

IN THE COUNTY OF WASHINGTON

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

August 19, 2008

APPEARANCES:

BOARD MEMBERS:

BILL HARRIS - PUBLIC MEMBER
KATIE DYE - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
BRUCE PRATHER - OIL REPRESENTATIVE

CHAIRMAN:

BENNY WAMPLER - DEPUTY DIRECTOR OF THE DMME AND CHAIRMAN

DAVID ASBURY - 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

MICHELLE BROWN
COURT REPORTING, INC.
P. O. BOX 1325
GRUNDY, VIRGINIA 24614
(276) 935-7141
(276) 935-8374 (Fax)

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BENNY WAMPLER: Okay, if I can get everyone's attention, we're ready to start today. Good morning. My name is Benny Wampler. I'm Deputy Director for the Department of Mines, Minerals and Energy and actually acting director for the Department, Chairman of the Gas and Oil Board. I'll ask the Board members to introduce themselves starting with Mr. Harris.

BILL HARRIS: I'm Bill Harris, a public member from Wise County. I'm a faculty member at Mountain Empire community College in Big Stone Gap.

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 representing coal.

BRUCE PRATHER: Bruce Prather representing the oil and gas industry.

DAVID ASBURY: Good morning. David Asbury, Director of the Division of Gas and Oil and principle executive to the staff of the Board.

BENNY WAMPLER: I'll also, behind me and stay near the mic, introduce Butch Lambert, who is mentoring my position, and will take over as Deputy Director of the Department and Chairman of the Board unless the Governor chooses otherwise starting in January. The...maintaining the Governor's, he can do whatever

he wants. The first item on today's agenda is a quarterly report on the Board escrow account administered by Wachovia Bank and Mr. Asbury will review that with us now.

DAVID ASBURY: Good morning. I've previously passed out a copy that represents an update for the Board with the escrow account. These figures are as of June 30, 2008. For the quarter, it shows the beginning value of 19.386 million with contributions of 2 million, an income of \$74,000 and an ending value of 21.517 million dollars for the ending quarter of June 30. Year to date 2008, the beginning value of January 1, 2008, \$18.514 million, contributions has been \$2.819 million with income net of \$197,000, withdrawals \$14,000, ending value 21.517 million dollars.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Thank you David. The next item on the agenda is a petition from Range Resources-Pine Mountain, Incorporated for creation of a drilling unit and pooling of conventional gas unit V-504473. This is docket number VGOB-08-0617-2258. 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 Ian Landon for Range Resources-Pine Mountain, Inc.

BENNY WAMPLER: Go ahead and swear them in.

(Phil Horn and Ian Landon are duly sworn.)

BENNY WAMPLER: Excuse me folks, we are recording and we need you not to talk during the proceedings, please. Thank you. Go ahead. I need to get you sworn as well if you're going to---

(Nancy Wingo is duly sworn.)

COURT REPORTER: What's your name, please?

NANCY WINGO: I'm Nancy Wingo.

BENNY WAMPLER: Wingo?

NANCY WINGO: Wingo, W-I-N-G-O.

BENNY WAMPLER: The way we'll do that is we'll let them make their presentation and then you'll be able to ask questions as they do. Okay? We'll let them go first and we'll try to answer questions for you that you might have, but otherwise you'll have the ability to do that. You may proceed, Mr. Scott.

TIM SCOTT: Thank you. Mr. Chairman, Mr. Horn's testimony was concluded in July. We have, however, attained more leases and we've set out what to you all are a third set of exhibits. The only information that's new would be as to parties to be dismissed and percentages that are leased or unleased, if that that would be okay with the Board.

BENNY WAMPLER: That's okay.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, state your name and by whom you're employed.

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc.

Q. Since our last hearing, have you been able to obtain additional leases from the parties responded listed on Exhibit B-3?

A. Yes, we have.

Q. And who are those parties that should be dismissed from this hearing?

A. It would be Peggy Varney, Polly Marie Laboto, Ferrel Reed Rasnake and Harold Dean Rasnake.

Q. As a result of your leasing efforts, what is...how much of the unit does Range Resources-Pine Mountain now have under lease?

A. 82.46933217%.

Q. And what's the percentage that we're seeking to pool?

A. 17.53066783%.

Q. And as far as the escrow requirement, that has not changed has it?

A. That's correct.

Q. Okay, it remains the same. We've provided that to the Board, is that correct?

A. That's correct.

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

BENNY WAMPLER: Do you have any questions regarding the lease?

NANCY WINGO: I really don't understand at all and I just...but I do understand that it's going to pass no matter what. And I don't understand it because well there's a well that's been on there that we weren't notified of before and I've seen the papers over there in the office and there was only four people notified of it and I don't know where our money is for that, so. But I haven't talked to Mr...I'm not doing this... blaming Mr. Horn because I haven't talked to him about this.

TIM SCOTT: Mr. Chairman, that would be something that Ms. Wingo could find out from the Board. That's not relevant to this particular proceeding.

NANCY WINGO: Well, would it not have to come back to this Board is what I'd like to know?

TIM SCOTT: This is a different well, Ms. Wingo.

NANCY WINGO: I'm sure it is. I understand that part.

BENNY WAMPLER: Well, we're not able to...when we're hearing a case on a particular well we have to deal with that.

NANCY WINGO: Yeah, I understand that.

BENNY WAMPLER: And your question is not regarding this well, is that correct?

NANCY WINGO: No, I just know...huh uh.

BENNY WAMPLER: Okay, if you'll stay with us, we'll try at break or something to get the information that you have a question about and get you some answers.

NANCY WINGO: Okay.

BENNY WAMPLER: Okay. You may call your next witness.

TIM SCOTT: Thank you, Mr. Chairman.

IAN LANDON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. And did you participate in the preparations of this application now pending before the Board?

A. Yes, I did.

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

A. 5,650 feet.

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

A. 350 million cubic feet

Q. And did you also participate in cost preparations?

A. Yes, I did.

Q. And what is the estimated dry hole costs for this well?

A. \$251,555.

Q. And the completed well costs?

A. \$497,095.

Q. Did you also participate in the preparation of the AFE?

A. Yes, I did.

Q. And does the AFE include a reasonable charge for supervision?

A. Yes, it does.

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

A. Yes, it would.

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

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?

BILL HARRIS: Motion to approve.

DONNIE RATLIFF: 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.)

BENNY WAMPLER: Opposed, say no.

(No audible response.)

BENNY WAMPLER: You have approval.

TIM SCOTT: Thank you, sir.

BENNY WAMPLER: Now, is that...is the well she has a question a well that you all have? Do you know? Is it a Range Resources' well?

TIM SCOTT: It's Equitable.

NANCY WINGO: It was Equitable.

BENNY WAMPLER: Oh, it was an Equitable well. Okay. All right. Well, we'll get the information from you.

NANCY WINGO: Okay.

BENNY WAMPLER: Thank you. Next is a petition and

memorandum of law filed by S. T. Mullins and J. Scott Sexton on behalf of GeoMet. We continued from July these three petitions. I'm going to go ahead and call the docket numbers for all three since that's the way we've handled these: VGOB-08-0617-2259, VGOB-08-0617-2260 and VGOB-08-0617-2261. We'd ask the parties that wish to address the Board in these matters to come forward at this time.

TOM MULLINS: S.T. Mullins with Street Law Firm on behalf of GeoMet.

MARK SWARTZ: Mark Swartz on behalf of Island Creek.

JONATHAN BLANK: Jonathan Blake on behalf of Island Creek.

SCOTT SEXTON: Scott Sexton on behalf of GeoMet.

GEORGE MASON: George Mason on behalf of LBR Holdings, LLC in support of GeoMet operating company.

TOM MULLINS: Mr. Chairman, before we get started, I'd like to ask the Board's indulgence to continue this matter for one more month. Mr. Wilson, whose opinions are pending before the Board, is not available this month. He may not be available next month, candidly. But if he is, I hope to give him the opportunity to express his views to the Board on all the issues like he has had the opportunity for one of those...one of the cases and they are important decisions before the Board and his...the benefit of his insight may be helpful to the Board

members especially to those who are not present at the last consideration of this issue. So, I throw that out and ask the Board to consider continuing these...all three matters until next month.

BENNY WAMPLER: Mr. Swartz.

MARK SWARTZ: Tom called me on Friday to tell me that Bob Wilson's situation, which I had been blissfully unaware of. I told him then that I would leave it up to you all. I've had the weekend to think about it and I'm still going to leave it up to the Board, but I will share this observation. I'm not sure that beyond the written opinions and decisions that Bob made that he really needs to be here. And meaning do we need to drag him here? And I will just leave you with that thought and...but we're uncomfortable with whatever decision the Board makes.

BENNY WAMPLER: Are there other...any comments? Mr. Mason.

GEORGE MASON: We support....LBR Holdings, LLC supports GeoMet's request for a continuance until next month for the reasons stated by Mr. Mullins.

BENNY WAMPLER: Mr. Sexton.

SCOTT SEXTON: Agreed.

BENNY WAMPLER: Any objection, Board members, for one thirty day continuance?

(No audible response.)

BENNY WAMPLER: Without objection, they're continued. I forgot to remind everyone when we started, as I usually do, to turn off your cell phones, pagers and all those other things.

MARK SWARTZ: I can't believe I got a free pass.

BENNY WAMPLER: So, Mr. Swartz is not in trouble this time.

BENNY WAMPLER: Okay. Next is a petition from Equitable Production Company for the establishment for a provisional unit consisting of 320-acres for drilling a horizontal conventional gas well. This is docket number VGOB-08-0715-2271. We'd ask the parties that wish to address the Board in this matter to come forward at this time. Folks we are getting chatter in the room and we need you to be quiet, please, because it is important that we be able to have a good record of the hearing. Thank you. You may continue.

JIM KAISER: Mr. Chairman and Board members, on behalf...Jim Kaiser on behalf of Equitable Production Company. We'd ask that item six that was just called be withdrawn from the docket. If it's okay with you, I've got some more housekeeping.

BENNY WAMPLER: That's fine. That will be withdrawn.

JIM KAISER: If you'd go ahead and call number seven we're going to withdraw that one too.

BENNY WAMPLER: Docket number VGOB-08-0715-2273. The

parties that wish to address the Board in this matter.

JIM KAISER: Mr. Chairman, again, Jim Kaiser.

Equitable asks that that item be withdrawn.

BENNY WAMPLER: That is withdrawn.

JIM KAISER: And then if you might move to item eighteen.

BENNY WAMPLER: That's a petition from Equitable Production Company for establishment of a provisional drilling unit, docket number VGOB-08-0819-2302. 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 on behalf of Equitable Production Company. We'd ask that that matter be withdrawn from the docket.

BENNY WAMPLER: And that is withdrawn.

JIM KAISER: And I may have on continuance but let me speak with...I've got a new witness. Mr. Hall is in the hospital today. So, I need to check on that and it's in the flow of the other ones anyway, so.

BENNY WAMPLER: Okay. Next is a petition from Range Resources-Pine Mountain Incorporated for a well location exception for a proposed well V-530073 and this is docket number VGOB-08-0715-2290. 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, Inc.

BENNY WAMPLER: Let the record show no others. You need to get Mr. Grantham sworn.

(Jerry Grantham is duly sworn.)

BENNY WAMPLER: Mr. Horn has been previously sworn. You may proceed. The record will show no others.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc.

Q. This matter was continued, is that correct?

A. Yes, it was.

Q. And why was it continued?

A. We found a five acre private oil and gas tract that is comprised of five separate tracts located inside the unit.

Q. And the ownership of that tract is set forth on Exhibit B, is that correct?

A. That's correct.

Q. And could you please tell the Board who operates wells P-234, V-2135, V-536100 and P-550291?

A. Equitable Production Company.

Q. And you also participate in that, is that correct?

A. Yes, we do.

Q. Okay. How were the parties who are listed on Exhibit B notified of this hearing?

A. They were notified by certified mail.

Q. And we have...we know who all the parties are, is that correct?

A. That's correct.

Q. Okay. And we've provided proof of mailing to Mr. Asbury, is that correct?

A. That's correct.

JIM KAISER: That's all the questions I have for Mr. Horn.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

JIM KAISER: Call your next witness.

JERRY GRANTHAM

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. 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 did you participate in the preparation of this application?

A. I did.

Q. And Would you please tell the Board why we're seeking a well location exception in this matter?

A. We're seeking a well location exception for 530073 to promote the conservation of the gas resource, prevent waste and protect correlative rights.

Q. Now, would you please explain to the Board what would be lost here...is that Exhibit AA, is that correct?

A. This is Exhibit C.

Q. C, okay.

A. It should be CC.

Q. What would be the acreage that would be stranded?

A. If you look at the Exhibit CC, if you modify that exhibit, the area that's cross-hatched in green is acreage that is not included in any previous unit that has been drilled and effectively is acreage that is stranded you would say. That green acreage is approximately 81.83 acres, so three

quarters of a full unit. We estimate that that 81.83 acres would contain approximately 400 million cubic feet of gas.

Q. What's the target depth for this well?

A. Target depth for this well is 5,992 feet.

Q. Would you please tell the Board why this application should be approved?

A. This application should be approved for the reasons I stated earlier, certainly to prevent waste, to maximize the resource and to protect the correlative rights of the individuals who are not in any of the prior existing units.

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?

JIM KAISER: No, sir.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: 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.

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

TIM SCOTT: Thank you.

BENNY WAMPLER: Next is a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-133. This is docket number VGOB-08-0819-2291. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

MARK SWARTZ: Mark Swartz and Les Arrington.

BENNY WAMPLER: Mr. Arrington, we need to get you sworn in, please.

(Leslie K. Arrington is duly sworn.)

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, would you state your name for us, please?

A. Leslie K. Arrington.

Q. And who do you work for?

A. CNX Gas Company, LLC.

Q. Is CNX Gas Company the applicant here?

A. Yes, it is.

Q. And if this application for pooling is approved, who is it that the applicant is requesting be appointed designated operator?

A. CNX Gas Company.

Q. Is CNX Gas Company, LLC a Virginia limited liability company?

A. Yes, it is.

Q. Is it authorized to business in the Commonwealth?

A. Yes, it is.

Q. Has CNX Gas registered with the Department of Mines, Minerals and Energy?

A. Yes.

Q. Does it have an operator's bond on file as is

required by law?

A. Yes, it does.

Q. Okay. What kind of unit is this?

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

Q. Okay. And are we proposing one well?

A. Yes.

Q. Is it in the drilling window?

A. I'll have to look. Yes it is.

Q. Okay. Is it a frac well?

A. Yes, it is.

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

A. We mailed by certified mail, return receipt on July the 18th and we published in the Bluefield Daily Telegraph on July the 25th.

Q. Have you filed your certificates with regard to mailing and your proof of publication that you got from the newspaper with the acting Director?

A. Yes, we have.

Q. In that regard, when you published in the newspaper what appeared in the newspaper?

A. The notice of hearing and location exhibit.

Q. Do you want to add any respondents today?

A. No, we are going to dismiss one.

Q. Okay. Do you want to dismiss any?

A. Yes.

Q. And who is that?

A. That would be Kenneth Anders and we leased that interest.

Q. So, the reason for the dismissal would be because you've leased him?

A. Yes.

Q. Okay. And have you submitted today an Exhibit B-2 which lists the people you want to delete---?

A. Yes, we have.

Q. ---or the person you want to delete? Have you revised Exhibit B-3 accordingly?

A. Yes, we have.

Q. By deleting his name?

A. Yes.

Q. And does that then change the ownership that you're seeking to pool and the ownership percentage that you've acquired?

A. Yes. Yes, it did.

Q. Okay. As of today, with the dismissal, what interest have you acquired and what are you seeking to pool?

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

to coalbed methane and we've acquired 56.6735% of the oil and gas owners claim to coalbed methane. We're seeking to pool 43.3265% of the oil and gas owners claim to coalbed methane.

Q. Okay. As long as we're on the parties and interests and so forth let's talk about escrow for a minute. There's an escrow requirement here?

A. Yes, for tract 2B, 2C, 2D, 2E, 2F, 2G, 2H, 2I, 2J, 2K, 2M, 2N, 2O, 2P, 2Q, 2R and 2T.

Q. And the escrow for unknowns, what tracts would that be?

A. 2C, 2G, 2I, 2J, 2M, 2N, 2O, 2P and 2Q.

Q. Are there any split agreements?

A. For Tract 1, 2A, 2L and 2S.

Q. Actually, when I look at Exhibit EE, I've got 1A, you filed a revised?

A. We did.

Q. Okay. So, there's a revised Exhibit?

A. Yes.

Q. EE?

A. Yes.

Q. And if you...go ahead.

A. Mr. Anders had a royalty split.

Q. Okay. That's the addition?

A. Uh-huh.

Q. Have you provided a well cost estimate with regard to this well?

A. Yes, we have. It's \$303,457.84. Estimated depth is 2515 and the permit number is 9538.

Q. Permit number is what?

A. 9538.

Q. What was the number you gave for the cost estimate?

A. \$303,457.84.

Q. Okay. Let me show you the exhibit. The one I've got is a different amount.

A. Yeah.

MARK SWARTZ: Which one do you have, Mr. Chairman?

