million a day potentially some of the...some of the other areas, I think that's a pretty consistent number. So, substantially more than a vertical well. Of course, it needs to be more because the cost is quite a bit more.

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

DONNIE RATLIFF: Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: I guess, I'm trying to wrestle why you want to go outside the window to put the well vein.

JERRY GRANTHAM: The vertical portion of the well?

DONNIE RATLIFF: The vertical portion. If you only expect to go 3,000 feet, even if you go right down the line you’re at 3700 and if it takes 600 to make the curve, the 3700...well, I don’t know if it’s...because the top of the arrow goes to the top, but the bottom only comes to the drilling window.

JERRY GRANTHAM: The 3700 is the whole distance?

DONNIE RATLIFF: Is it? Okay.

JERRY GRANTHAM: Yeah. It's not...that arrow should be extended further.

DONNIE RATLIFF: So, even if you went in the drilling window in the corner and it took 600 feet to make the turn---.

JERRY GRANTHAM: In theory, you ought to be able to transect that whole distance and you probably...you would have to...you would have to stop here. You couldn't drill this. So, let's take 400 feet. Effectively then, the producing interval here would probably be 4400 feet from window to window because we...we are not proposing that we can produce in the...in the window frame.

DONNIE RATLIFF: I understand that.

JERRY GRANTHAM: We're only proposing that we can produce here. So, 4400 feet...I'm ball parking this in my head right now---.

DONNIE RATLIFF: But you made the...you made the statement that you would probably go 3,000 feet and not much more than that.

JERRY GRANTHAM: No, 3,000 is what...what we did on our initial well. I think as we work through this learning curve we can achieve more than that. I think that

has been done in other areas in Kentucky and in Texas. You know, something...reaching 4,000 feet I don't think is out of the question.

DONNIE RATLIFF: I guess I'm just trying to figure out, if I'm the land owner and I'm sitting here and I let yo put the well on me, I don't get any royalty.

JERRY GRANTHAM: Correct, because nothing is being produced from your property.

DONNIE RATLIFF: That's right.

JERRY GRANTHAM: Yeah.

DONNIE RATLIFF: So, you would have to compensate that person differently.

JERRY GRANTHAM: That is correct. We would...we would compensate them. I mean, it would depend on what the agreements might be in place. But, in general, what would happen would be they would get some sort of surface damage payment. The other thing that you have to remember is that horizontal right here would be an absolute perfect world, which doesn't happen out there as we all know. I mean, I would love to say we could get a surface location right down here and drill that or try to drill that, but in reality that might be in the middle of a creek or it may have various other...you know, right next to a house or various other issues. So, that in reality, you know, how many...how

many times is this really going to happen?

DONNIE RATLIFF: Yeah, I understand that. The only reason I asked the question was I understood you to say that 3,000 feet would probably...would be the maximum distance you would go and not much more than that. That's why I asked. If there is a potential to go four, then there's a reason to go outside the window.

JERRY GRANTHAM: If I said that, I apologize. I misspoke.

BENNY WAMPLER: Other questions?

BRUCE PRATHER: Mr. Chairman. Jerry, if you were going to drill two laterals in the same well, would you have to increase your pipe size at the surface? I mean, could you come down 7 inch with two laterals and case it?

JERRY GRANTHAM: That's a good question. I think...we have not looked...I will tell you that Pine Mountain has not researched that. I have been told that that type of technology is being done in some areas such as offshore, the Gulf Coast, where, you know, they...having one surface...I mean, when they bring those big platforms out they do it that way. I don't know whether it could be cost effective to do that. In all likelihood, what we would do would be to move 30 feet away from that well bore and drill it off the same well pad---.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: ---as opposed to trying to do out of the same well bore.

BRUCE PRATHER: I was looking at the (inaudible) and I didn't see how you could possibly put two strings of four and a half down 7 inch casing.

JERRY GRANTHAM: I do think that's being done in some areas. I don't quite understand that technology.

BRUCE PRATHER: It might be two and 7/8. You could probably do that.

JERRY GRANTHAM: It might be.

BRUCE PRATHER: Another thing...another question that I have, on these laterals like out in the Lower Huron shale, how far apart are you staging those frac jobs?

JERRY GRANTHAM: The one that we have done and we have done one now, what we have done is we achieved approximately 3,000 feet of lateral. We divided that interval up into seven sections. Pretty...one section was not evenly spaced, but the rest of them then were about 400 feet apart.

BRUCE PRATHER: 400 feet?

JERRY GRANTHAM: Uh-huh.