BENNY WAMPLER: \$303,457.84.

MARK SWARTZ: Okay, well mine isn't relevant. Okay, good.

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

A. Yes, it is.

Q. Is it your further opinion that if you combine the leasing and acquisition efforts that the applicant has been successful in with a pooling order pooling the remaining

respondents that the correlative rights and interest of all owners and claimants will be protected?

A. Yes.

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

BENNY WAMPLER: I have a couple of questions. The royalty division order R. Hodges and Coal Creek, is that Coal Creek Coal Company?

A. Yes, sir, it is.

BENNY WAMPLER: Okay.

BILL HARRIS: Mr. Chairman?

BENNY WAMPLER: Yes.

BILL HARRIS: I have a question about the same page---

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: ---the EE, the one down at the very bottom there is also mention of royalty...the royalty division order is seven-eighths C. Smith and one-eighth Coal Creek. Under that it has another statement, I'll wait until you get to that page. Down at the very bottom it says Triple R receives 10% of the royalty due to the owner. I was just curious about that. What---

A. There is an agreement between the two owners there that he's representing them and he gets 10% of the royalty.

BILL HARRIS: Now the Triple R I didn't see a reference

to it anywhere else though. I mean I may have just overlooked it. Do we know what that is?

BENNY WAMPLER: We need to get Anita sworn.

(Anita Duty is duly sworn.)

BENNY WAMPLER: Who are you?

ANITA DUTY: Anita Duty.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Who do you work for?

A. CNX Gas.

Q. Is part of your job responsibilities to prepare the exhibits to the applications?

A. Yes.

Q. Do you have personal knowledge that may help answer the question Mr. Harris is zeroing in on?

A. Yes.

Q. Could you do that?

A. Triple R...Robin Hodges is actually the, I don't know the administrator or whatever for Triple R. That is his company.

BILL HARRIS: Is that the only reference to Triple R?

A. Well, Triple R actually negotiated the lease with Clement Smith and in order to do that, he requested that ten percent of that royalty split goes to Triple R because he's the one negotiated the lease and the royalty split agreement.

BILL HARRIS: I can understand that but my question really is about Triple R. I mean if that...is that the only reference to Triple R in the application?

A. Yes.

BILL HARRIS: So, we really---

A. Simply because he was the one that negotiated the lease and the royalty split agreement and he wants it to say it on the Exhibit E. He made me put it on there, so.

BILL HARRIS: I guess I'm asking about the identity of Triple R, though. I mean you're telling me that...what I'm saying is in the application if someone were to pick that up and read it and see oh Triple R, who are they?

MARK SWARTZ: Well, Triple R is not an owner. This is a brokerage fee sort of and that's why they wouldn't be listed in...I understand your---

BILL HARRIS: Because they wouldn't be a respondent?

MARK SWARTZ: They wouldn't be a respondent because they are not an owner, but when they entered into the split agreement they instructed us to pay their broker 10%.
That's---

ANITA DUTY: Right. It's just a private agreement that Clement Smith and Coal Creek have with---.

BILL HARRIS: I can understand all of the explanations. I guess I'm just curious as to if there should be some other reference to Triple R. I mean, that's my...I mean I understand the arrangement and they're paying that because they're brokering that, but I'm just a little...I guess a little confused when Triple R doesn't show up anywhere else, but it shows up there and I understand the reason why it's there, I'm just saying should there be some reference to it somewhere.

BENNY WAMPLER: Well, we've got clarification here so we could amend the Exhibit. It's not Exhibit E, it's Exhibit EE, right is where you---?

BILL HARRIS: Yes, Exhibit EE.

SHARON PIGEON: We don't attach Exhibit EE to the orders.

BENNY WAMPLER: It's not a part of the order.

SHARON PIGEON: This actually reflects private contractual relationships and has really nothing to do with your order. We don't take orders that deal with that. That's going to be what they do is follow that. It's not going to have any---.

BILL HARRIS: So, we don't need to know anything about Triple R basically?

ANITA DUTY: He want me to...Mr. Hodges requested that

I put that on there because he feels like if I put that on there that it will get...make sure that nobody misses the fact that they get 10%.

SHARON PIGEON: He wants it documented.

BENNY WAMPLER: He wants it clarified as a brokerage fee or something like that.

BILL HARRIS: How do they know who it goes to though, see what I'm saying?

SHARON PIGEON: CNX knows...and it isn't going to be paid out of anything you all control.

BENNY WAMPLER: Okay, I had another question---

BILL HARRIS: Thank you.

BENNY WAMPLER: ---on the Ronnie Shelton, I'll just ask you what you've done to lease Mr. Shelton.

LESLIE K. ARRINGTON: Yes, sir. As you know, I spoke with Mr. Shelton this morning and our...one of our land agents, Sherman Martin, has gone by and talked to them about leasing. Apparently they weren't satisfied with the discussions with Mr. Martin and we've gotten all of his information and are going to do some correspondence with him and that's the reason they left.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Mr. Swartz?

MARK SWARTZ: Your question for leasing reminded me that I need to ask Mr. Arrington---

Q. In general, what are the standard lease terms that you have offered to the folks in this unit that you've been able to lease?

A. It's a one-eighth production royalty and a dollar per acre per year with a five year pay up term.

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

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: Just one further comment with regard to Mr. Harris' question. If we didn't have a split agreement here we would not have put Triple R on Exhibit B-3 because they're not an owner of record and that...and I guess that is the bottom line answering in terms of kind of where Ms. Pigeon was coming from as well. They're not an owner. So, they wouldn't be in the Board orders. But because we've got a split agreement, we need to account for that. I think it was an appropriate suggestion. We'll file an amended exhibit to show that it's a brokerage fee so that we don't raise that red flag with other people. But that's the---

BILL HARRIS: Well, just---

MARK SWARTZ: Right.

BILL HARRIS: Out of nowhere that was there---

MARK SWARTZ: Right.

BILL HARRIS: ---and I thought I don't who they are. Obviously, you all do, but...and I didn't know if it was important that we know who they are.

MARK SWARTZ: Understood. No problem.

BILL HARRIS: Considering that split agreement, I mean because that's private between those folks. Thank you though.

MARK SWARTZ: Great.

BENNY WAMPLER: Other 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?

BRUCE PRATHER: Motion.

BILL HARRIS: Second.

BENNY WAMPLER: We have a motion to approve 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: One abstention, Ms. Dye. The next item is a petition from CNX Gas Company LLC for pooling coalbed methane unit BG-122. This is docket number VGOB-08-0819-2292. 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: Thank you. Mr. Chairman, I'd like to incorporate, if I could, Mr. Arrington's testimony with regard to the applicant and operator, his employment and the standard lease terms.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company, LLC.

Q. What did you do to notify people that we were

going to have a hearing with regard to this unit today?

A. We mailed by certified mail on July 18, 2008 and published Bluefield Daily Telegraph July 25, 2008.

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

A. Yes, we have.

Q. And in that regard, when the notice was published in the paper, what appeared in the paper?

A. The notice of hearing and location exhibit.

Q. Do you wish to add any people as respondents today?

A. No.

Q. Do you wish to dismiss any?

A. No.

Q. What kind of unit is this?

A. This is a Middle Ridge, 58.74 acres.

Q. How many wells?

A. One.

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

A. Within the drilling window.

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

A. Yes, it's \$317,626.39.

Q. Okay.

A. To a depth of 2600 feet.

Q. And what interests have you been able to acquire and what are you seeking to pool?

A. We've acquired 68.4372% of the coal owner's claim to coalbed methane, 81.0010% of the oil and gas owner's claim to coalbed methane. We're seeking to pool 31.5628% of the coal owner's claim to coalbed methane and 18.999% of the oil and gas owner's claim to coalbed methane.

Q. Is there an escrow requirement here?

A. Yes, there is for Tract 1B, 1C, 1D, 1E, 1F, 2B, 2C, 3B, 3D, 4B, 4C, 5 and 6 and an escrow for an unknown in 6. Title conflicts in 1D, 1E, 1F, 3B, 3D and 6.

Q. And then we've got some split agreements and what are the tracts affected by that?

A. 1A, 3A and 3C.

Q. Okay. And are you asking that in the event the Board pools this unit that they authorize the operator to pay the folks with split agreements directly rather than escrowing their funds and to do that consistent with their agreements?

A. Yes, we are.

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 coalbed methane resource within and under the unit?

A. Yes, it is.

Q. Is it your further opinion that if you combine a pooling order with the leasing...the successful leasing activities of the applicant that the correlative rights of all owners and claimants will 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: What's the courtesy interest? It goes with roads. Page two of two and five of five.

LESLIE K. ARRINGTON: Oh. Ask Anita, she's the one that puts these together, so I don't know.

MARK SWARTZ: I'm sorry, Mr. Chairman, where are we?

BENNY WAMPLER: Two of three and five of five in your exhibits on B-3 and E.

MARK SWARTZ: Les, do you know the answer to that question.

LESLIE K. ARRINGTON: I think I just now...that's just like a dowry interest except it's the husband.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: Motion to approve, Mr. Chairman.

BILL HARRIS: 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.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: One abstention, Ms. Dye. Next is a petition from CNX Gas Company, LLC for pooling coalbed methane unit EE-10, docket number VGOB-08-0819-2293. 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, Mr. Arrington's prior testimony concerning the applicant and operator, his employment at CNX and standard lease terms.

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. Who do you work for?

A. CNX Gas Company, LLC

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

A. Notice of hearing was mailed by certified mail, return receipt on July 18, 2008 and published in the Bluefield Daily Telegraph on July 26, 2008.

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

A. Yes, we have.

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

A. The notice of hearing and location exhibit.

Q. Do you want to add any people as respondents today?

A. No.

Q. Do you want to dismiss any respondents?

A. No.

Q. What kind of unit is this?

A. This is an Oakwood 80.

Q. How many wells are proposed?

A. Two wells. Well EE-10 at a cost of \$280,182.86. EE-10A at \$298,280.96 for a total of \$578,463.82. The estimated depth for EE-10 is 2469 and EE-10A is 2499.

Q. Are both of these wells located in the window?

A. Yes.

Q. Are they both intended to be frac wells?

A. Yes.

Q. And as yet you don't have permits?

A. That's correct.

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

A. We've acquired 85.6875% of the coal oil and gas owner's claim to coalbed methane. We're seeking to pool 14.3125% of the coal, oil and gas owner's claim to coalbed methane.

Q. Looks like there's an escrow requirement?

A. No, we need to remove that Exhibit E.

Q. Okay. So, there is no requirement for escrow in Tract 3, is that your testimony?

A. That's correct.

Q. So, there isn't. And that then would result in there's no requirement for the Board's escrow agent set up an account with regard to EE-10 at all?

A. No, that's correct.

Q. Is it your opinion that drilling two frac wells in the drilling window of this Oakwood 80 acre unit is a reasonable way to develop the coalbed methane within and under the unit?

A. Yes, it is.

Q. Is it your opinion also that by combining a pooling order that you've requested here with your leasing that you've been successful in that the correlative rights and claims of all persons interested in this unit 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: Both wells are within the drilling window?

LESLIE K. ARRINGTON: Yes, sir.

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: 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 Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: One abstention, Ms. Dye. You have approval. Next is a petition from CNX Gas Company, LLC for creation of drilling unit and pooling of coalbed methane unit TA-85. This is docket number VGOB-08-0819-2294. 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 with regard to the applicant and operator, his employment and the standard lease terms.

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Thank you.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Who do you work for?

A. CNX Gas Company.

Q. What did you do with regard to notice of this hearing?

A. We mailed by certified mail on July 18, 2008 and published in the Bluefield Daily Telegraph on July 25, 2008.

Q. And have you filed certificates of mailing and proofs of publication with Mr. Asbury?

A. Yes, we have.

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

A. The notice of hearing and location Exhibit A-1.

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

A. No.

Q. Do you want to dismiss anyone?

A. No.

Q. This is a statewide spacing unit?

A. Yes, it is.

Q. And basically it's a circle with a 500 foot radius?

A. Yes.

Q. And you've got a plat that shows it's location in Tazewell County or Exhibit A-1, a map, and then you've got a plat which shows the radius 500 foot radius and then shows the

calculated acreage, correct?

A. Yes.

Q. And that's 18.03 acres?

A. Yes.

Q. Okay. What is your cost estimate for this well?

A. \$279,787.95 to a depth of 1,882 feet.

Q. Okay. And this is a coalbed methane statewide spacing unit?

A. Yes, it is.

Q. Okay. Is there an escrow requirement?

A. No.

Q. And have...what have you been able to acquire and lease and what are you seeking to pool?

A. We've leased 91.1259% of the coal, oil and gas owner's claim to coalbed methane. And we're seeking to pool 8.8741% of the coal, oil and gas owner's claim to coalbed methane.

Q. There are no split agreements either?

A. No.

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

A. Yes, sir.

Q. That drilling one frac well on a statewide basis is a reasonable way to develop the coalbed methane within

this unit?

A. Yes, it is.

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

A. Yes, they will.

MARK SWARTZ: That's all I have.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: You've listed...on your Exhibit B-3, you've listed the two parties in both the coal fee owner and the oil and gas fee owner with an asterisk that oil and gas is leased by Cabot Oil and Gas Corporation?

LESLIE K. ARRINGTON: Yes, sir.

BENNY WAMPLER: Do you see that? Do you want to clarify that...why they are listed here?

LESLIE K. ARRINGTON: Yes, because they do have an oil and gas lease and not a coalbed methane lease is the reason that interest is listed. They do not have a coalbed methane interest.

BENNY WAMPLER: Okay, so they have...but they have the lease for both coal and the gas and oil?

LESLIE K. ARRINGTON: No, sir. Only oil and gas, Cabot has it.

BRUCE PRATHER: Do they have wells on the lease?

LESLIE K. ARRINGTON: The only way I can answer that is to see if something shows up on here and none shows up on my plat.

MARK SWARTZ: Well, and it looks like there are none within 2500 feet of this well because you've got your bearings and distances---

LESLIE ARRINGTON: Yeah.

MARK SWARTZ: ---which is probably what you were asking.

BRUCE PRATHER: Yeah.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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, but Katie Dye.)

BENNY WAMPLER: Opposed, say no.

KATIE DYE: Abstain.

BENNY WAMPLER: You have approval. One abstention, Ms. Dye. Next is a petition from CNX Gas Company, LLC for creation of drilling unit location exception for horizontal coalbed methane unit been served by wells BK-69 and BK-69A. This is docket number VGOB-08-0819-2297. 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: Let the record show no others. You may proceed.

MARK SWARTZ: Mr. Chairman, I don't know if it makes sense but I would suggest that maybe it does. The next three items are essentially the same scenario. It might make sense and save a little bit of time. Les suggested that we should do the next one, 13 and 14 together, and then perhaps do 15 and 16 together. Because you'll notice that number 14 is the same owners and we're not pooling either.

BENNY WAMPLER: Okay. I'll go ahead and call the VGOB-08-0819-2298. That's 14 on the agenda...the Board's agenda.

MARK SWARTZ: Mr. Chairman, if I could, I would like to incorporate Mr. Arrington's testimony concerning the applicant and operator and his employment.

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. Who do you work for?

A. CNX Gas Company, LLC.

Q. With regard to these horizontal units, what did you do to notify the respondents and others that we were going to have a hearing with regard to docket items 13 and 14 today?

A. Yes. We mailed by certified mail, return receipt on July 18, 2008 and published in the Bluefield Daily Telegraph on July 28, 2008 in both cases.

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

A. The notice of hearing and location exhibit A-1.

Q. Okay. Have you filed your certificates with regard to mailing your proofs of publication with Mr. Asbury?

A. Yes.

Q. With regards to these two units, do you want to add anyone as a respondent in either of these?

A. No.

Q. Do you want to dismiss any of the respondents?

A. No.

Q. Probably reference to maybe Exhibit A-1 and then the map that's been passed out, could you explain to the Board what the concept of sizing the unit here?

A. This is our normal horizontal drilling pattern for a horizontal well in our coal seams. So, that's the reason behind the units. And what we done, we projected the units as you can see on your map there. The units in red are the Roaring Fork units and we just projected them down to make unit sizes...80 acre unit sizes so we could get our notice issues proper. All of this area is 100% leased from the Aiken estates and we're here for you all to get approval to drill horizontal wells at these locations.

Q. Well, actually you're asking to create a drilling unit in the shape that we just mentioned?

A. Uh-huh.

Q. And then you need a...why do you need a location exception?

A. Our production and access hole are within 300 to 400 feet of one another.

Q. Okay, and that's the reason?

A. Yes.

Q. They will ultimately only be one production

hole?

A. For each location, yes.

Q. But to get it drilled and into production you need two wells?

A. Right.

Q. Okay. Have you provided the Board in your application with a unit description that is a metes and bounds description under the Virginia state plain coordinate system?

A. Yes, we have.

Q. And then you've also give them the plats?

A. Yes, we have.

Q. Okay. Have you provided essentially, just sort of walk through the application, a plat for each of the 80 acre units that you've extended?

A. We have.

Q. Okay.

A. And each one of them shows the horizontal leg within the unit and they will get...each unit will get allocated it's proportional interest of the total length of the legs.

Q. And there is no B-3 listing respondents or Exhibit E attached behind any of these plats because this unit is 100%....these collection of units are 100% leased?

A. Yes, sir.

Q. So, you're not seeking to pool either one of

these, you're just seeking to create the unit and get the drilling exception---?

A. Correct.

Q. ---or location exception. Have you provided the Board with an estimate with regard to production?

A. Yes, it's 350 mill...I believe it's 350 million cubic feet.

Q. All right.

A. And this will be essentially what's known as the Pocahontas 3, 4 and 5 coal seams. I think it's known locally as the Burton's Ford.

MARK SWARTZ: As the what?

BENNY WAMPLER: As what?

LESLIE K. ARRINGTON: Burton's Ford.

BENNY WAMPLER: Say it again.

LESLIE K. ARRINGTON: This application is for the Pocahontas number 3, 4 and 5 seam, but it's locally known as the Burton's Ford seam.

BENNY WAMPLER: Ford, Burton Ford?

LESLIE K. ARRINGTON: I'm sorry, F-O-R-D, yes.

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

A. We did put that in there and it was \$1,504,560.14.

Q. Okay. And the depth of the hole, you know, at the turn is roughly what?

A. 1500.

Q. And, obviously, that doesn't include the legs?

A. No.

Q. And the reason although you have this leased just to remind the Board, the reason that we need to create a unit is that the unit that you are seeking to create here is larger than the units authorized by the lease?

A. It is that, yes, sir.

Q. Yeah. So that's why we've given the lessors notice of this hearing?

A. Yes.

Q. Is it your opinion that the drilling that you've proposed here in the units that you're proposing...or the unit that you're proposing to create is a reasonable way to produce coalbed methane from these combined units?

A. Yes.

Q. Is it your further opinion that this is 100% leased so the correlative rights of the lessors will be protected?

A. Yes.

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

SHARON PIGEON: What was the total acreage, again? I'm

sorry I didn't get it.

LESLIE K. ARRINGTON: 400.

SHARON PIGEON: Pardon me?

LESLIE K. ARRINGTON: 400.

MARK SWARTZ: Well, in both---

LESLIE K. ARRINGTON: It should be in both.

MARK SWARTZ: Yes it is in both.

BENNY WAMPLER: Okay, but we have field units set up here. I'm want to make sure the Board is clear on why we're doing wait we're doing. When we established these units before, we had testimony on the geology and we obviously stopped at a certain point and at that time realistically it was probably because it was the extent of the anticipated drilling at that point. Now, the anticipated drilling in going beyond that. Could you discuss this further---?

LESLIE K. ARRINGTON: Yes, sir. We---

BENNY WAMPLER: ---the geology and things that might---

LESLIE K. ARRINGTON: Yes, sir.

BENNY WAMPLER: ---drive the Board to consider?

LESLIE K. ARRINGTON: We have not only...we've drilled several core holes and we have found that this does extend approximately another two units so there would be another...it may even extend another 3600 feet to the south and we...these

two holes are exploratory holes, I'll call it, in this area to see how we can develop this area.

BENNY WAMPLER: Wasn't it earlier anticipated that the gas would play out down this lower region and what's changed to make that different now?

LESLIE K. ARRINGTON: We have drilled several core holes down there in this area in the past year and a half and we have determined that we hope either this or maybe some frac wells will be able to produce this boundary. I think this boundary consists of about 20,000 acres. I'm not sure of the exact acreage but the majority of it being south of the Roaring Fork.

BENNY WAMPLER: And you have all of this 100% lease that you are proposing where the units are today?

LESLIE K. ARRINGTON: For this area, yes sir, it's 100%.

BENNY WAMPLER: Mr. Asbury, do you have any questions?

DAVID ASBURY: No, sir.

BENNY WAMPLER: Members of the Board? Mr. Prather?

BRUCE PRATHER: Where these wells have shown to end up, are those going under Roaring Fork properties like---?

LESLIE K. ARRINGTON: Yes, sir, that's part of the Roaring Fork.

BRUCE PRATHER: Okay. I'm going to have to abstain from voting on this.

LESLIE K. ARRINGTON: Okay.

DONNIE RATLIFF: Mr. Chairman, it is important the presentation here with the unit it is important for tracking purposes and pooling purposes that the units are identified as you have them and if you do decide to go further south extend the 80 acre unit, identification is important to us as we will proceed.

BENNY WAMPLER: Other questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Restate what you're asking us to do today.

MARK SWARTZ: We're asking you to create the unit---

BENNY WAMPLER: Which modifies...if I can clarify a little bit as you clarify, modify the Roaring Fork field rules by creating additional units?

MARK SWARTZ: Well, do the Roaring Fork field rules apply to horizontal wells? Probably not. So---

BENNY WAMPLER: That's why I wanted to see where you're going with this.

MARK SWARTZ: Well, good question, but I mean that's---

BENNY WAMPLER: I'm trying to get at where you're going

with this.

MARK SWARTZ: That's where we're going.

BENNY WAMPLER: Because it's odd that you're going down and you're creating new units for horizontal drilling that doesn't have...I mean, what I'm saying I used the term "odd", it's different that you're doing that where you don't have other wells than invest \$1 million bucks a piece or \$1.5.

MARK SWARTZ: Well, really the unit that we're seeking to create though is it's one unit and it looks like this and part of it is under a pre-existing Roaring Fork. So, we're not...we're describing this unit by creating 80s to the south of Roaring Fork and catching I think one Roaring Fork.

LESLIE K. ARRINGTON: One, Two, three...three.

MARK SWARTZ: Three Roaring Fork units. But we didn't file a petition to modify Roaring Fork because we don't believe the Roaring Fork field rules apply to horizontal. But I'm not sure, I thought it was a vertical.

LESLIE K. ARRINGTON: I didn't think about modifying the Roaring Fork.

MARK SWARTZ: Does anybody know the units as we sit here?

BENNY WAMPLER: Well, I don't think it clarifies what it is. I think that it was not anticipated, certainly, but we probably could make an argument either way quite honestly---

MARK SWARTZ: Okay.

BENNY WAMPLER: ---because I don't think it clarified to that extent that it was a vertical or a horizontal well. I may be wrong, I think it just talk about wells---

MARK SWARTZ: Okay.

BENNY WAMPLER: ---drilled in these units and that's why you know I don't---

MARK SWARTZ: No.

BENNY WAMPLER: ---want to belabor this, but you know when you look at Roaring Fork field rules somebody comes in and looks at those and then...you know, what I was getting at is are we modifying those or are we creating units that impacts the Roaring Fork field rules because you've touched on what did you say three?

LESLIE K. ARRINGTON: Yes.

BENNY WAMPLER: Three or four...maybe it was four when you combine the two.

MARK SWARTZ: Right.

BRUCE PRATHER: Mr. Chairman.

BENNY WAMPLER: Yes.

BRUCE PRATHER: Until two years ago this was part of the Roaring Fork acreage.

BENNY WAMPLER: Right.

BRUCE PRATHER: They dropped it about two or three years

ago.

BENNY WAMPLER: Right, I understand.

DAVID ASBURY: So, this would be a modification of the existing Roaring Fork field rules, is that not correct?

BENNY WAMPLER: Well, certainly...I mean it's important to just clarify, for extending Roaring Fork or if we're creating new units here as a provisional unit because one or the other probably needs to be done.

MARK SWARTZ: Well we have a lease commitment that requires us to do this---

BENNY WAMPLER: I understand.

MARK SWARTZ: ---which is, you know...which is why we're here. And, frankly, our view of this matter is whatever makes sense for you administratively, we don't...we're not arguing that. So---

BENNY WAMPLER: I understand.

MARK SWARTZ: ---you know, if you feel like it's easier for you to keep track and for other operators to keep track by listing this as a modification as well, you know, we have no quarrel with that.

BENNY WAMPLER: I believe it would be personally.

BRUCE PRATHER: Yeah, Roaring Fork has all the acreage, both east and west side.

BENNY WAMPLER: If someone were looking at that I think

that would be important to play.

MARK SWARTZ: So we might want to, when an order is entered then, reference that other order as well, the Roaring Fork order with the dash and the---

LESLIE K. ARRINGTON: Yeah, I never even thought about the Roaring Fork.

BENNY WAMPLER: That's all right.

MARK SWARTZ: That would work.

BENNY WAMPLER: Okay.

MARK SWARTZ: Then that would put people on notice of that as well.

BENNY WAMPLER: Right. Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

MARK SWARTZ: No, I do not.

BENNY WAMPLER: Motion?

DONNIE RATLIFF: Motion to approve, Mr. Chairman.

BILL HARRIS: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

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

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain.

KATIE DYE: Abstain.

BENNY WAMPLER: Two abstentions, Mr. Prather and Ms. Dye. You have approval. Next is a petition for CNX Gas Company, LLC for drilling unit location exception and pooling of horizontal coalbed methane unit been served by units TA185 and TA186 and also this is docket number VGOB-08-0819-2299. And also petition from CNX Gas Company LLC for creation of drilling unit location exception and pooling horizontal coalbed methane unit served by TA81 and TA187. This is docket number VGOB-08-0819-2300. 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.

S. G. ALTIZER: Did you say 2299, sir?

BENNY WAMPLER: 2299 and 2300. Come on down if you're interested.

(S. G. Altizer comes forward.)

BENNY WAMPLER: I'll ask you to tell us who you are and raise your right hand.

S. G. ALTIZER: I'm S. G. Altizer.

BENNY WAMPLER: If you'll swear the witness.

(S. G. Altizer is duly sworn.)

BENNY WAMPLER: Mr. Altizer, we'll let them present the information and as you have questions we'll give you an

opportunity to ask those, okay?

S. G. ALTIZER: Thank you.

BENNY WAMPLER: We've combined for purp...at their request we've combined these two units or these two docket numbers for discussion purposes. We'll try to keep them straight. Did you have questions on both?

S. G. ALTIZER: No, just on 2299.

BENNY WAMPLER: Okay. You may proceed, Mr. Swartz.

LESLIE K. ARRINGTON

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Mr. Arrington, you need to state your name again.

A. Yes, Leslie K. Arrington.

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

BENNY WAMPLER: That will be incorporated.

MARK SWARTZ: Les, do you have an extra map so that we can give Mr. Altizer one?

(Mark Swartz explains the exhibit to S. G. Altizer.)

Q. Les, are these proposed horizontal units

within an area that is covered by existing field rules?

A. No, they are not.

Q. Okay. You've extended a grid to the east of an existing field that looks like?

A. We did. We have extended the Oakwood pattern to these.

Q. Okay. And at this point are the units...the imaginary units that you've depicted to the east, are those 80s?

A. Yes, they are.

Q. Have you shown the two well locations with regard to each of these applications on a map that you've passed out today?

A. Yes, I have.

Q. Okay. And are they located in a way that you require location exceptions to drill them?

A. Yes.

Q. Okay. And the reason is they are too close together?

A. They are.

Q. Okay. And are you asking the Board for a location exception?

A. Yes.

Q. And are you also asking the Board to create the units?

A. Yes.

Q. And also to pool the units?

A. Yes, we are.

Q. Okay. With regard to docket item 15, the TA185 and TA186, have you provided a cost estimate?

A. Yes, we have.

Q. Okay. And what is that estimate?

BENNY WAMPLER: Les, if you'll speak up because he has difficulty hearing.

A. Okay. Yes, we have. The cost estimate for the holes are \$1,514,560.14. And, again, a vertical depth of approximately 1500 feet.

Q. Okay. And have you shown the legs both within the application in relation to the various 80 acre units that you've drawn?

A. Yes.

Q. But have you also shown on the map you passed out the location of those?

A. Yes, we have.

Q. Okay. And when you pay or allocate production from the well to the various 80 acre units, how do you do that?

A. Well the way we pay the royalties after we drilled it I mean this is the proposed legs, we'll determine how far the legs reach into each individual units and pay up it's

allocated proportion to each area.

Q. On how many feet are in each?

A. Yes.

Q. Okay. And then the royalty interest gets applied to that allocated production?

A. Yes.

Q. Have you...what did you do to notify Mr. Altizer and other people that there would be a hearing in these two units today?

A. We mailed by certified mail, return receipt on July 18, 2008 and we published in the Bluefield Daily Telegraph on July 26, 2008.

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

A. The notice of hearing and location exhibit A-1.

Q. And have you filed your certificates of mailing with Mr. Asbury and your proofs of publication with Mr. Asbury?

A. Yes, we have.

Q. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Are some of the 80 acre pieces of these units entirely leased?

A. Yes.

Q. And for those plats would not be followed then by a B-3 or other information?

A. Correct.

Q. And if the plat if followed with a B-3 perhaps and Exhibit E or an Exhibit EE that would indicate that that contains folks who need to be pooled?

A. Yes.

Q. Okay. Let's take a...sort of walk through the plats and exhibits on docket item 15. First of all, have you provided the Board with the acreage?

A. Yes, we have.

Q. And that's how many acres in this unit?

A. 480.

Q. Have you provided the Board, in addition with your mapping, with a metes and bounds description as required by the regulations?

A. Yes, we did.

Q. And have you done that in relation with the Virginia State Plane Coordinate System?

A. Yes, we did.

Q. What are the target seams or formations?

A. Pocahontas number 3, 4 and 5 seams.

Q. And is that target formation the same for both of these?

A. Yes, it is.

Q. Okay. What's your estimate as to how much production might come from each of these horizontal units?

A. The estimated recoverable is 350 million.

Q. Okay. Now, continuing on with Exhibit A-1, show us the proposed drilling unit that you're seeking to create in relation to a piece of Tazewell County, correct?

A. Yes.

Q. And then if we go to the first plat you've called that N62?

A. Yes.

Q. And it appears that the folks within that 80 acre piece of this unit are 100% of them are leased?

A. Yes.

Q. And which hole is going to be in that unit?

A. That will be the access hole.

Q. And then the production hole is to the south?

A. Yes.

Q. Okay. Going to the next....actually, it looks like you've got some respondents in N62. I'm sorry, it is not 100% leased, would that be true?

A. Yes, that's correct, it has a B-3.

Q. Okay. With regard to the...let's stay with the exhibit, with PN62 and we'll go with Exhibit B-3 with regard to

that, have you listed the respondents there?

A. Yes, we have.

Q. And at least several of them are unknown...address unknown?

A. That's correct.

Q. And so that would require escrow for Tract 1B for that reason in the N62 piece?

A. That's correct.

Q. Okay. And if we continue on there's an Exhibit E which also shows some conflicts in Tract 1B and N62?

A. Yes.

Q. And shows the same unknowns again?

A. Yes.

Q. Okay. And then you've got some split agreements in N62, correct?

A. Yes.

Q. And are those represented by Exhibit EE?

A. Yes for N62.

Q. Okay. And in the event this application is approved in terms of pooling, are you asking that the Board allow you to pay the people with split agreements directly?

A. Yes, we are.

Q. Okay. Then we come to the next 80 acre piece of this unit which you've called O61.

A. Yes.

Q. Okay. And if we turn behind the tract identifications, there are no B-3's and so forth for this unit?

A. A piece of it.

Q. Then we would come to what you've identified as 062, right?

A. Okay.

Q. And if we go passed the tract identifications there is no Exhibit B-3?

A. It's 100%.

Q. 100% leased?

A. Yes.

Q. Then the next 80 acre piece you've identified as 063?

A. Yes.

Q. And we've got an Exhibit B-3 behind that so a portion of this contains acreage that there are respondents that need to be pooled?

A. 063, yes.

BENNY WAMPLER: Let me just clarify one thing, as you go through here, Mark, if you will also address the fact that there's not a well here, it's a piece of the leg---?

MARK SWARTZ: Right. Okay. Absolutely.

Q. And is the leg the dark line that comes in from

the northwest?

A. Yes.

Q. And here we've got a tract 1C that has respondents in it?

A. Yes, it does.

Q. And there's a couple of unknowns again?

A. Yes.

Q. Would require escrow for that reason?

A. Yes.

Q. And then if we turn ahead, we've got an Exhibit E which is a conflict escrow requirement, right?

A. Yes.

Q. And that pertains to Tract 1C?

A. Yes.

Q. And then we again have a split agreement with regard to the O63 piece of the unit and that split agreement pertains to Tracts 1B and 1C, is that correct?