BRUCE PRATHER: Okay. I heard somebody said they were going to do it 800 foot apart on these laterals and if

you were afraid of, you know, getting your frac jobs to go together, then why...if the 800 foot is what they're using down there to keep away from interference, why would be using 600 feet offsetting somebody else's well?

JERRY GRANTHAM: I haven't heard 800. That...that seems like an awfully large interval to me.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: I've never heard that.

BRUCE PRATHER: But you're doing 400 or something like that?

JERRY GRANTHAM: Ours were actually less than 400 except for one...our first stage was larger---.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: ---and that was more just because of an operational issue. We really wanted them to all be evenly spaced, but it didn't work out that way.

BRUCE PRATHER: But you didn't get interference as far as you can figure?

JERRY GRANTHAM: As far as we can tell, we saw no interference---.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: ---on the frac.

BRUCE PRATHER: Okay.

BENNY WAMPLER: You mentioned in a perfect world,

and we know we don’t work in that, but the units that we’re talking about creating here, you’re typically talking about a 1,000 feet...1,000 feet down to the surface---.

JERRY GRANTHAM: Yes, sir.

BENNY WAMPLER: ---and if you’re drilling out in here outside this box, if you will, outside this unit, then you’re into two other units. If you’re going this way. Is that right?

JERRY GRANTHAM: We wouldn’t be with any of the horizontal itself in any other unit other than the unit that we are proposing.

BENNY WAMPLER: Your laterals?

JERRY GRANTHAM: The laterals would not extend into any other unit other than the unit that we’re proposing to be spaced here today. Now, the surface portion of the hole... the vertical section, we are saying that we would like the ability for that to be outside the window.

BENNY WAMPLER: So, that you can keep you laterals within the unit?

JERRY GRANTHAM: So, that we could maximize the amount of lateral that we potentially could drill within the interior window.

BENNY WAMPLER: So...that’s what I didn’t see in the stipulations and that’s what I’m obviously going toward.

You're not at anytime going to have your laterals outside this unit?

JERRY GRANTHAM: That is correct. No portion of the producing lateral would be...would be outside of the interior window.

BENNY WAMPLER: The interior window of the lateral.

JERRY GRANTHAM: Correct.

BENNY WAMPLER: Okay.

JERRY GRANTHAM: Did I answer your question?

BENNY WAMPLER: Yes. Yeah, I'm just getting a clarification---.

JERRY GRANTHAM: Okay.

BENNY WAMPLER: ---because I, you know...when we're talking about protecting correlative rights, you've got to stay in there.

JERRY GRANTHAM: Exactly. Exactly.

BENNY WAMPLER: Other questions?

MARY QUILLEN: Mr. Chairman, I have one question.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: This is in the Clintwood District. How close is this to the Town of Clintwood?

JERRY GRANTHAM: Five miles.

BOB POWELL: Three or four miles probably.

MARY QUILLEN: And this is just one unit. Are... refresh my memory of where the other unit is that you are currently?

JERRY GRANTHAM: That we have drilled?

MARY QUILLEN: That you have...yeah, that you are currently, yeah, drilling.

JERRY GRANTHAM: The other unit that we drilled earlier this year is approximately four to maybe five miles to the southwest of this unit.

MARY QUILLEN: Okay. So, it's not really close to where this---?

JERRY GRANTHAM: It is not close.

MARY QUILLEN: Okay. My next question is, do you propose to develop additional units in this general vicinity?

JERRY GRANTHAM: General. It's a good question. In fact, this particular unit is adjacent and contiguous to a unit that was approved last month. The reason that we want these two side by side, we sort of have things...because this is new, we're testing new ideas. The ideas are in drilling and operations and completions and all the various things. I think you've seen this slide. I probably should have included it here. With two units side by side like this, what we would like to do then would be

put a location...for example, this is this unit. We have an approved unit here, which fits perfectly with this unit. It's the same spacing and everything. What we would like to do would be find a location right on this border that we potentially...and we don't know...I mean, operationally is another thing. I think we can do it. We can drill a well this way in that unit and develop that side and drill a well this way in that unit and develop that side. Again, that gets back to the concept of trying to centralize all of the surface facilities, all of the drilling and everything into one local and develop it that way.

MARY QUILLEN: That was...that was my point is you haven't started drilling. You haven't drilled at all on the one that was previously just approved.

JERRY GRANTHAM: That is correct. We have not drilled on that one.

MARY QUILLEN: So, you could drill from one platform or that's what you were thinking, one platform, which would service two units that are side by side?

JERRY GRANTHAM: That is exactly correct. On this particular example, that is what we would like to try and attempt and see if that concept works. I think it should. Operationally, everything says it should. You know, you try and think through all of that. But that's what we would

like to test right here.

MARY QUILLEN: Thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Let me, if you don't mind, throw something in that has come up on the permitting side just so that everybody understands. The vertical portion of these wells that are approved in the horizontal units cannot be completed in any zone in a conventional manner without modifying the permit and probably coming back to the Board on correlative rights issues to complete that. We had the question to come up as to whether the...an operator could produce a horizontal leg out of this unit and perforate per use from the vertical portion of the wells. We answered no to that because it's a totally different unit. This unit is only approved for horizontal development production.

JIM KAISER: Yeah, I was part of that discussion.

BOB WILSON: Yes, you was.

JIM KAISER: That was a long discussion.

BOB WILSON: It got kind of hot sometimes too.

JIM KAISER: Huh? It was me and Bob against them.

JERRY GRANTHAM: It wasn't us.

JIM KAISER: No, it wasn't you.

(Laughs.)

BENNY WAMPLER: But that's what...that's what the relief sought is for the drilling of horizontal and conventional gas wells in this unit.

JIM KAISER: Right. Correct.

BENNY WAMPLER: But thank you for the clarification. 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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. Next is a petition from Range Resources-Pine Mountain, Inc. for a establishment of 320 acre conventional gas unit for drilling

of horizontal wells, docket number VGOB-07-1218-2108. We'd ask the parties that wish to address the Board in this matter to come forward at his time.

JIM KAISER: Again, Mr. Chairman, Jim Kaiser, Jerry Grantham and Phil Horn for Range-Pine Mountain. I probably should have asked that these be consolidated at least in the sense of Jerry's testimony because his testimony is going to be, I think, verbatim, exactly the same. The land issues are a little bit different in that...and I'll call Mr. Horn now on that.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, is it true that everybody that owns interest in the oil, gas and coal within this 320 acres has been notified?

A. That's correct.

Q. And would it be your testimony that...in this particular unit that Range-Pine Mountain owns, leases and/or controls a 100% of the acreage? There aren't any other leases such as the Equitable leases in the previous

unit?

A. That's correct.

JIM KAISER: Okay. With that being said, and the Board's permission, unless they just want Mr. Grantham to go through his package again, we'd ask that testimony be incorporated for purposes of this...the formation of this unit.

BENNY WAMPLER: That will be incorporated. I guess the only thing, is it the exact same process and plan for this unit?

JERRY GRANTHAM: Yes, sir.

BENNY WAMPLER: Questions from members of the Board? Mr. Prather.

BRUCE PRATHER: Is this unit adjacent to the other unit?

JERRY GRANTHAM: This unit is not adjacent. It's probably five miles to the northeast of the other unit.

BENNY WAMPLER: In the Ervington District.

BRUCE PRATHER: Okay.

JERRY GRANTHAM: I might address that a little further.

BENNY WAMPLER: Sure.

JERRY GRANTHAM: I mean, from an exploration standpoint what we would like to see would be we have

roughly a 225,000 acre property. I mean, it's virtually as large as Dickenson County. It's a very large area. We've drilled our first well. We've successfully, operationally things went well. We were pleased with it. We've completed it. It has gone on line about two weeks ago, yesterday. So, far so good is what I keep telling our guys. I mean, early on data is just, you know, from a production standpoint is encouraging, but you just don't know where everything is going to settle out I guess so to speak. But what we're trying to do in this particular case is move to a totally new area of our property...of our large property and test the idea. What I would like to do then would be...you know, this is, as I say, 200 plus thousand acres is moved to other areas in the property and see if we get similar results to our first do we, you know, have that type of shale...operationally do things go well and in the meantime while we're doing that, hopefully continue to learn and make things more efficient in the process of drilling, which then, of course, hopefully translates into dollars in that we can do it cheaper because at the end of the day that's sort of what it boils down to is the cost versus the return. I mean, at the end of the day that's what most companies like Range Resources would look at. So, we sort of have a two-fold thing is test portions of the property and at the

same time hopefully refine our skills in this relatively new technique for us and make it more efficient. In the meantime, produce these wells and get an idea of what type of production we're going to have and what type of ultimate reserves they're going to have and that type of thing.

BENNY WAMPLER: What experience do you have in other states where this has been gong on from time to where you have your contiguous units and this type of drilling going on? Do you see that it positively or negatively influences as you keep them contiguous?