A. Yes, it does.

Q. And you've listed the folks who entered into those agreements?

A. Yes.

Q. And once again you're requesting that you'd be...if this is approved that the operator be allowed to pay those people directly?

A. Yes.

Q. And then once again we've got another plat map that you've identified as P62 which is another piece of this drilling unit, correct?

A. Yes.

Q. And the dark line here coming in from the north and slightly to the east is a piece of the leg?

A. Yes.

Q. And if we go past the tract identifications we've got a B-3?

A. Yes.

Q. And that means we're seeking to pool those folks?

A. Yes.

Q. And Mr. Altizer happens to be one of the folks in this tract?

A. Yes.

BENNY WAMPLER: Which tract is it?

MARK SWARTZ: This is the P61 piece of---

BENNY WAMPLER: I thought you said P62.

MARK SWARTZ: I'm sorry, I may have.

BENNY WAMPLER: I just wanted to clarify it for the record.

Q. And we've got an unknown in Tract 3B here,

right?

A. Yes, sir.

Q. And you've got an Exhibit E which follows which would deal with conflicts and also, obviously, the unknown?

A. Yes.

Q. So, there's an escrow requirement?

A. Yes.

Q. And no split agreements in the P61 piece?

A. Correct.

Q. I think lastly we have what you've identified as the P62 piece of the drilling unit.

A. Yes.

Q. And this has actually three...I'm sorry, two pieces of the portions of the legs in this unit which are coming in generally from the north?

A. Yes.

Q. And since there's no B-3 or other documentation behind this plat I assume this is 100% leased?

A. It is.

Q. And then we've got the cost estimate that we referred to earlier?

A. Yes.

Q. And this depth again just to be clear this is the depth of the bottom of the two holes before they make the

turn---?

A. It is.

Q. ---or the point at which they make the turn?

A. Yes.

BENNY WAMPLER: What is that depth?

MARK SWARTZ: 1500. He said earlier but we'll... I'll

repeat it.

Q. Is it 1500?

A. Yes, it was.

Q. With regard to the item 16, generally, have you done the same thing in terms of creating 80 acre pieces of this proposed unit?

A. Yes, we have.

Q. And if we look at A-1, this one has four pieces?

A. It does.

Q. And have you provided a plat for each of those pieces?

A. Yes, we have.

Q. And if we look at the first one you've called it 060?

A. Yes.

Q. And is that 100% leased?

A. Yes, it is.

Q. And that contains both the access hole and the

production hole?

A. Yes, it does.

Q. And it contains, obviously, pieces of all of the legs?

A. Yes, it does.

Q. We got to the next plat, you've called that O61?

A. Yes.

Q. And it has pieces of two of the legs which come in essentially from the west?

A. Uh-huh.

Q. And is that 100% leased?

A. Yes, it is.

Q. And you've identified P60, correct?

A. Yes.

Q. And that has portions of two legs coming in generally from the north?

A. It does.

Q. And is that unit partially unleased?

A. It does have some unleased interests on it.

Q. And have you provided a B-3 for P60?

A. Yes, we have.

Q. And Mr. Altizer, who is to my right, is also in that one?

A. Yes, he is.

Q. In Tract 4?

A. Yes.

Q. And then we have an escrow requirement for tract four?

A. Yes.

Q. And you've provided an Exhibit E which is a conflicts issue I believe?

A. Yes, I'm sorry.

Q. The next...the fourth piece of this is you've identified as P61, correct?

A. That's correct.

Q. Has pieces...a portion of two of the legs coming in generally from the northwest?

A. Yes.

Q. We've got some respondents, again Mr. Altizer is in here in Tract 3A of P61?

A. He is.

Q. Okay. And we've got an unknown?

A. Correct.

Q. In 3B?

A. Yes.

Q. You've got Exhibit E, which indicates the escrow requirements?

A. Yes, we do.

Q. And, again, we've got some conflicts and we've got an unknown and the two tracts at issue are 3A and 3B?

A. Yes.

Q. What's the cost estimate with regard to this unit?

A. Again it was the same cost as the previous one, \$1,514,560.14.

Q. Same depth?

A. Yes.

Q. Which is 1500?

A. Yes.

Q. Is it your opinion that drilling these horizontal wells is a reasonable way to try to develop the coalbed methane gas from the Pocahontas 3, 4 and 5 seams within the units you're proposing to create?

A. Yes, it is.

Q. Is it your further opinion that if the Board pools the respondents in parts of these 80 acre increments obviously you've leased others but if the Board pools those folks and combines that with the leasing activities which you've been successful that the correlative rights of both the unleased and leased people would be protected and the correlative rights of all owners and claimants will be protected?

A. Yes, it will.

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

BENNY WAMPLER: Here, again, you've taken an Oakwood this time and extended it?

LESLIE K. ARRINGTON: Yes, sir, we have. And we have done this previously in other horizontal wells in this area that we are now presently producing.

BENNY WAMPLER: I understand.

Q. But this is different than the one we just had is it true that these are east of the eastern most boundary of the Oakwood 80?

A. Yes. It does not impact the Oakwood field at all.

BENNY WAMPLER: Mr. Altizer, do you have questions you'd like to ask?

S. G. ALTIZER: Excuse me.

BENNY WAMPLER: I'll get to the Board in a minute.

S. G. ALTIZER: Yeah, first of all, you might as well be speaking Greek to me because I've got so much stuff here and when they start talking about a TA175 that don't tell me anything. I think these people ought to come to land owners and say here's what we want and here's where we're going to drill and here's what we're going to drill under. This don't tell me where my property is. He may know but I don't know. And I open gates and so on for these so there's (inaudible) to come and drill and

made it easy for them. Now I got something that, you know, that I totally don't understand. I don't think they're handling this right at all. I think if they can send people over and over to drill and I open gates for them and loan them four wheelers to ride and stuff like that. I think they owe me the honor of coming to say here's our fifty acres or here's two hundred acres, we want to drill here or we want to drill under this. I don't know where they want to drill. I don't know they want to drill under. I don't know if they want to drill on my property or drill under my property. I really don't. And this property has been in Altizer family, most of it, for probably over 100 years. My great granddad, my granddad, my dad, me and several. We've been paying tax on this property for over 100 years. Now, I don't think it's really right for somebody to come in and say we're going to pool you whether you want to be pooled or not, we're going to take what's under your property. If I move in next door to you and bought a house and McDonald's came along and wanted to buy my property but it's not big enough, I come over to your house and I say I'm going to pool you with me and I'm going to give you a percentage on each hamburger that's sold like they did me, it wouldn't be right, would it? So, they're just not treating people right I don't believe and I know they're going to say it's the law. But it's not right and people are getting some kind of little check down the road and if you don't sign

your rights all the way they put it in escrow and then they drill you don't get anything. I mean, what's it coming to when we can't control what we own and what we pay taxes on? First thing you know it's going to be like in China, you can have one child, you can't have a car or we can't go here or we can't go there. It's too much control over the people who work and pay for this property and they own it and they own...I own half way to China is the way I look at it. They own the coal but that's all they own. They shouldn't be able to come in and take your gas because it's yours. The gas rights hasn't been sold on this property. And if it's happened to me and my property down the road it's going to happen to your stuff because it's just not treating a person right. They come in and they drill this...I mean the surveyors ask for your help and you give it to them then the first thing you know you get all of this stuff right here that three lawyers can't understand, or you can't get a lawyer to understand because they've got all the lawyers tied up. You can't hire one anywhere who says that will be, you know, and approach him what I do for the gas and coal company, you can't find one. I found one mineral lawyer in the whole Bristol area I found one lawyer...mineral lawyer somewhere in Tennessee. It's the only I could find in the whole telephone directory in the Bristol directory. And I know probably while I'm sitting here won't amount to, as my granddad said, a hill of beans but people need

to get this off their chest and big companies, what they did they lobbied Congress years ago and got these laws passed before we ever knew we had any gas in this country, now they come in and they're broadsiding us with these laws that we didn't have anything to do with or didn't even know about until three or four years ago. And I think somebody somewhere in politics or somewhere needs to start looking after the landowner and the little people. They come in and they say we're going to do so and so and we're going to pool you whether I want to be pooled or not. We don't think it's right and I think everybody in this room needs to start thinking about if I lose my rights to my property how long is it going to be before you lose the rights to your property and we all work in CNX or they own us all. And I just don't think it's right. I'm opposed to it and I think more people ought to look into this thing and voice your opinion on it because when you own something in my book you own something. This is my ring. And if you want it can you come over and take it because I've got two? You shouldn't be able to. And I know everybody in this room is got something that's due to them and they've bought and paid for it and if somebody comes along and says we're going to take this from you what are you going to do about it? Nothing?

BENNY WAMPLER: I'll state that I certainly agree with you that you have a right to know where any well is going to be

on your property, you have a right to know where they're passing under your property with any extension of these legs. As to the pooling part though, that is in the law, the General Assembly. And it will take your representatives to change that if it ever gets changed because the Virginia Law encourages development of this resource and it enables companies to pool those resources and put in escrow if there's not, you know, an agreement or what have you until those...until that's finally decided who really owns the gas because in Virginia there's not a determination of whether the coal owner owns the gas or the gas owner, you know, those kinds of things haven't been settled firmly in law and so far the decisions have been made have been lease specific. So, you know, the Judge that ruled on the cases before looked at each deed and made determinations of who owned that gas.

S. G. ALTIZER: Kyle Robinson of Buchanan County, down in Whitewood, he has had this case in court for some time. He told me he won the case that under..if you hadn't sold off your gas rights and all it was yours, it didn't go with the coal.

BENNY WAMPLER: That was his deed and deed specific, it wasn't a case law that determined the gas in Virginia in particular. I'm talking law here but I've got a lawyer here standing...sitting here next to me to clarify. But I'm just trying to explain to you. You would have to do the same thing he did with your deed in order to do that.

S. G. ALTIZER: Well if it's...if he owns the gas rights it was ruled that he did why would it have to be redone and say that I owned it because---?

BENNY WAMPLER: I don't know what's in your deed. I don't know what you own. And we're not a body that can make that determination of ownership.

S. G. ALTIZER: Well, the gas rights has never been sold off of this property that we're talking about. They've never been sold. I own the property rights, the surface and one piece of this has been sold one 51 acres was sold.

BENNY WAMPLER: They have included in here you as an owner of the gas. They're not trying to say you don't own it.

S. G. ALTIZER: Well, if I own it that makes it mine? Why can they take it?

BENNY WAMPLER: Well, Virginia Law allows them to take the gas. That's not something this Board can change. It's the law in Virginia. And your legislators will have to change that. That's why I said we can't do it.

S. G. ALTIZER: Now, we know why the legislators and the law makers and all it takes a highway for a high dollar golf game or slow boat to around to wherever and back with no expense because the lobbyist got to them and they broadsided us like I said before. We never knew that the gas wells or gas was on our property, we lost this case years ago is the way I look at it.

BENNY WAMPLER: Well, I was just trying to clarify for you what this body can do, the Board itself. And again, it is to make sure that your interest are protected by being included in here. And you are included in here. You have a right to negotiate a lease agreement with them but you don't have a right to prevent them from taking the gas according to Virginia Law.

S. G. ALTIZER: If I can't prevent them from taking the gas I would have totally lost my bargaining power. I don't have any if I lost before I start. I ran a company Blue Wolfe, Incorporated for 18 years and because I owned it I never abused my privilege anywhere with anybody in 18 years. If I own the gas and it's ruled that I own the gas then why can somebody come along and take something that I own?

BENNY WAMPLER: Well, you don't own all of it that's in this unit. If you do you could. But the General Assembly determined that an individual land owner couldn't prevent the development because they encourage development of the gas. And, you know, I'm just trying to straight talk you here and let you know what they're consideration was so that one person, you couldn't, stop this development when the officials of the Commonwealth to produce the gas. That was their determination.

S. G. ALTIZER: Yeah, I appreciate you helping and understand what you're saying but because they didn't it wrong don't make it right. I mean, does it? You're a lawyer.

SHARON PIGEON: But that's where it would need to be changed. This Board has very limited authority and if you want to change it you need to talk to your legislators and tell them what you've told this Board.

S. G. ALTIZER: Yeah, by that time they'll be sealing...capping the wells.

SHARON PIGEON: Well, that's where it has to be done. It cannot be done here.

S. G. ALTIZER: Well, I just want everybody in this room to hear this because it's not right. I don't know where they're going...I don't have any idea where this is at on my property.

BENNY WAMPLER: You have a right to know that.

S. G. ALTIZER: We've got...I've got 100 acres and then this other tract is about 200 or 300 acres in it and then I may as well throw a dart at this...at the back of this. It could tell me as much as this tells me because they can come and see me when they're wanting all of this but when they get what they want I can't get nobody on the phone.

BENNY WAMPLER: Well, we can certainly stipulate in the order that they explain to you where this is on your property and we have no problem doing that.

MARK SWART: We already have. I mean, if I get a chance to ask Les, it's shown.

S. G. ALTIZER: It's what?

MARK SWARTZ: When you're done, you know, and I get a chance to ask him some further questions---.

BENNY WAMPLER: You can ask him some more questions.

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. SWARTZ:

Q. Les, are any of these four holes located on any property he has an interest in?

A. No, sir.

Q. Okay. Do the plat maps that you have included with these applications show, for example, if we look at P61 which is part of number 15...docket number 15, he has an undivided interest in tract 3A and P61?

A. That's correct, yes.

Q. And 3A is shown on the map?

A. Yes, sir.

Q. And the leg doesn't go over there either?

A. No, it's only part of the unit.

Q. So, no wells are located on any tract that he has an undivided interest in, correct?

A. That's right.

Q. And none of the legs are over any tract that he has an undivided interest in?

A. No.

Q. In this unit?

A. I believe, that's correct on that on. Yeah, in 15.

Q. 15, okay. Now, if we go to 16, are any of the four wells in 16 located on any land that he has an undivided interest in?

A. The two wells that's located in this application, neither of them are on Mr. Altizer.

Q. Tract that he has an undivided interest in?

A. Right.

Q. Okay.

S. G. ALTIZER: What about the legs?

MARK SWARTZ: We're getting there. And if we look at P60, okay, Mr. Altizer has an interest in Tract 4 in docket number 16, correct?

A. He does.

Q. And Tract 4 is in the south east corner of that 80 acre piece?

A. Yes, in the south west corner.

Q. Well, it would be south east wouldn't it? Oh, both corners, okay sorry. And is it true that in this piece this 80 acre piece P60 neither of the legs intersect four, we'd have to go to the next---?

A. That's correct.

Q. And if we go to P61 which shows him having an interest in Tract 3A in this map?

A. Yes.

Q. And then if we go back and look at 3A, one of the legs goes part way across 3A coming in from the northwest?

A. It does.

Q. And is that the extent of involvement in these two docket items the well locations and legs?

A. Yes, it is.

Q. Also, does there seem to be a disagreement on development within Mr. Altizer's family?

A. Yes.

Q. Is it true that you have leased more than half of his relatives who want this developed?

A. Yes.

S. G. ALTIZER: They can't lease more than half of it because I own half of it. You can't lease more than half of it unless you get my part.

LESLIE K. ARRINGTON: We've leased 50% of it.

S. G. ALTIZER: Okay, that's not more than half.

BENNY WAMPLER: Okay, here again, on his behalf, he says he doesn't know where on his land. I know you've shown on a plat here. He's saying that doesn't make sense to him. He's talking about on his land. Can somebody show him?

LESLIE K. ARRINGTON: Absolutely, we'll have somebody go by. I think somebody has actually talked to him, one of our agents have talked to him.

BENNY WAMPLER: But he's asking to be shown where it is. You know and I know he's not going to agree for you to do this, we can't change that because that's the law but he deserves to know where on his land you're crossing underneath.

LESLIE K. ARRINGTON: Absolutely.

BENNY WAMPLER: You're not crossing on the surface anywhere, is that correct?

LESLIE K. ARRINGTON: Yes, sir. And I'll have an agent go out and talk with him.