JERRY GRANTHAM: We don't have any operations in Kentucky. I know Kentucky is a lot different in their relations and what they're allowing. There is, if I'm not mistaken, a 500 foot sort of radius around the whole thing. So, it again gets back to that cigar with the idea that that's the effective drainage of that horizontal. My limited understanding of that is that that seems to work pretty well over there. Texas, I know they've had larger units and they've gone down to smaller units. Now, they don't do squares. Arkansas, I think, does a very similar type of unit to what we've proposed. In fact, we sort of tried to model it even after the Arkansas model where they're developing in Fayetteville and---.

BENNY WAMPLER: Don't say that.

JERRY GRANTHAM: Don't...oh, I'm sorry.

(Laughs.)

JERRY GRANTHAM: Different states...I guess my point is different states sort of take different approaches on how do you do this. At the end of the day, my guess is we're most like Kentucky because that's the closest state to us insofar as...plus we're...at least right now we've targeted the same horizon, Lower Huron shale.

BENNY WAMPLER: Other questions from members of the Board?

MARY QUILLEN: Mr. Chairman, just---.

BENNY WAMPLER: Ms. Quillen.

MARY QUILLEN: ---the same questions I asked before. In this area here, the Ervington District, are you looking at possibly adjacent units also?

JERRY GRANTHAM: At this point, we don't really have anything that's in the works in this area. Now, if we go drill this well and we have a great success, I can't say that we wouldn't want to come back before you and request another unit to maybe see how repeatable that is. But at this point, we do not have any other units appear...that have been presented or approved by the Board.

MARY QUILLEN: And if...just for argument's sake that might be a possibility, would this platform be placed

in an area that you would be able to do that if it were adjacent units---?

JERRY GRANTHAM: Yes.

MARY QUILLEN: ---from the same platform?

JERRY GRANTHAM: We're sort of trying to look at that. To me, that's a little further out as far as...you know, first we have to walk and then we can run.

MARY QUILLEN: Right.

JERRY GRANTHAM: I'm not saying...so, we are sort of looking at that in well placement and we realize that well placement is very key. Probably the biggest key to well placement, at least right now, is being able to orient the horizontal in the preferred direction and that's all based on geology right now. The problem is we've drilled one. We don't know what the preferred direction. We think we know, but until we drill some of these and we drill different directions we probably aren't going to know. What we've seen thus far in other parts of the Appalachian Basin is that generally you want to drill sort of in a southeast/northwest direction and that's consistent with other geologic factors that we see. We think we've crossed more fractures that way. But I know of cases in other parts of the Appalachian Basin where they've drill perpendicular to that and actually have done very well there too. So, we

think we're smart. Sometimes we're aren't as smart as we think we are. But we are beginning to look at that, can we optimize a location, because it benefits everybody. It benefits...I mean, in my opinion it benefits everybody. It benefits us because it's...we save money and everything is---.

MARY QUILLEN: It's cost effective.

JERRY GRANTHAM: ---one area. We bring everything back to one area. So---.

MARY QUILLEN: Plus environmentally.

JERRY GRANTHAM: Envir...I think, you know, when we can cluster these wells, it really is advantageous to everyone.

MARY QUILLEN: Thank you.

BENNY WAMPLER: Other questions? Do you have any---?

BOB WILSON: Mr. Chairman.

BENNY WAMPLER: Mr. Wilson.

BOB WILSON: Again, I would Jerry, are you coming up with any scheme for placing these units randomly or are you placing them randomly around your property with no thought toward eventually tying them all together in a field rule?

JERRY GRANTHAM: What we have done is on a

localized basis, obviously, like the prior one where those are side by side...I mean, those would make no sense not to have them on the same pattern. When we start moving distances of four or five miles or six miles trying to repeat that pattern up to that next well, we've found it has its challenges at this point. So, to answer your question bluntly, this...this spacing is not on the same spacing pattern as the wells five miles to the southwest. We're looking at that more at this point to see, you know, can we space the whole field or at least get on a pattern that spaces the whole field. I'm not saying we want to space the whole field at this point because I think we need more information. But at this point, when we move from a large distance like five miles we've found that trying to extend that pattern out that far has not...has not worked at this point. So, they are not on the same pattern.

BENNY WAMPLER: Is that because of the geology or because of the terrain?

JERRY GRANTHAM: Geology is an issue and terrain is an issue because at this point we're going with what we think we know, which is the best way to drill is from a north this way and as Mr. Ratliff pointed out, you know, this is a perfect world...or I pointed out to Mr. Ratliff, that's a perfect world when we can go from that corner to

that corner. We space these things up and at this point then surface locations become an issue and then how do we get the extension that we think we need and that type of thing. And, then, I think there's some basic issues on realistically can we set up a grid that can effectively do this in the whole field at this point.

BOB WILSON: Well, at what point in time do you think a decision of that sort could be made? Otherwise, we end up with another random pattern of units that leave gaps or overlap or whatever. Down the road, at some point in time, I think a decision is going to have to be made as to exactly where we're going with this thing. Our initial attempt at this was to not get ourselves in another situation where we are creating a situation like you were trying to remedy by coming back and infilling to get stranded reserves. So, if we come out and set up a series of random 320 acre squares at various corner and then gradually continue to fill them in, we're going to be exactly in the same situation with the squares that we are now with the circles. So, at some point in time, in my opinion---.

BENNY WAMPLER: We're never going to have that in Virginia.

BOB WILSON: Excuse me?

BENNY WAMPLER: We're never going to have that in Virginia. That's why I said, don't use Arkansas or Kentucky or anybody because---.

BOB WILSON: Well, Arkansas...well, Arkansas has regular---.

BENNY WAMPLER: Yes.

BOB WILSON: ---320 acre units laid out. I mean, it's on township range grid and you're tied into it. You don't get to choose where you put them.

BENNY WAMPLER: Well, that's what I was saying, you know, at some point in time whenever we do a field rule, we won't have it to where it matches what they have necessarily. They may be double paying, but we'll put it where it works out as far as the Board is concerned, you know.

JERRY GRANTHAM: And these are provisional units. This is being done on a provisional basis. We're certainly beginning to look at that. One of the things that concerns me about making a unit in this area tied to a unit that's five miles to the southeast at this point is that I feel like we're at the point...we're at a point in this process that we're really trying to give everything our best shot because really the first...I don't know what the number is, ten or twenty wells. I mean, we've got a big area here in

Virginia because, you know, a lot of decisions are going to be made from the industry standpoint on, you know, is it economic. Does horizontal drilling make sense from a commercial standpoint? So, I've approached it from the standpoint or I guess Range has approached it from the standpoint that I want to give these first ones the absolute best shot I can possibly give them. If that means, you know, having to move a unit so that I get the orientation on the lateral, that's the way I've approached. Now, I understand the concern and we've certainly become sort of looking at bigger areas and trying to lay out grids and how does it all work. At the end of the day, I mean, these are provisional units. I'm assuming they can be changed by an order at some point or modified by an order if they need to be to accommodate a grid or to meet that order requirement.

BENNY WAMPLER: Yeah, I mean...you know, to me we want to give you maximum flexibility. I think it's wise to plan because you know where we're going---.

JERRY GRANTHAM: Yes, sir.

BENNY WAMPLER: ---if this does play out. We want you to have...from your business prospective to have maximum flexibility to test the field, but with the understanding that whenever we do an order we're going to pull you into it. We're not going to work around you, you know.

JERRY GRANTHAM: Yes.

BENNY WAMPLER: And that's the thing, you know, that's important here. Just so you understand that.

JIM KAISER: Well, I guess it's conceivable we could have several different field rules rather than just one in a field or area...you know, one 225,000 acre field rule. I mean, you've got Pilgrim's Knob. You've got Abb's Valley. You've got, in the CBM side, you've got Nora and you've got Roaring Fork. I mean---.

BRUCE PRATHER: I have a questions, Mr. Chairman.

JIM KAISER: Why not?

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: What was I going to say?

BENNY WAMPLER: Anyway, to get at that point, my response to that would be, you would have to show geologically that you had some difference that dictated that just like we heard testimony---.

BRUCE PRATHER: What I was going to say was, the distance in between these logs, if it's all in...or these wells, if it's all internal on your 225,000 acres and you want to take the risk that one of these units would be a half a unit and you want to drill it, that's...as far as I'm concerned, if you want to take that risk while everything is internal within your lease, I have no problems with it, if

you want to take the risk. But if it's not internal, it will...where ever the overlap is, if it's not internal within your lease than we've got little problems.

JERRY GRANTHAM: And this is...you know, it is a large...the Pine Mountain acreage is a large acreage block. Obviously, there are holes in that acreage block that, you know, are leased...we have leased. But, I mean, we do have a very sizeable block out here of a lot of very contiguous acreage.

BENNY WAMPLER: Other questions?