S. G. ALTIZER: I appreciate your time. I needed to get this off from my chest and maybe somebody will listen somewhere. And maybe down the line somebody will listen and we'll get some of our rights restored because we've lost them, absolutely lost them. And if you take my gas you can take my coal, you can take my land, you can take my home, if somebody up there somewhere passes the law to that affect, they're going to pool my land and my home with everybody's on Greasy Creek Burwell Road and we'll go pay rent or move wherever they tell us to or we'll do whatever they want us to, it's their land and their home. Somebody needs to get hold of this thing and start looking at people's rights because the Constitution gives us

rights to bear arms. They give us rights to own land. We pay taxes on it if we want to plant it in corn or wheat or whatever we should have this right. We shouldn't be told gasoline is getting scarce you're going to have to grow corn so we can make methane gas out of it. We shouldn't be told that. It's our free enterprise of law and this country has built and growed and became a great Nation on a free enterprise. I worked hard. I've had three companies. I worked really hard to make them grow into something decent. Some of them I worked day and night at and it's not right for somebody to come along and take something that I worked that hard honestly and cheated nobody to get. I appreciate you folks. I appreciate you so much.

BENNY WAMPLER: I hope you understand a little bit that it is the legislative process and not the Board's process.

S. G. ALTIZER: I know that but this is the only place I thought I could be heard.

BENNY WAMPLER: I understand.

S. G. ALTIZER: And like I said I don't know where this is at on my property, whether they're going under it---

BENNY WAMPLER: He's committed here today before the Board that he will have a representative to contact you and walk your property and show you where that crosses underneath and that there will be no disturbance on the surface.

S. G. ALTIZER: But when they get ready to drill under

this property or drill on it the same thing will happen, I'll lose my rights again. Thank you, folks.

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

MARK SWARTZ: No.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman, I have some questions about the well plats. If we want to just pick one because all of them are actually lacking to me the same information. If you look at the TA81 and the TA187, I guess, I'm not sure which...I don't know if this is 15 or 16.

MARK SWARTZ: It's 16.

BILL HARRIS: The first map that's shown there, PBMO60 shows the two well locations there. When you look down in the information elevation is a question mark, well coordinates north and east are question marks. And this is true with all of the maps that we have. What's happened here?

LESLIE K. ARRINGTON: Okay, all of the other plats that---

BILL HARRIS: They are all short a well so they wouldn't have that? Now, I understand. I probably should have said, yeah, I did notice that.

LESLIE K. ARRINGTON: Right. And quite honestly we have the well locations the actual surface and coordinate

locations for both wells and we just didn't put them in here and they should have been there. So, we can revise those plats.

BILL HARRIS: And that's true in 15?

LESLIE K. ARRINGTON: Yes, sir. And we'll get revised well plats for those two.

BILL HARRIS: Thank you. That's all.

BENNY WAMPLER: Other questions from members of the Board?

BRUCE PRATHER: I have a question.

BENNY WAMPLER: Mr. Prather.

BRUCE PRATHER: On your plat here there's on your topo sheet there's a well here, there's one up here and there's one down here. Are those conventional wells---

LESLIE K. ARRINGTON: Yes, sir.

BRUCE PRATHER: ---or are those...they are conventionals?

LESLIE K. ARRINGTON: Those are conventionals.

BRUCE PRATHER: Okay. That's what I wanted to find out. Thank you.

DONNIE RATLIFF: One quick question, Mr. Chairman.

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: On that same item that Mr. Harris talked about, this plat shows that you go down into Q61 just a little bit and the plat don't reflect that, it shows that it stops

on the line.

LESLIE K. ARRINGTON: It should have stopped on the line on this exhibit.

DONNIE RATLIFF: On this one?

LESLIE K. ARRINGTON: Yeah.

BENNY WAMPLER: So, you'll revise that?

LESLIE K. ARRINGTON: Yes, we will revise that exhibit.

BILL HARRIS: Excuse me just a second.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Just that little extension down toward the north..southeast there where it just barely gets into it, is that where we are?

LESLIE K. ARRINGTON: Right.

BILL HARRIS: Yeah, I wondered about that because you would have to include that whole unit. Okay. Thank you.

DAVID ASBURY: Mr. Chairman.

BENNY WAMPLER: Mr. Asbury.

DAVID ASBURY: You mentioned how payment would be made as far as the pooling. Would you state that process again?

LESLIE K. ARRINGTON: Yes. The total length of legs drilled we'll know what that total length is and then each unit that we've got there ever how much length of leg is in there it will be allocated it's proportional part to that 80 acre unit.

MARK SWARTZ: So, if you've got 1000 feet of leg and

20 feet is in one unit you'd put 20/1000 and that would generate a decimal which you would take times the production and that's the number, right?

LESLIE K. ARRINGTON: Yes. And you're probably wondering why we do it this way and the other companies were doing it other ways. We have been right in the heart of Oakwood units in Middle Ridge field and all of our accounting people and everything that we do has been used to doing it this way and it's going to be easier to allocate it continued on the way we're doing it than to change the format. And that's the reason we're doing it this way.

BENNY WAMPLER: Other questions? Do you have anything further?

MARK SWARTZ: I do not.

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: Motion to approve, Mr. Chairman.

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: One abstention, Ms. Dye. You have

approval.

MARK SWARTZ: Thank you all.

BENNY WAMPLER: Mr. Swartz, I'd ask you to prepare a draft order reflecting these two.

MARK SWARTZ: Okay, we'll do that.

BENNY WAMPLER: These four, sorry. We're going to take a break by order of the attorney.

(Break.)

BENNY WAMPLER: Okay. We'll go ahead and get started.

The next item on the agenda is a petition from Equitable Production Company for the establishment for a provisional 320-acre drilling unit for drilling of horizontal conventional gas wells in the Gladeville District. This is docket number VGOB-08-0819-2301. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman and Board members, Jim Kaiser on behalf of Equitable Production Company. At this time I'd ask that you also call docket item number 19 in the hopes that we could combine those two hearings.

BENNY WAMPLER: That is a petition from Equitable Production Company for establishment of a provisional 320- acre drilling unit for horizontal conventional gas well Gladeville District, docket number VGOB-08-0819-2303 is also called.

JIM KAISER: And Mr. Chairman, Equitable's witnesses

in this matter will be Ms. Rita Barrett and Mr. Luke Shankin.
We...when they get seated we'll ask that they be sworn.

(Rita Barrett and Luke Shankin are duly sworn.)

BENNY WAMPLER: Let the record show no others. You may
proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, we've combined both 2301 and 2303
because we're seeking to establish a provisional 320- acre unit
in both cases. Now, as far as the, and that will help Mr. Shankin
with his proposal, he'll just need to go through our reasoning
and methods for doing this one time. But as far as the land
issues go in this unit we'll go ahead and bifurcate the two
starting with item 17 which is docket T301. Would it be
your...I'm sorry, state your name and who you work for?

A. Rita McGlothlin Barrett. I'm a landman three
for Equitable Production in Big Stone Gap, Virginia.

Q. Okay. And as to the unit that we're
establishing for item 17, which is docket number 2301, would it
be your testimony that all the acreage within the proposed
provisional 320-acre unit is under lease to Equitable Production
Company?

A. It's 100% leased to Equitable Production Company.

Q. Okay. And as to docket number 2303, would it be your testimony that all the acreage in that unit is under lease to either two...I mean, is also under lease to Equitable Production Company?

A. It's 100% leased to Equitable Production Company.

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

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

Q. Wait, I do have one more question. Is everybody been that owns an interest in the oil, gas and coal within this unit been notified as required by the Board regulations?

A. They have.

Q. Thank you.

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

LUKE SHANKIN

DIRECT EXAMINATION

QUESTIONS FROM MR. KAISER:

Q. Now, Mr. Shankin, if you'd state your name for the Board, who you work for and in what capacity?

A. Luke Shankin. I'm a geologist for Equitable Production Company out of the Pittsburgh, Pennsylvania office.

Q. And you have testified before the Virginia Gas and Oil Board previously as to the establishment of these provisional horizontal units?

A. Yes.

Q. Okay. And if you would once again for the Board go through your proposal as to why we would like to establish these provisional units?

A. Okay, this is our standard conventional unit establishment. If you look at AA, you can see the units are 320 acres. The dimensions 3,733 by 3,733 feet with a 5,280 diagonal. There will be a 300 foot interior window with a 600 foot standoff from horizontal well bores that are in adjacent grids. This will allow us to drill the surface location outside of the unit so long as production only comes within the interior window. A minimum of 600 foot distance between the horizontal well bore and any vertical well that will produce from the same formation horizon. The unit size will allow for multiple wells and/or laterals for maximum drainage of that 320 acres. And at some

cases two or more wells may be able to use the same pad due to terrain restrictions. BB on the next page, just shows the size of the unit with the dimensions, you see 320 acres and then the dimensions are listed there. CC on the next page, it lists some benefits of horizontal drilling. We have fewer issues with coal mining because there is fewer holes, less surface disturbance, we can more effectively extract the resource, allow us to reach into areas that were otherwise inaccessible by vertical bore holes. We have higher depletion rates, with shorter life to the wells, and this will encourage future development of the resource. And the following DD-1 is for the first docket number, docket 17, which just shows a map view. The only existing...there are no existing vertical well bores currently in this provisional unit. Well 133701 is an Equitable well. And on DD2, which is for docket number 19, there are no current existing vertical well bores within that unit or around it.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman?

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: So, now normally we have the lines that show sort of a general idea of where these wells might be or where the bore holes might be. I guess, we're just establishing the unit, okay.

LESLIE K. ARRINGTON: Yeah.

BILL HARRIS: Okay, that's all.

BENNY WAMPLER: Other questions?

DAVID ASBURY: Mr. Chairman?

BENNY WAMPLER: Mr. Asbury.

DAVID ASBURY: Following these 320-acre units, administratively, it would be helpful to our office if we could identify those in some way. All the other units have some identifier so when we have customers or even you would call to our office that we could identify a specific unit.

RITA BARRETT: Mr. Asbury, I'll answer that. There was discussion between us about not using well numbers. However, if you will look down in the lower left hand corner of these plats there is a well number. I mean, does that help? If you need it to be bigger, Diane you need to start putting well numbers back on these if you're asking us to do that.

JIM KAISER: Yeah, we were previously and then the decision was made to take them off. So, if you want them back we'll put them back.

DAVID ASBURY: It would probably help if we had a grid for 320-acre units or 80 acre units that would become a 320-acre unit. It would be helpful I think to both you and our office for future identification of these horizontals.

BRUCE PRATHER: I think it will help us with the correlative rights. In other words, there's adjacent operator

we are supposedly supposed to protect their interest at least help them somewhat, if we don't know where these offset wells are we're not doing our job.

RITA BARRETT: It will help us internally too, to keep track of these and it will help your---

DAVID ASBURY: I understand though we've identified in the past some of them as a well and a unit so if we had just the unit identified and the well number separate that would help in making your accounting as well as our tracking.

RITA BARRETT: Okay.

JIM KAISER: Well, I think the logic behind adopting that was that the application request and the orders had been allowing for the optimum development of these units in this horizontal fashion they've been allowing for multiple wells. So, to put...you know, you don't know whether until you do it you don't know whether there's going to be one, two or three. So, we took position when we were establishing the units we just wouldn't use a well number.

DAVID ASBURY: Well, no I don't disagree with that.

JIM KAISER: Well, I'm just explaining why it was done that way.

DAVID ASBURY: As long as we've got a unit identifier it would help.

BENNY WAMPLER: You know, another thing I think along

of these lines it is important you know to know where this is in the field because it's just...you know, we're seeing just---

JIM KAISER: Well, we're putting it in the application description.

BENNY WAMPLER: I understand that but I'm talking about just a smaller map showing you know---

JIM KAISER: Oh, the general location.

BENNY WAMPLER: Right.

RITA BARRETT: Would it help...and if...LBR surveyors do this for us, and I think it's very helpful to us, if they show the four grids in here.

BENNY WAMPLER: Right.

RITA BARRETT: Okay.

BENNY WAMPLER: And then also just overflow if you will of the general area so that you know...so that anyone looking at this knows where this is can identify it.

RITA BARRETT: Okay.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: I guess we got more into comments than we did questions. Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Second.

BENNY WAMPLER: Second. Any further discussion?

(No audible response.)

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

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

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain.

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

RITA BARRETT: Thank you.

BENNY WAMPLER: Next is a petition from Equitable Production Company for a well location exception for proposed well V-502739, this is docket number VGOB-08-0819-2304. 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, it will be Jim Kaiser and Rita Barrett on behalf of Equitable Production Company.

BENNY WAMPLER: Let the record show no others. You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. Rita McGlothlin Barrett, employed by Equitable Production Company in Big Stone Gap, Landman three.

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

A. Yes, sir.

Q. And are you familiar with the application we filed seeking the location exception of this well?

A. I am.

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

A. They have.

Q. Could you indicate for the Board the ownership of the oil and gas underlying the unit for well V-502739?

A. We have 100% leased and the...do you want me to name the parties?

Q. No. There is one reciprocal well, the well that we're seeking the exception from, that is well 502362, correct?

A. Yes.

Q. And that is a well that is operated by Equitable

Production Company?

A. That's correct.

Q. Okay. So, they have the right to operate the reciprocal well and there are no correlative rights issues?

A. Correct.

Q. And would it be accurate we've not provided the Board with an Exhibit for this particular location exception which is unusual. But in this particular case, the reason for that is we're seeking a exception of just 55 feet from a legal location and we moved the legal location 55 feet to the north at the request of a surface owner on the drill site tract so that it would not impact and just stop me but I'm just going to ask you yes or no, so it would not impact his plans for future development of that surface property?

A. That's correct.

Q. Okay. So, we did this at the request of the surface owner of the drill site tract?

A. Yes.

Q. Correct?

A. Yes.

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

A. 300 mcf.

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

A. Total depth is 5,574 feet.

Q. This will be sufficient to test the common sources as supplied in the subjected formations as listed in the application?

A. Yes.

Q. And are we asking that this location exception cover conventional gas reserves to include the designated formations in the application from surface to total depth drilled?

A. Yes.

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

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

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

KATIE DYE: 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 and Bruce Prather.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

BENNY WAMPLER: One abstention---.

BRUCE PRATHER: Abstain.

BENNY WAMPLER: Two abstentions, Mr. Prather and Mr. Ratliff. You have approval.

RITA BARRETT: Thank you.

BENNY WAMPLER: Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-536635, docket number VGOB-08-0819-2305. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again Jim Kaiser and Rita Barrett. She's passing out an Exhibit E that was not included in your original application and its necessary to show that tract one is subject to Board escrow.

RITA BARRETT: The original application didn't have

Range Resources coal estate on it...on Exhibit E.

JIM KAISER: It just had the gas estate?

RITA BARRETT: Yes.

JIM KAISER: So it was an error---?

RITA BARRETT: Yes.

JIM KAISER: You are correcting an error for the original.

BENNY WAMPLER: Let the record show no others. You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. They do.

Q. And are you familiar with the application we filed seeking to pool any unleased interest in the unit for VC-536635 which was dated July 18, 2008?

A. Yes.

Q. Does Equitable own drilling rights in the unit

depicted here?

A. Yes.

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

A. Yes.

Q. Okay. What is the interest under lease to Equitable within the gas estate in the unit?

A. The gas estate is---

Q. It's okay, you can say it, zero%.

A. 100% unleased.

Q. And why is that?

A. I think it's an unknown. Yes, it's an unknown.

Q. Yeah, it's Yellow Popular. So, in this particular unit, the gas estate is either 91% Yellow Popular, which is an unknown entity you know we've pooled, oh, gosh, probably fifty times over the last ten years and you know the story you know trying to locate any successors and interests of that, and then Tract 2, which is the only other tract in the unit, is all under lease to CNX. So, it's unleased to Equitable. So, what is the percentage of the coal estate under lease to Equitable in this unit?

A. 91.29%.

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

A. Yes.

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

A. Yes.

Q. So, at this time 100% of the gas estate is unleased and 8.71% of the coal estate is unleased?

A. Correct.

Q. Okay, now I'm...there's a lot of puzzled looks out there and I'm going to refer you to the statute and in Virginia because of the conflicting claims situation and a CBM situation you don't have to have anything leased from either estate, you just have to have a claim. So, there's nothing too unusual about this. It's un...I don't think we've ever had that...this happen before where there wasn't any of the gas estate under lease.

BENNY WAMPLER: And anybody can claim it.

JIM KAISER: Anybody can claim it. That's what you've got.

BENNY WAMPLER: I'm claiming Yellow Popular.

JIM KAISER: That would be nice, wouldn't it?

(Laughs.)

JIM KAISER: I'd like to see the escrowed figure for

them. Good gracious. It's probably about half of that money.

Q. Again, reasonable and diligent efforts were made and sources checked and we continued to attempt to identify and spent many hours in the past attempting to identify any successors, shareholders or any type of trust heir or anything from this Yellow Popular group, correct?

A. That's correct.

Q. So, we've just...we've been unable to trace any ownership?

A. That's correct.

Q. So, in your professional opinion, was due diligence exercised to locate each respondent named herein?

A. Yes.

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

A. Yes.

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

A. Yes.

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

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

A. Yes.

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

thereof?