(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?

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.

DONNIE RATLIFF: I abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff.

JERRY GRANTHAM: Thank you.

JIM KAISER: Thank you.

BENNY WAMPLER: Thank you. Merry Christmas, Jim.

JIM KAISER: Merry Christmas to you.

BENNY WAMPLER: Next is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well...for proposed conventional well V-530053, docket number VGOB-07-1218-2109. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Tim Scott, Jerry Grantham and Phil Horn for Range Resources-Pine Mountain.

(Jerry Grantham passes out an exhibit.)

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

TIM SCOTT: We're getting ahead of ourselves. We're passing out the wrong exhibits. So, we're going to---.

JERRY GRANTHAM: I apologize.

TIM SCOTT: We're going to...we're going to back up and give you another one.

SHARON PIGEON: Does this one go on thirty?

(No audible response.)

(Jerry Grantham passes out an exhibit.)

(Off record.)

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

TIM SCOTT: All right. Thank you, Mr. Chairman.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name and by whom you're employed?

A. My name is Phil Horn. I'm the district landman for Range Resources-Pine Mountain, Inc.

Q. And your job description, please?

A. I'm in charge of running the land department.

Q. And are you familiar with this application now pending before the Board?

A. Yes, I am.

Q. Are you familiar with the oil and gas ownership encompassed by this unit?

A. Yes, I am.

Q. And can you tell us that, please?

A. Pine Mountain...Range Resources-Pine

Mountain owns all of the oil and gas in this unit.

Q. Okay. Who operates the reciprocal wells P-10, P-193 and P-244?

A. Our partner, Equitable Production Company.

Q. And you've indicated that they were your partner and you participated in those wells, is that correct?

A. That's correct.

Q. Now, we have parties that we notified who are listed on Exhibit B to the notice of hearing. How were those parties notified?

A. By certified mail.

Q. And have you provided proof of mailing with the Board?

A. Yes, we have.

TIM SCOTT: That's all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

TIM SCOTT: Okay.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Grantham, would you please state your name and by whom you're employed?

A. I'm Jerry Grantham. I'm employed by Range Resources-Pine Mountain, Inc.

Q. And your job description, please?

A. I'm vice president.

Q. And are you familiar with this application...did you participate in the preparation of this application?

A. Yes, I did.

Q. Please explain to the Board why we're seeking a well location for V-530053.

A. We're seeking an exception for 530053 because there is no other legal location within the unit to access and drain the stranded reserves that exist there.

Q. What is the total acreage that would be stranded if this application were not approved?

A. On Exhibit C, if you look at the area, the circles represent a 1250 foot radius with the existing wells surrounding it. The green area that's shaded within that circle would represent approximately 99.8 or just under a 100 acres out of the 112 acres that currently is not within

an well unit.

Q. What would be the proposed well depth?

A. The proposed well depth for this 6405 feet.

Q. And what's the potential loss if this well is not drilled?

A. It's 325 million cubic feet.

Q. Why then should the Board approve this application, Mr. Grantham?

A. The Board should approve this application to promote the conservation and prevent waste of the gas resource and to protect correlative rights.

TIM SCOTT: That's all the questions I have for Mr. Grantham.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval.

TIM SCOTT: Thank you.

BENNY WAMPLER: Next is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530049. This is docket number VGOB-07-1218-2110. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Jerry Grantham, Phil Horn and Tim Scott for Range Resources-Pine Mountain, Inc.

BENNY WAMPLER: That has the Exhibit C that you handed out earlier?

TIM SCOTT: Yes, sir.

JERRY GRANTHAM: Yes.

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, would you state your name and by whom you're employed and your job description, please?

A. Phil Horn, Range Resources-Pine Mountain, Inc. I'm district landman. I'm in charge of all land related activities.

Q. Did you assist in the preparation of this application now pending before the Board?

A. Yes...yes, I did.

Q. And are you familiar with the ownership for the oil and gas underlying this unit?

A. Yes, I am.

Q. What would that be, please?

A. Range Resources-Pine Mountain owns the oil and gas under Tracts 1 and 3 and Styman Development Company owns the oil and gas under Tract 2. They're oil and gas is under lease to our partner Equitable Production Company.

Q. Okay. Who operates wells P-71, P-39 and P-73?

A. Equitable Production Company.

Q. And you also participate in the operation of those wells---?

A. Yes, we do.

Q. ---is that correct? The parties who are listed on Exhibit B to the notice of hearing, how were those parties notified of this hearing today?