A. Yes.

Q. Do you recommend that the order provide that any elections by the respondents be in writing and sent to the applicant at Equitable Production Company, Land Administration, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Nicole Adkinson?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

Q. Should the applicant be allowed a 120 days following the recordation date of the Board order and thereafter annually on that date until production is achieved, to pay or tender 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 respondent's election to participate should be treated as having been withdrawn and void and such respondents should be treated as if no initial election had ever been filed, in other words, deemed to have leased?

A. Yes.

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

A. Yes.

Q. Okay. In this case, we do have both unknowns and conflicting claims in Tract 1. So, does our revised Exhibit E reflect the Board does need to establish an escrow account for this unit for any proceeds attributable to Tract 1, is that correct?

A. Yes.

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

A. Equitable Production Company.

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

A. 2,190 feet.

Q. Estimated reserves for the unit?

A. 230 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs are \$164,210 and completed well costs are \$417,348.

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 for

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: Did you discuss the Exhibit EE?

JIM KAISER: No, I did not.

Q. We've got a split agreement on this one?

A. We have been notified by CNX that Levisa and the (inaudible) heirs have entered into a royalty split agreement. I went ahead and prepared that EE and Anita is going to email that royalty split agreement to me this week.

BENNY WAMPLER: Okay. Questions from members of the Board?

DAVID ASBURY: Mr. Chairman, the plat that we have shows the well outside the 300 foot offset window, is that the intention?

RITA BARRETT: Yeah, we're saying that that all still stays on that same piece of property.

JIM KAISER: So there are no correlative rights issues---.

RITA BARRETT: Right.

JIM KAISER: ---and you will seek a location exception in your permitting process?

RITA BARRETT: We will.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Mr. Chairman, I'd ask that the application be approved as submitted with the corrected Exhibit E and the caveat that we will provide to you a copy of the royalty split agreement for the EE.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

KATIE DYE: 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.

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

RITA BARRETT: Thank you.

BENNY WAMPLER: Next we have a petition from Equitable Production Company for pooling of coalbed methane unit VC-536504. This is docket number VGOB-08-819-2306. We'd ask

the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett for Equitable Production Company.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, again, do your responsibilities include the land involved here and in the surrounding area?

A. Yes.

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

A. Yes.

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

A. Yes.

Q. What is the interest under lease to Equitable in the gas estate in this unit?

A. We have 99.08% leased.

Q. And the interest under lease to Equitable in

the coal estate?

A. 100%.

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

A. They are.

Q. So that means just 0.92% of the gas estate remains unleased?

A. That's correct.

Q. Okay, and that is represented by Tract 3 in the gas estate, which is the G. W. Cook Estate?

A. That's correct.

Q. And we were not able to locate any of the G. W. Cook heirs, is that correct?

A. That's correct.

Q. And were reasonable and diligent efforts made to attempt to locate them?

A. They were.

Q. And in your professional opinion, was due diligence exercised to locate each of the respondents known in Exhibit B?

A. Yes.

Q. And are you requesting the Board to force pool all unleased interest listed in 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. I am.

Q. Again, advise the Board as to what those are?

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

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

A. Yes.

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

BENNY WAMPLER: That will be incorporated.

JIM KAISER: I guess that was in item---.

BENNY WAMPLER: 2305.

JIM KAISER: 2305.

Q. Okay, in this particular case, Ms. Barrett, the Board does need to establish an escrow account?

A. Yes.

Q. And that would be for any proceeds that are attributable Tract 3, correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. 3,113 feet.

Q. And the estimated reserves for the life of the unit?

A. 300 mill...excuse me, 350 million cubic feet.

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

A. Yes.

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

A. Yes.

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

A. Dry hole costs are \$166,477 and completed well costs are \$466,497.

Q. Do these cost 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, prevention of waste and protection of correlative rights?

A. Yes.

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

BENNY WAMPLER: In your Exhibit B and E...B-3 and E and I guess maybe others you used the terms "minerals only" when you identify a party for the...for example, the G. W. Cook Estate, minerals only up under the gas estate and then minerals only that for Range down the coal estate?

RITA BARRETT: Yes. We could not find this on tax...we know where it is but we don't have an assessment for the G. W. Cook estate or the Range tract as far as a map number is concerned. That's why we have minerals only there because the county requires us to have a tax map and parcel number on these exhibits prior to recordation---.

BENNY WAMPLER: Okay.

RITA BARRETT: ---but they have accepted minerals only in cases where we cannot identify those.

SHARON PIGEON: Will they accept coal only when you're

talking specifically about coal because minerals generally in this situation is interpreted to mean gas.

RITA BARRETT: I can try and see. I wouldn't see why they wouldn't.

SHARON PIGEON: You need to try that.

RITA BARRETT: Okay.

BENNY WAMPLER: You're outside of the---

Q. Yeah, again, we're outside of the window here. These are all going to be Pine Mountain, there's not going to be any correlative rights issues?

A. That's correct.

Q. And we will seek a location exception in the permitting process?

A. We will.

JIM KAISER: Nothing further 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: I guess, with the caveat is they will accept coal only or gas only as far as recordation purposes you'll try---

RITA BARRETT: Yes, we'll see...yes, we'll try that.
I will change that exhibit to coal only.

BENNY WAMPLER: Yes, change that.

JIM KAISER: Well, see some of the counties have mineral maps, surface maps and some of them just have surface maps and actually minerals includes coal, oil and gas.

SHARON PIGEON: Well, in this context we're usually using minerals for gas not the coal. We're saying the coal is separate.

JIM KAISER: Okay, but legally the term minerals in Virginia would include coal, oil and gas.

SHARON PIGEON: Not if coal can be separate it out.

JIM KAISER: Interpreted in the deed, sure it would.
Well, we'll do it the way you want it done.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval with the changes as specified.

SHARON PIGEON: Coal only.

BRUCE PRATHER: 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.

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

RITA BARRETT: Thank you.

BENNY WAMPLER: Next is a petition from Equitable Production Company for pooling of coalbed methane unit VC-502398, docket number VGOB-08-0819-2307. 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, Rita Barrett and Jim Kaiser.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with the application we filed seeking to pool any unleased interests in this unit?

A. I am.

Q. And you just passed out an Exhibit EE to be added to the exhibits that were filed with the application?

A. Yes. That Exhibit EE represents a royalty split agreement between Range Resources and Sara Geneva Owens and others.

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

A. Yes.

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

A. Yes.

Q. What is the interest under lease to Equitable within the gas estate in the unit?

A. 98.89%.

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

A. 100%.

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

A. They are.

Q. So, that means just 1.11% of the gas estate remains unleased in this unit?

A. That's correct.

Q. Okay. We don't have any unknown or unlocateables?

A. No.

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

A. I am.

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

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, again I'd ask that the
statutory election options afforded any unleased parties, the
testimony regarding those previously taken in docket number 2305
be incorporated for purposes of this hearing?

BENNY WAMPLER: That will be incorporated.

Q. Okay. We've got escrow here for Tracts 3 and
4 with conflicting claims, is that correct?

A. Yes.

Q. And the Board will need to establish an escrow

account for this unit for any proceeds attributable to tracts 3 and 4?

A. Well, actually---

Q. Well, wait a minute, we've got a split---

A. Actually Range and...Tract 4 we have an agreement on. So, we'll have to revise that Exhibit E on the application.

Q. We don't have anything on 3?

A. No.

Q. That's odd. Well, I guess, Tina Hurley must not have wanted to do it. Okay. So, we're going to revise E to reflect that the only tract that the Board needs to establish an escrow account for would be Tract 3?

A. That's correct.

Q. Okay. Because Tract 4 is covered by the split agreement? Is that confusing?

A. That's correct.

BENNY WAMPLER: We understand it.

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. Proposed depth is 2243 feet.

Q. Estimated reserves over the life of 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. And again, in your opinion, does it represent a reasonable estimate of well costs?

A. It does.

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

A. Dry hole costs are \$151,608 and completed well costs are \$370,916.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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

A. Yes.

Q. And again...Now Ms. Barrett, again, our proposed location is outside the interior window and in looking

at the plat it appears that there would be no correlative rights issues and then all the surrounding acreage would be Range Resources-Pine Mountain acreage, is that correct?

A. That's correct.

Q. And when you applied for the permit on this well you will seek a location exception in the process?

A. We will.

JIM KAISER: Nothing further, Mr. Chairman.

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

BENNY WAMPLER: Do you have anything further?

JIM KAISER: We'd ask that the application be approved as submitted with providing you with the corrected Exhibit E.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval as amended.

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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

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

approval. Next is a petition from Equitable Production Company for pooling of drilling units supported by wells VH-539904 and VH-539905. This is docket number VGOB-08-0819-2308. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser on behalf of Equitable Production Company. We would ask the Board to continue this item until the October docket. We received a letter from Melba Guillian and she is going to help us. We have not...we have had...we have 94 notices on this one we filed this time and she is going to help us correctly identify her husband's mothers heirs and we're getting some affidavits of heirship don't right now, but we're too late to give notice for the September docket so we'd ask that we get it continued until October.

BENNY WAMPLER: That will be continued until October. Next is a petition from Equitable Production Company for pooling of unit and well number VH-539573, docket number VGOB-08-0819-2309. 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 Rita Barrett.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay, Ms. Barrett, go ahead before we get into your regular testimony and explain our revised set of exhibits.

A. We have leased some parties since application so we have prepared a B-2 to represent Ed Jenkins, Jr., Tract 8 has been leased. So, we're dismissing him at B-2. He has been added as a leased party on B.

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

A. We do.

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

A. Yes.

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

A. 98.616667%.

Q. Okay, and this is a horizontal unit?

A. It is.

Q. And it was established at the previous Board hearing?

A. It was.

Q. Okay. And all unleased parties were set out

in B-3?

A. They are.

Q. So, it's just 1.844444% of the unit remains
unleased?

A. Actually, it's 1.383333%.

Q. Oh, very good. That reflects the additional
lease, so it's 1.383333%?

A. Correct.

Q. Okay. And the only parties that remain
unleased in the entire 320-acre unit are two undivided interest
owners in Tract 8?

A. That's correct.

Q. Being the Orbin Gibson heirs and the Willard
Gibson heirs?

A. Correct.

Q. And were reasonable and diligent efforts made
and sources checked to attempt to identify and locate those
heirs?

A. Yes.

Q. Okay. In your professional opinion, due
diligence exercised to locate each of respondents named in
Exhibit B?

A. Yes.

Q. Are you asking the Board to force pool all

unleased interests as listed at B-3 to the application?

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. Again, advise the Board as to what those are?

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

JIM KAISER: Mr. Chairman, again, we would ask that the statutory election options afforded any unleased parties, the testimony concerning that taken earlier in item 2305 be incorporated.

BENNY WAMPLER: That will be incorporated.

Q. We do need to...we don't, the Board needs to establish an escrow account for this unit for proceeds attributable to the unknown interest in Tract 8?

A. That's correct.

Q. Okay. 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. 7,877 feet.

Q. Does that including the lateral?

A. Yes.

Q. What are the estimated reserves for the unit?

A. 980 million cubic feet.

Q. Has an 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 well costs?

A. Yes.

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

A. Dry hole costs are \$621,956 and completed well costs are \$1,523,725.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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

A. Yes.

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

BENNY WAMPLER: Do you know the TD where you start your laterals? Do you know that?

JIM KAISER: Do you know where you start your laterals? I mean, how far down you all are going to make the turn?

LUKE SHANKIN: On this specific well, I do not.

JIM KAISER: I think in the past, Mr. Chairman, it has been around 4400 to 4600 feet. Does that sound right?

BRUCE PRATHER: Some of them are below the berea and some of them are above it. It depends on where their casing point is.

RITA BARRETT: I apologize, Mr. Chairman, I'm not sure on this one.

BENNY WAMPLER: I was just curious.

RITA BARRETT: We can find out for you.

BENNY WAMPLER: It just helps to know the formations, you know, a little more clearly where you're kicking your laterals out.

RITA BARRETT: Okay.

JIM KAISER: Yeah, hopefully that should be in the application.

BENNY WAMPLER: Your formations are identified but they're multiples and this helps identify---

JIM KAISER: Oh, they are.

RITA BARRETT: It should have been identified when we established the unit in a prior hearing.

BENNY WAMPLER: Okay. I interrupted you. Had you finished your questions?

JIM KAISER: Yes, sir. No further questions.

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, Mr. Chairman.

DAVID ASBURY: Mr. Chairman?

BENNY WAMPLER: Mr. Asbury.

DAVID ASBURY: Question please on the plat as it's submitted. You're outside the window. Just as a matter of future review, we're asking that when you've reached the horizon that your production is coming from that you show a tick mark within the plat so that we will know that you are inside the interior part of the unit. And also, on your directional on your lateral, this plat has an arrow as if it will be continued rather than just stopping the line.

RITA BARRETT: Yeah, I see what you mean.

BENNY WAMPLER: Thank you. And it's not intended that you continue?

RITA BARRETT: No.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: No, Mr. Chairman. I'd ask again that it be approved with the revised exhibits.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval. I'm sorry, was this...this has a revision to it, didn't it? Yes. Motion for approval as revised.

BENNY WAMPLER: Is there a second.

DONNIE RATLIFF: Second.

KATIE DYE: 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 Bruce Prather.)

BENNY WAMPLER: Opposed, say no.

BRUCE PRATHER: Abstain.

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

RITA BARRETT: Thank you.

BENNY WAMPLER: We'll do one more and we'll break for

lunch. This is a petition from Equitable Production Company for pooling coalbed methane unit and well VC-539782, docket number VGOB-08-0819-2310. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Mr. Chairman, again, Jim Kaiser and Rita Barrett.

JOHN SHEFFIELD: And John Sheffield.

(John Sheffield is duly sworn.)

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

JIM KAISER: Mr. Chairman, I think we're passing a revised set of exhibits to include a EE to include a split agreement on Tract 4, which would be I guess the same split agreement that we had on an earlier well that you'll provide them a copy with once you get it from the folks, right?

BENNY WAMPLER: Did you provide Mr. Sheffield a copy?

RITA BARRETT: I did.

JOHN SHEFFIELD: Yes.

BENNY WAMPLER: You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, does Equitable own drilling rights in this unit?

A. Yes.

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

A. Yes.

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

A. The interest leased is 68.783594%.

Q. And that's different than what the application showed, so your revised the set of exhibits shows some additional leases you've picked up?

A. We've picked up on a lease on Tract 2, Sandra Holback Kidwell, that's represented on Exhibit B-2 dismissed.

Q. Okay. And all the other parties as they exist now are represented on revised B-3?

A. They are.

Q. And so what's the interest under lease to Equitable in the coal estate at this time?

A. In the coal estate it's 8...oh, I'm sorry. The coal estate is 68.783594%.

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

A. They are.

Q. So, at this time in the gas estate 31.216406% remains released?

A. Yes, 31.216406%.

Q. And the coal estate? Is that right, the same percentage in the coal estate?

JOHN SHEFFIELD: No.

A. The coal estate is 18.3468 released and the reason that is confusing is because CNX has the coal leased on that also so, I mean, we don't have it leased.

Q. Okay, but that's not why our revised exhibits are showing though, they are showing the same percentage of the coal released as the gas. So, we need a corrected B under the coal estate.

SHARON PIGEON: Could you repeat the leased and released so I can...in the coal

A. It's Tract 2. We're showing it as 31.216406 percent released.

Q. Maybe that is right.

A. I'll tell you what happened was we wrote in the acreage on leased versus the percentage. That's what has happened. It's 31.216406%. That's right.

SHARON PIGEON: So, it is correct?

A. It is right.

SHARON PIGEON: That you just gave to us? And they are

the same, the gas and coal are the same?

A. Yes, ma'am.

Q. So the unleased amount of the gas estate and unleased amount of the coal estate will be the same?

A. Yes, that's correct.

Q. Okay, and we don't...I don't believe we have any unknown unlocateables? Do we?

A. No.

Q. It seems to me, correct me if I'm wrong, but we probably don't need the E anymore?

A. No. We have an EE that shows a split royalty agreement between Range and Sara Geneva Owens.

Q. For Tract 1?

A. That's correct.

Q. And Tract 2 is a fee mineral tract?

A. That's correct.

Q. So you can eliminate Exhibit E and replace it with EE?

BENNY WAMPLER: That also includes the Gary Roger Hurley and Agnes Geraldine Hurley?

A. Correct. And CNX is going to provide us with a royalty split agreement that pertains to Tract 2.

SHARON PIGEON: But you just gave us an E in our handout.

JIM KAISER: We gave you a EE.

RITA BARRETT: We gave you a EE. Yeah, E, you can just cross that off.

SHARON PIGEON: Even though you just gave it to us it's not---?

RITA BARRETT: Yeah, that shouldn't have been attached to this.