A. By certified mail.

Q. And has that proof of mailing been provided to Mr. Wilson?

A. Yes, it has.

TIM SCOTT: Okay. Those are all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: You know, by this circle it looks like you could move on out and get closer to 69 and 70. Who...who owns 69 and 70...P-69 and P-70?

JERRY GRANTHAM: Those are Equitable wells that Pine Mountain also has an interest in. I can address that issue.

BENNY WAMPLER: All right. Well, go ahead and I'll let him question you and you can answer it later.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Okay. Mr. Grantham, would you please state your name and by whom you're employed?

A. Jerry Grantham. I'm employed by Range Resources-Pine Mountain, Inc.

Q. And your job description, please?

A. I'm vice president.

Q. Did you also assist in the preparation of this application?

A. I did.

Q. And would you please explain to the Board why we're seeking a well location exception for this particular well?

A. We're seeking a well location exception for 530049 to prevent the loss of stranded reserves.

Q. And what...what acreage are we talking about here that would be stranded if the application is not granted?

A. If...I'm referring to Exhibit C, the circles, again, are representing a 1250 foot radius. The red around the 530049 is that the radius for that proposed well as we're proposing it today. The green acreage, which is shaded within that area represents acreage that is currently not underlying any conventional well unit. In

this case, it represents 78 acres out of the 112 acre unit.

You asked a question regarding the location of this well. We looked at locating this well and moving it actually to the southeast, which would be typographically moving up this hollow. The hollow narrows substantially in that direction and there's an existing pipeline that runs through that hollow, which would have to be moved. We felt like we were better off locating it at the mouth of the hollow where we had a better location, we would have less disturbance and we would to have to move an existing pipeline.

BENNY WAMPLER: And you don't believe the reserves would be worth...would offset that?

JERRY GRANTHAM: I think that potentially, you know, you may access more of this undeveloped acreage to the southeast. But the fact that...I don't have the plat in front of me. Is that the plat for this well?

PHIL HORN: Yes.

JERRY GRANTHAM: We're located about 1800 feet from this well to the northwest. My personal feeling is that we would not see interference between those wells.

BRUCE PRATHER: Jerry, are all of these wells producing from the same formation, these Equitable wells?

JERRY GRANTHAM: They are all producing from the

Berea. Some of the other wells are producing from some other shallower sands. I don't have that marked on this map. But virtually all would be...the main pay would be the Berea and then some might be producing from Raven Cliff or Maxie.

BRUCE PRATHER: Then that 73 could possibly be a shallow well?

JERRY GRANTHAM: It could be, yes. I don't know the answer to that.

BRUCE PRATHER: Yeah.

BENNY WAMPLER: Other questions? Do you have anything?

Q. Yeah. Mr. Grantham, what's the proposed well depth for this well?

A. The proposed well depth for this is 5673 feet.

Q. And what's the potential loss of the application is not granted?

A. 400 million cubic feet.

Q. And what would be...and why should the Board then approve this application?

A. The Board should approve this to promote the conservation of the gas resource, prevent waste by leaving these stranded reserves in the ground and to protect

correlative rights of the owners underneath that acreage.

Q. Thank you.

SHARON PIGEON: Could you give me the depth again? I'm sorry.

JERRY GRANTHAM: I may have read that off wrong. 5673.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: That's all I got Mr. Chairman.

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 members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: You have approval. Mr. Ratliff abstains. Next is a petition from Range Resources-Pine

Mountain, Inc. for a well location exception for proposed conventional well V-530054. This is docket number VGOB-07-1218-2111. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Jerry Grantham, Phil Horn and Tim Scott for Range Resources-Pine Mountain.

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, for the record, would you please state your name, by whom you're employed and what your job description is?

A. Phil Horn, district landman for Range Resources-Pine Mountain, Inc. I'm in charge of all land related activities.

Q. And are you familiar with this application now pending before the Board?

A. Yes, I am.

Q. Who owns the oil and gas underlying this unit?

A. Range Resources-Pine Mountain, Inc.

Q. And who operates well number P-197?

A. Equitable Production Company.

Q. Does Pine Mountain also participate in the operation of that well?

A. Yes, we do.

Q. As to the parties who are listed on Exhibit B to the notice of hearing, how were those parties notified of this hearing today?

A. By certified mail.

Q. And have you provided proof of mailing to Mr. Wilson?

A. Yes, we have.

TIM SCOTT: Okay. That's all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Grantham, again, your name, your occupation and by whom you're employed.