Q. Are you requesting the Board to force pool all unleased interests as listed as revised Exhibit B-3?

A. Yes.

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

A. I am.

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

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

Q. In your opinion, do the terms you've just testified to represent fair market value of and 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 options afforded the unleased parties regarding those be incorporated for purposes of this hearing?

BENNY WAMPLER: That will be incorporated.

Q. So, now actually, Ms. Barrett, would it be correct to state that the Board does not need to establish escrow accounts for this unit?

A. That's correct.

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

A. Equitable Production Company.

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

A. 2078 feet.

Q. And the estimated reserves over the life of the unit?

A. 200 million cubic feet.

Q. Has an 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 well costs?

A. Yes.

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

A. Dry hole costs are \$172,278 and completed well costs are \$421,042.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

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

A. Yes.

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

BENNY WAMPLER: Mr. Sheffield.

CROSS EXAMINATION

QUESTIONS BY MR. SHEFFIELD:

Q. Ms. Barrett, you said your completion cost was \$421,042? I'm sorry, go ahead.

A. Yes.

Q. Okay. And that's an estimated cost, right?

A. That's correct.

Q. And so if somebody were to say take an election of being a participant carried such as 200% of the cost of the

well or participant up front and pay money in would they be able to view any records to show them that that meets that either higher or lower?

A. I would think you would.

Q. That would be no problem?

A. I wouldn't think so.

JOHN SHEFFIELD: Okay. That's all the questions I have.

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

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Let me look real quick, Mr. Chairman. We're in the interior window. No, no further questions at this time.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion to approve as amended.

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, but Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

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

approval. We'll break for lunch and we'll be back at ten after one.

JIM KAISER: Ten after one.

(Break.)

BENNY WAMPLER: Okay, we're back to order. The next item on the agenda is a petition from Equitable Production Company for modification of Nora coalbed gas field rules to allow for drilling of additional well in units VU4855 and VW50. This is docket number VGOB-89-0126-0009-32. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

JIM KAISER: Now, Mr. Chairman and Board members, Jim Kaiser, Rita Barrett and Luke Shankin on behalf of Equitable Production Company.

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

JIM KAISER: We'll start with Ms. Barrett and we're going to go ahead and we'll take these units that we're seeking the right to drill an additional well in one at a time as far as her testimony regarding any land issues.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Rita, the first unit that we've applied for is BU48. In that particular case the increased density well is going to be inside the interior window, correct?

A. That's correct.

Q. And in that unit we do have...is there an unleased party in that one?

A. We do and we're going to force pool it. It's currently item 27...or Im sorry, item twenty---

Q. No. Is it? That's B55. I think we're going to pool it in September. I think we filed to pool that one in September, B48. 55 is the one we're going to pool next?

A. That's correct. That's correct.

Q. So, we have filed as of last Friday we filed a petition to pool that unit at the September hearing. So there's just one, I think it's...what is it, Homer Kaiser?

A. Actual---

Q. Yeah.

A. Excuse me, no, I think it is Wellmore Energy Company.

Q. Okay. But this...the well is inside and we do have everybody under lease with the exception of them and we've filed to pool them in September? All right? All right?

A. That's correct.

Q. BU55, that well...the increased density well

here will actually be outside the window, right?

A. That's correct.

Q. But there are no correlative rights issues and you can explain to the Board why that is.

A. It is all located on Lambert land.

Q. Okay.

A. Within 750 foot radius.

Q. And you've got a plat for Mr. Asbury on that?

A. I do.

Q. Okay. And then on BW50, the third unit that we're seeking an increased density well in, again, that well is outside the window but again it's all Standard Banner acreage, correct?

A. That's correct.

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

BENNY WAMPLER: Questions from members of the Board? Call your next witness.

LUKE SHANKIN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Shankin, you've testified before the Board

on these increased density applications on numerous occasions?

A. Yes.

Q. And you have again today prepared a proposal that you've passed out to the Board and if you would go through and I'm sure it includes maybe some updated figures from some additional wells that have been drilled and some history as to what's going on with these.

A. Yeah. If you'll look at the first page of this AA, it just shows the three units that we're applying for today in relation to the 60 acre grid units that are around there. If you look on the second page, BB, this shows in green the units that we're going for today and in grey the units that have been approved in the past. CC is just the production curves, well production through July 2008 for the 2006 and 2007 infill drilling programs. The green is what the production would be without the infills and the red is both of those together. So, the difference between those would be the incremental increase we've in production gotten from the end field wells. And the last page, DD just shows the number of infill wells we've drilled, the total incremental increase in production that we've seen so far and the numbers still suggests that this is a good program and economical to the company.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Anything further?

Q. So you are still seeing enough incremental production from the second well to expend the extra capital?

A. Yes.

Q. Okay.

BILL HARRIS: Mr. Chairman, let me just ask a question about the graph.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: And this is just an observation. I notice that the red line on top does start to make a dip. Do you all do any projections on that? Is that eventually going to...I mean, I'm sure it will eventually play out but---?

LUKE SHANKIN: I think the engineers will probably have that. I'm a geologist, but I assume we had kind of a lag in infill drilling right there. So, I think the incremental kind of evened out right there. But I would think with more infill drilling you would expect that to kind of start to increase back up again, so.

BENNY WAMPLER: Other questions?

(No audible response.)

BILL HARRIS: Thank you.

BENNY WAMPLER: Do you have anything further?

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

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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.

(No audible response.)

BENNY WAMPLER: You have approval.

RITA BARRETT: Thank you.

BENNY WAMPLER: Let's go to 27. This is a petition from Equitable Production Company for pooling of coalbed methane unit and well VCI-539939. This is docket number VGOB-08-0819-2311. 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 Rita Barrett, Mr. Chairman.

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, are you familiar with Equitable's application seeking to pool any unleased interests in the unit

for EPC well number VCI-539939?

A. I am.

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

A. We do.

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

A. Yes.

Q. And what is the interest under lease to Equitable in the gas estate in this unit?

A. 99.78%.

Q. And the coal estate?

A. Coal estate is 99.78%.

Q. So, .22% of both the gas and coal estate remains unleased?

A. That's correct.

Q. Okay. We don't have any unknown unlocateables?

A. No.

Q. And are you requesting the Board to force pool all unleased interests listed at Exhibit B-3?

A. We are.

Q. Again, are you familiar with the fair market

value of drilling rights in the unit here and in the surrounding area?

A. I am.

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

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

JIM KAISER: Now, Mr. Chairman, at this time we'd ask that the testimony taken in docket number 2305 earlier today regarding the election options afforded any unleased parties be incorporated for purposes of this hearing?

BENNY WAMPLER: They will be incorporated.

Q. Ms. Barrett, we do need escrow for tract 4. The Board needs to establish an escrow account for the unit for proceeds attributable to Tract 4 because of a conflicting claim, correct?

A. That's correct.

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

A. Equitable Production Company.

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

A. 2,392 feet.

Q. And the reserves for the unit, let me refer back to them. I don't think my question's got that figure on it. Okay,

the ultimate estimated recovery for the unit as a whole including both the initial well and the increased density well would be 525 mmcf, is that correct?

A. That's correct.

Q. Okay. And are you familiar with the well costs?

A. I am.

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

A. It has.

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

A. Yes.

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

A. Dry hole costs are \$132,536 and completed well costs are \$356,995.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. It does.

Q. In your professional opinion, would the

granting of this application be in the best interest of conservation, prevention of waste and protection of correlative rights?

A. Yes.

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

BENNY WAMPLER: You're outside the window here?

JIM KAISER: Yes, sir. We talked about that in the previous hearing.

RITA BARRETT: Mr. Asbury has a plat on that.

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?

BILL HARRIS: Motion for approval.

KATIE DYE: 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. You have approval.

RITA BARRETT: Thank you.

DONNIE RATLIFF: I'll abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. Next is a petition for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 4, docket number VGOB-93-0119-0309-02. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

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

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

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, I know you've not done any of these before, so I'll try to...hopefully it will be pretty simple, but Equitable filed a petition on behalf of both the Johnsons and Range Resources-Pine Mountain due to an agreement that they reached on a permanent split of royalty. The letters are attached to the application and this represents the drilling unit for we're calling it 751313, but it was a 1993 force pooling. What we're here today to ask the Board to do is based upon the agreement between the parties in Tract 4 is to go ahead and disburse the

money that is existing currently in escrow and then ask the order to provide that any future royalties paid be paid directly to the parties in accordance with the percentages that the agreement represents. Is that your understanding?

A. Yes.

Q. And as we have provided the Board, with a lack of a better term, a spread sheet, it shows the 75/25 split that was agreed to between the parties and shows the total amounts in escrow as of March 31, 2008 being in balance between the bank and between Equitable. Do you agree with that?

A. I do.

Q. And then any future monies the key column would be, you would go over one, two, three, four, five columns the owner percentage in escrow and then that would be the percentage that the Board would want to use for any future disbursements of royalty from this tract, correct?

A. That's correct.

JIM KAISER: Okay. That's all I really have, Mr. Chairman.

BENNY WAMPLER: That would be money that the company would use for the future disbursement.

JIM KAISER: I'm sorry, that's how you would disburse in the future, yeah.

RITA BARRETT: Right.

JIM KAISER: You're out of this after this...I mean this hearing. But everything matches up. We've got the percentage that we'll use in the future. And, of course, the dollar amount the Board's actually going to disburse is going to be different because our total is as of March 31st. The key is the owner percentage in escrow.

BENNY WAMPLER: This Exhibit E that you have in here, do you want to speak to that revised by the 28th, 2008? I'm assuming that this exhibit has been revised removing Freddie and---?

JIM KAISER: Yes. That would be what's left, I guess, out of Tract 4 in escrow. So, we couldn't close the account for the whole tract because it was just a portion of what's in escrow for this---.

BENNY WAMPLER: Well, we'd like to see this would be the old exhibit and then the new exhibit for future reference.

JIM KAISER: Okay.

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

(No audible response.)

DAVID ASBURY: Mr. Chairman, so that we are clear, would you state the percentages so we make sure we've got the right document. As far as the disbursements are concerned.

RITA BARRETT: Freddie and Darlene Johnson would

receive .99631533% and Range Resources 0.33210511%.

DAVID ASBURY: Okay.

BENNY WAMPLER: Other questions, comments?

(No audible response.)

BENNY WAMPLER: Is there a motion?

DONNIE RATLIFF: Motion to approve, Mr. Chairman.

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. You have approval.

RITA BARRETT: Thank you.

BENNY WAMPLER: Next is a petition from Appalachia Energy, Inc. for pooling coalbed methane unit AE-232. This is docket number VGOB-08-0819-2312. 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, Justin Phillips and Frank Henderson on behalf of Appalachian Energy.

We've got a revised AFE and then we'll get those two sworn in.

(Frank Henderson and Justin Phillips are duly sworn.)

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

MARK SWARTZ: We'll start with Mr. Phillips.

JUSTIN PHILLIPS

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Phillips, if you'll state your name, who you're employed by and in what capacity.

A. Justin Phillips, land manager, Appalachian Energy Inc.

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

A. Yes, they do.

Q. And are you familiar with the application we filed seeking to pool any unleased interests in the unit for AE-232 which is dated July 18, 2008?

A. Yes.

Q. Now, does Appalachian Energy, Inc own drilling rights in the unit involved?

A. Yes, we do.

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

A. Yes, they were.

Q. Okay. And at this time, what is the interest

under lease to Appalachian Energy in the gas estate?

A. 61.28%.

Q. And under lease in the coal estate?

A. 57.64%.

Q. Are all unleased parties set out in Exhibit B-3 to the application?

A. Yes, they are.

Q. So, at this time 38.72% of the gas estate remains unleased and 42.36% of the coal estate remains unleased?

A. That's correct.

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

A. We do not.

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

A. Yes, it was.

Q. Okay. And are you requesting the Board to force pool all unleased interests 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. Five dollar bonus, a five year term with

one-eighth royalty.

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

A. Yes.

JIM KAISER: Now, Mr. Chairman, again, I'd ask that the statutory election options afforded any unleased parties and the testimony regarding that taken earlier in item 2305 be incorporated for purposes of this hearing.

BENNY WAMPLER: Do you accept those terms?

JUSTIN PHILLIPS: Yes we do.

BENNY WAMPLER: That will be incorporated.

Q. We've got fee mineral tracts here, no conflicting claims, no unknowns 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. Appalachian Energy, Inc.

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

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

FRANK HENDERSON

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Henderson, what is the total depth of this proposed well?

A. Total depth is 2200 feet.

Q. And the estimated reserves?

A. Estimated reserves for unit F-100 includes two wells, we've previously force pooled AE-187 and we've done an increased density application that was approved and for both wells we're looking at 375 million.

Q. Okay, so the total reserves underlying the unit will be 375?

A. That's correct.

Q. Okay. Now, you passed out a new AFE this morning right before we began this hearing. You're obviously familiar with this, you signed it, you prepared it yourself?

A. That's correct.

Q. And in your opinion, it represents a reasonable estimate of well costs?

A. Correct.

Q. And explain why we handed out a new one.

A. The AFE that was submitted to Mr. Kaiser was sent by a clerk that sent the wrong information and we apologize for the inconvenience here.

Q. So, just substitute the AFE that we originally filed with this one?

A. That's correct.

Q. Okay. And what would the...could you state the dry hole cost and the completed well costs for this well?

A. The dry hole costs would be \$153,663 and the completed well cost \$363,063.

Q. And do these costs anticipate a multiple completion?

A. Yes, 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, prevention of waste and 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: Do you have anything further?

JIM KAISER: We'd ask that the application be approved with the new corrected AFE.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval with the corrections.

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 Range Resources-Pine Mountain, Inc. for establishment of a provisional 320 acre drilling unit, docket number VGOB-08-0819-2313. 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, Phil Horn and Jerry Grantham for Range Resources Pine Mountain Oil and Gas. And if you would, I think it would behoove us all..it would be advantageous to us all if you would...if we could combine 31 through 34, so if you would, if it's okay with the Board to call

those other three items.

BENNY WAMPLER: Are you dealing with the same parties?

JIM KAISER: Pretty much, there's what, one or two different parties? And we can go through the land unit by unit if you want to.

BENNY WAMPLER: Yeah, I think we need to do that.

JIM KAISER: Okay.

BENNY WAMPLER: Because as I recall we've got different parties involved here. I'll go ahead and call them but let's keep it separate as far as that goes.

JIM KAISER: Keep it separate as far as them and then just let Mr. Grantham give his testimony once?

BENNY WAMPLER: That's fine. We're going to go ahead and call the petition from Range Resources-Pine Mountain, Inc. for docket numbers VGOB-08-0819-2314 and 2315 and 2316. We'd ask the parties that wish to address the Board in these matters to come forward at this time.

JIM KAISER: Mr. Chairman, Jim Kaiser, Phil Horn and Jerry Grantham. I'm going to start with Mr. Horn.

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn let's start with...I'm just going to use the docket numbers, let's start with the unit that we're asking to establish in 2314, okay?

A. 2314 or 2313?

Q. Is 2313 the first one?

A. Yes.

Q. Yeah, 2313. Have all parties as required by 361.19 of the Statute that meaning all oil, gas and coal owners in the unit been properly notified?

A. Yes.

Q. Okay. And what would the situation be as far as operator ship in leases in this particular unit?

A. All the oil and gas is owned by Range Resources-Pine Mountain, Inc with the exception of a tract in the southwest corner, which is owned by Barbara Linebarger and she's executed an oil and gas lease in favor of Range Resources-Pine Mountain.

Q. Okay. Let's move to 2314.

JIM KAISER: Any questions Mr. Chairman?

BENNY WAMPLER: I guess you're going to tell us where these units are later, or something you're going to give us?

JERRY GRANTHAM: Yes. I have a map showing the location of these.

BENNY WAMPLER: I was asking Mr. Grantham for the record a question out of order. Go ahead.

Q. Moving to 2314, Mr. Horn. And have the necessary parties been notified in this unit?

A. Yes, they have.

Q. Okay.

A. And this has one small tract besides us all the oil and gas inside this unit is owned by Range Resources- Pine Mountain, Inc and there's a small tract in the southwest that's 1.2 acres that's owned by the Dickenson County School board and that's currently under lease to our partner, Equitable Production Company.

Q. Okay.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Okay.

Q. Moving to 2315. Again, have all necessary parties been notified in this unit?

A. Yes, they have.

Q. Okay. And what's our lease situation here?

A. All this unit is owned either by Range Resources-Pine Mountain, Inc or Lambert Land, LLC and Lambert Land, LLC is...all their acreage is under lease to our partner Equitable Production Company.

Q. Okay.

BENNY WAMPLER: Any questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Continue.