A. Jerry Grantham. I'm employed by Range Resources-Pine Mountain, Inc. in the position of vice president.

Q. And did you also participate in the preparation of this application?

A. Yes, I did.

Q. Please explain to the Board why we're seeking a well location exception for well number V-530054?

A. We're seeking a well location exception for 530054 because we could not find a legal location in the unit and to prevent the loss of stranded reserves.

Q. Okay. Is there...are there any other issues with regard to this particular well as far as topographical issues?

A. We scouted a location further to the west, which would...if it would have been a viable location, we could have drilled this as a...not an exception. Two reasons we did not do that. Actually, one is that there is dry hole just to the north of that that we were trying to stay a certain distance away from. Probably more importantly was the fact that out that ridge, which you can

see on the underlying on the topographic there just to the west of our location is an existing coalbed methane well and a pipeline. We were trying to position our well in that pad area of that coalbed methane well for environmental reasons and coal reasons and to go on pass that out the ridge, the ridge narrowed down too far. We felt like we would have to do too much disturbance.

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

A. The proposed depth of this well is 6250 feet.

Q. And if this application were not granted, what would be the potential loss of reserves for this unit?

A. It would be 300 million cubic feet.

Q. Okay. Why then should the Board approve this application, Mr. Grantham?

A. The Board should approve this application to promote the conservation and development of the resource and protect correlative rights of the owners.

TIM SCOTT: Okay. That's all the questions I have for Mr. Grantham.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

BENNY WAMPLER: Is there a motion?

MARY QUILLEN: Motion to approve.

BENNY WAMPLER: Is there a second?

PEGGY BARBAR: Second.

BENNY WAMPLER: Any further discussion?

(No audible response.)

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

(All members signify by saying yes, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain, Mr. Chairman.

BENNY WAMPLER: One abstention, Mr. Ratliff. Thank you. Merry Christmas to you.

TIM SCOTT: Thank you.

JERRY GRANTHAM: Thank you.

BRUCE PRATHER: Merry Christmas.

PHIL HORN: Merry Christmas.

JERRY GRANTHAM: Merry Christmas.

BENNY WAMPLER: The Board received the minutes previously from the last hearing. I'll entertain a discussion on any changes or a motion to approve.

(No audible response.)

BENNY WAMPLER: Is there a motion to approve?

MARY QUILLEN: So moved.

BENNY WAMPLER: Is there a second?

DONNIE RATLIFF AND KATIE DYE: Second.

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. Public comment period. Does anyone wish to address the Board?

JOHN SHEFFIELD: Good afternoon.

BENNY WAMPLER: Good afternoon. State your name for us, please.

JOHN SHEFFIELD: John Sheffield, mineral owner of Buchanan County. The reason I come today, Mr. Chairman and Board members, back in December of '05 I came before this Board and have situations with a miscellaneous petition. I was claiming interest in coalbed methane on 69 tracts. I have that here if you guys want to review anything on that. We continued to March of '06 because of problems on my end. My attorney was not able to make it. We continued it again into April. We had another continuation until June. At that time, there was some good arguments back and forth with

the other sides in this. We withdraw at that time to go to Buchanan County Circuit Court.

Well, I have that finding now. Unfortunately, from for my side, we were claiming under “as well as all other such minerals in the deed” and we were not...the Court didn’t see it as we saw it. But what the Court did decide, I do have copies for each one of the Board members, and I’ll...may I distribute it?

BENNY WAMPLER: Sure. Yeah, just don’t talk while you’re doing it until we can get back and pick you up, okay?

(Mr. Sheffield passes out a copy of the decision of the Court to the Board.)

JOHN SHEFFIELD: And, of course, you could read and interpret whatever. But, basically, concerning the coalbed methane issue, the Judge did decide that that was a key point. These were from holder deeds and things. The key point was the matter of “all” where gas basically is gas. So, just to the report to the Board, that we took it to the Court as...we would have one way or the other. At least in Buchanan County, there’s no longer an issue at the Supreme Court level. It started out there is not any longer...at least in Buchanan County, that’s what the Circuit Court Judge has found is basically the gas is gas or if you want to interpret it differently.

BENNY WAMPLER: Okay.

JOHN SHEFFIELD: Okay?

BENNY WAMPLER: Thank you very much.

JOHN SHEFFIELD: Thank you. I appreciate your time.

BENNY WAMPLER: Other comments?

(No audible response.)

BENNY WAMPLER: The hearing is closed. 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 11th day of January, 2008.

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NOTARY PUBLIC

My commission expires: August 31, 2009.