Q. And 2316, again, were all proper and necessary parties been notified?

A. Yes, they have.

Q. And our lease situation here I believe this is one we filed a force pooling for next month?

A. That's correct. This unit is...it's all the oil and gas from looking on the plat is owned by Lambert Land LLC which is under lease to our partner, Equitable Production Company. Range Resources-Pine Mountain, Inc, Blaine H. Martin, she's up in the northwest corner. She's also under lease to Equitable Production Company. There's a Board of Supervisors of Dickenson County that owns a small tract, they have a water tower...water tank there and it's also under lease to Equitable Production Company, our partner. And Homer G. Kiser has .13 acres or .04% of the unit and his oil and gas is currently unleased.

BENNY WAMPLER: Unleased?

A. Yes, sir. And we've applied for application to force pool this unit next month.

Q. To force pool that one tract?

A. Yes.

Q. The Board may recall the force pool for Equitable earlier.

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. Mr. Grantham, if you could 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. as Vice President.

Q. And you've testified on numerous occasions, almost every month, I guess, this year probably as to reasons for and application of forming these provisional units?

A. Yes, I have.

Q. And you have prepared a proposal to go through today with the Board that will include those reasons and rationale and also some you know to help them locate actually where these units are on the ground and maybe update them on any information you have on existing horizontals?

A. Yes. I'd like to note that we got our letter incorrect on this, the AAs, but I'm going to...I think I'll skip to EE and let's start with the last exhibit because there were some questions on that earlier today and I think it's best if we sort of give you an idea of where these units are in relationship to other units that have been approved by the Board and in relationship to the county outlines and where we're developing. Exhibit EE does just that and what we tried to do with this exhibit is show the four units that we're proposing to be approved by the Board today for horizontally drilling conventional wells. They are in red. You can see two of them are down in the southern part of Dickenson County. One is in eastern Dickenson and one is up on the northeastern side of Dickenson County. The green units represent units that have been approved by the Board. And what we're trying to do now is sort of building blocks I guess is what I call them. If the Board recalls a lot of the units that had been approved prior to this had been more in western Dickenson County for at least for Range Resources. We've done somewhere...we've done three or four units around an existing unit and, again, we've talked about the advantage of maybe being able to drill a well that can access multiple units from the same pad. That, again, is sort of what we're trying to do here. Certainly with the southern two, the one on the northeast is really getting up into an area that we

just haven't done any drilling and we're establishing a new unit up in that area. But this is pretty much gives us an idea of sort of where these are in relationship to existing units.

BENNY WAMPLER: It interests me like a second time today that we've had this proposed in an area where you don't have a lot of drilling.

JERRY GRANTHAM: Yeah, that's what---

BENNY WAMPLER: What are you basing your, I guess, your assumptions on?

JERRY GRANTHAM: Why oh why? Yeah, that's a good question because 20...I think you're referring to 2313, the one on the northeast side?

BENNY WAMPLER: That's right.

JERRY GRANTHAM: When I say not a lot of drilling I mean not a lot of horizontal drilling. We actually have a fair number of vertical wells---

BENNY WAMPLER: Right.

JERRY GRANTHAM: ---up in that area. And, you know, in the Nora field of the four or five hundred conventional wells that are productive, maybe one-fifth of those go all the way through the shell. And so we do have data up there that tells us the shell is present, it's good thickness, it looks like it has a good organic content which is what creates the gas. And so we do have data. We aren't just picking an area and you know

saying we want to try one here. But we haven't done a horizontal---

BENNY WAMPLER: I understand.

JERRY GRANTHAM: ---or we have not gotten a unit approved up in that area. So, then if we flip back to AA, this again is an exhibit you've seen which just is a diagram of what these units look like. Of course there's 320 acres. They have a dimension of 3733 by 3733 and we've shown the diagonal lateral within the window. We'll talk about the window here in a second of 4431 and we've talked about that because early on we were putting the diagonal from out...from the exterior window and you were saying it was 5280 which it is but realistically we can't develop that, we can't complete that. We can only complete the part of the lateral. So, in a perfect world the longest we could drill using this unit would be a diagonal of 4431 that we could complete. And then Exhibit BB outlines you know what the unit is sort of how it's laid out and what the...what we're asking for here today. It's a 320 acre square unit. We're asking for a 300 foot window on the outside in which we cannot produce but we can drill a well. And, again, we've talked about why we want to drill out in that area. So, we can build our curve and use up that part of the window that we cant complete in and then it gives us more interval in the window to complete. We're proposing that we can't drill any closer than 600 feet from any adjacent

vertical well bore that is producing from the same horizon. And thus far, we've only done heron shell horizontals but I'll tell you in a minute we're actually planning very soon to do one in the Berea, which is also a conventional reservoir. The units will allow for multiple well bores to be drilled so that we can drill in the heron shell and the berea or other conventional reservoirs, but in no way are we asking for approval to drill in any of the coal seams. This is for a conventional reservoirs only. And then we're asking to be able to use a surface location that's outside of the window or even outside of the unit and we have done that and it seems to be a pretty effective technique where we drill outside the unit and then we build the curve outside the unit and by the time we get horizontal we're in the unit so that we aren't really wasting any of that unit to do that. CC is a diagram of what this well looks like. Again, when you've seen this exhibit and it really hasn't changed we set the same casing strings that we would on a conventional well...vertical conventional well, a conductor string. The surface casing string which is required by the state to protect ground water. The coal protection string which is required by the state to protect the coals. And then we set an optional string which we call a seven inch intermediate string which typically is going down to the base of the big line and then we drill our horizontal. From that point and on all the wells thus far and then we run

4 and a half casing inside of that. And then, finally, we talked about the benefits of horizontal drilling. I think all of these are still on track and on par. Certainly, we think it benefits us or else we wouldn't be here asking you for it. We believe it benefits the royalty owners by expediting the production of the resource, getting more gas out of the ground and certainly the county from the standpoint of taxes and employment, those types of things. Certainly promotes the resource. At least we still believe that based on the production that we've seen. We think it has advantages in being able to drill under topographical areas that probably wouldn't allow drilling, towns, rivers, things like that. We think it will have less impact on coal because we probably won't need to drill as many vertical conventional wells and we can hopefully lump these in clusters on pads and drill multiple wells in one area. And the square units don't effectively we don't have stranded acreage between units. I can give you a brief update on where we are. We try and do that every month. We've got four horizontal wells on production right now. They are all lower heron, which is the shell. The one now has been on line since the end of December. So, I guess, we probably have nine months or so of production, eight or nine months. We're still pretty pleased with that. We've drilled three since then. Two of which look comparable, one better at this point, that we only have about a month of

production data and then we have one that looks not nearly as good and probably the one does not look economic. So, I guess the way I would rate it right now is we're three for four on seeing sort of what we want to see to make this play economic. So, I'm pretty pleased with that. We're learning. I mean, you know, there certainly is a learning curve on drilling horizontals. I think we've become more efficient at it and you know the idea would be the more we drill the more we learn. Hopefully, we can get our costs down and you know make it all work on a larger program basis. We do have plans to drill. In fact, Mr. Asbury just issued a permit for us last week for a horizontal Berea well, which we intend to drill later this fall and try it in another formation.

BILL HARRIS: Can I just ask a question about---?

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: I appreciate that because that's one of the things we're always interested in is how things are progressing. But I did...you know the one that doesn't look like it's going to work out. Do you all just plug that or do you re-drill another horizontal in a different direction within the unit or?

JERRY GRANTHAM: Actually, we will drill another horizontal. In fact, the Berea horizontal is going to be drilled in that unit. Now, that's not necessarily because the shell

wasn't that good and I think I have reasons why the shell...why that well has not produced as well. The main one is because of some issues with the horizontal and the hole we were only able to drill half as much length as we wanted to. So, we think based on that there's a correlation between how far we can drill horizontally and how much production we get, which we thought that was the case but this showed it. And this hole we just had some hole problems and such that we decided to cut it short basically and the production is about half of what we see in the other well. So, actually it fits pretty well. But, no, we would produce it. And the well, I mean, is making you know reasonable gas production but not as good as the other three.

BILL HARRIS: 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 as submitted, Mr. Chairman.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Mr. Chairman, I move for approval of those, I think there are four items.

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

KATIE DYE: 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.

JERRY GRANTHAM: Thank you.

BENNY WAMPLER: Next is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well Haysi 145. This is docket number VGOB-08-0819-2317. 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, Phil Horn and Gus Jenson on behalf of Range Resources Pine Mountain. You will have swear Mr. Jenson in.

(Gus Jenson is duly sworn.)

BENNY WAMPLER: Let the record show no others. You may proceed.

JIM KAISER: We'll start with Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, if you'll again state who you work for and in what capacity?

A. I work for Range Resources-Pine Mountain, Inc. and I'm land manager.

Q. Okay. We're seeking a location exception for a second well here, right?

A. That's correct.

Q. And this unit has been approved by the Board for increased density wells?

A. That's right.

Q. Eight increased density wells. And that is represented by the Haysi 145 would be the increased density well, correct?

A. That's correct.

Q. And all interested parties have been notified as required by Section 4B of the Virginia Gas and Oil Board regulations, correct?

A. That's correct.

Q. And Range Resources either has leased or pooled all acreage within this unit, correct?

A. That's correct.

Q. And Range Resources has the right to operate

the well to the north of Lover's Gap 33, the reciprocal well?

A. That's correct.

Q. Okay. And explain for the Board, in conjunction with the exhibit that Mr. Jensen just handed out, why we're seeking this exception or why we need to drill outside the interior window...the second well?

A. It's due to topography. It's too steep to get inside the interior window.

Q. So, topography, terrain, safety concerns?

A. Right.

Q. Okay. Now, a logical question that the Board is going to ask you here is I think so we'll just kind of try to pre-empt them. You've got your 300 foot set back in these units and you can see where that location for that well is and if you go in every direction from that location, north, south, east and west, you're a greater distance than the set back area from everything except to the south---?

A. That's correct.

Q. ---so the question becomes at least in my mind and probably in their's too, that there could be a correlative rights issue to the south of Haysi 145, you know, into the unit for the next one that we're going to do, do you understand that?

A. Yes.

Q. So, what we need to know is that if you come

the coalbed methane owner at the drill site location for Haysi
145, if you come at least 300 feet to the south, southeast,
southwest, from that location will that be the same royalty owner
as the royalty owner at the drill site location?

A. Yes, it is.

Q. So, there would not be any correlative rights
issues?

A. That's correct.

JIM KAISER: Okay, nothing further of this witness, Mr.
Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Call your next witness.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jensen, you need to state your name for the
Board, who you're employed by and what capacity?

A. Gus Jensen, Range Resources-Pine Mountain,
Inc. I'm manager of geology.

Q. And, obviously, we've already got some
production that's attributable to the first well in this unit
but if we were not able to get this location exception what would

you project would be the estimated loss of reserves in the unit as a whole?

A. The estimated loss of reserves without the second well would be approximately 175 million cubic feet.

Q. Okay. So, you're hoping to pick up an incremental 175 with this increased density well?

A. That's correct.

Q. Okay, and what's the total depth of the proposed well?

A. 145 well is 2483 deep.

Q. And we are requesting that this location exception cover the formations that were listed in the application?

A. That's correct.

Q. And in your opinion, would the granting of this location exception be in the in the best interest of preventing waste, protection of correlative rights and maximizing the recovery of the gas underlying this particular unit?

A. Yes, it will.

JIM KAISER: Nothing further of this witness, 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?

BILL HARRIS: Motion for approval.

BENNY WAMPLER: Is there a second?

KATIE DYE: 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: Abstain.

BENNY WAMPLER: One abstention, Mr. Ratliff. You have approval. Next is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well in Haysi 147, docket number VGOB-08-0819-2318. 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, Phil Horn and Gus Jensen.

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

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, obviously, your lands include... your responsibilities include the land involved here and in the surrounding area?

A. That's correct.

Q. And are you familiar with the application we filed seeking a location exception for Haysi 147?

A. Yes, I am.

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

A. Yes, they have.

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

A. It's owned 100% by Range Resources Pine Mountain and Franklin Elswick and D. B. Gordon Owens own the gas under the remainder of the unit.

Q. Okay.

A. And they're both under lease to Range Resources-Pine Mountain, Inc.

Q. Okay. And does Range have the right to operate the reciprocal well, the original well in this unit?

A. Yes, we do.

Q. Okay. Now, again, would it be your testimony that due to terrain and topography and therefore safety issues this second well needs to be located outside the interior window?

A. That's correct.

Q. And, again, in the area of correlative rights would the explanation or the rationale that we used for Haysi 145 also be applicable here in that as you move in all directions from the drill site location of 147 the only potential correlative rights impact would be to the south, southeast or southwest?

A. That's right.

Q. You know, moving in a diagonal direction, down and out from the well. Could you explain why there are no correlative rights issues then on this one?

A. The lessor for Haysi 147 they own 65.25 acres and he owns that 300 foot strip south of Haysi 147 unit also.

Q. So, the little cross hatched area that says leased acreage that would be the...the owner of that would be the same as the royalty owner at the drill site location for 147?

A. That's correct.

JIM KAISER: Okay. No further questions of this witness, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

BILL HARRIS: Mr. Chairman, let me just ask a question.

BENNY WAMPLER: Mr. Harris.

BILL HARRIS: Out of curiosity and this is more, I guess, an opinion answer, but, you know, previously...I'm looking at the Exhibit AA that was handed out for our previous case---.

JIM KAISER: Well, that's for this one too.

BILL HARRIS: ---yes, yes. Because it does show the 147. I was looking at the 145 how it's kind of situated between the Lover's Gap 33 and 35 and I...are those to the same target areas and of the same sand stones, the same formations? I'm just curious to see what type of interaction you might have once the 145 is drilled, you know, how that might influence the 33 and the 35.

PHIL HORN: Yes, the target for both...for all of these wells would be the same coal intervals...same intervals.

BILL HARRIS: Do you expect to see something? I mean, I don't know you know if you drill the 145 first and then see what happens with the 33 and 35 because that---.

JIM KAISER: The 33 and 35 are already drilled.

BILL HARRIS: Well, I understand that but what I'm saying is that would be like a...looks like 145 would be an increased density for the 35. This is like I said just curiosity. I'm just asking. I just wondered if you would

notice some increase there because of the affect---.

PHIL HORN: We would hope to, in fact, get interference between these wells and in fact improve the production between all of these wells by doing increased density.

BILL HARRIS: I was just curious to that. Well, never mind, I was just thinking out loud.

BENNY WAMPLER: Well, I think we've had testimony before that when you see the interference when you see the communication going on you actually get increased production typically and then this kind of scenario.

BILL HARRIS: That's going to affect two of them I imagine.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

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

PHIL HORN: Are you going to ask about the estimated reserves?

JIM KAISER: No, I didn't ask Mr. Jensen in this case.

BENNY WAMPLER: I was going to say are you going to call him or not. Phil asked him a question. I wasn't going to let you get by with it. I wasn't going anywhere.

GUS JENSEN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jensen, in the event this location exception were not granted what would be the projected loss of reserves?

A. Again, it would be 175 million cubic feet.

Q. And the total depth of this proposed well?

A. This well is projected at 2498 feet.

Q. And in your opinion, would the granting of this location exception be in the best interest of preventing waste, protecting correlative rights and most importantly maximizing the recovery of the gas reserves underlying this unit?

A. Yes, it would.

JIM KAISER: Thank you. No further questions, Mr. Chairman.

BENNY WAMPLER: Questions from members of the Board?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

JIM KAISER: Now, I'll ask that the application be approved as submitted.

BENNY WAMPLER: Now, I'll ask is there a motion?

BILL HARRIS: Mr. Chairman, I'll move for approval for that item.

BRUCE PRATHER: Second.

BENNY WAMPLER: Motion 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 Donnie Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

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

JIM KAISER: I apologize for getting a little ahead of myself.

BENNY WAMPLER: That's all right. No harm, no foul. Next is a petition from Equitable Production Company for pooling of conventional gas unit V-530038. This is docket number VGOB-08-0819-2319. We'd ask the parties that wish to address the Board in this matter to come forward at this time.

TIM SCOTT: Mr. Chairman, when the original docket went out it showed Equitable but then it was changed to Range Resources.

BENNY WAMPLER: I did have that information in a different place. Let the record show no others. Let me get your witness sworn.

COURT REPORTER: They've already been sworn.

TIM SCOTT: They've both been sworn earlier.

BENNY WAMPLER: Oh, okay. It's been a long day.

TIM SCOTT: My first witness is Mr. Horn.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name and by whom you're employed and what your job description is, please?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. I'm in charge of the land department.

Q. Did you participate in the preparation of this application?

A. Yes, I did.

Q. Does this unit contain 112.69 acres, is that correct?

A. That's correct.

Q. And Range Resources-Pine Mountain does have portions of this unit under lease, is that correct?

A. That's correct.

Q. So, you have drilling rights?

A. That's correct.

Q. Are there any parties listed on Exhibit B-3 who should be dismissed from this application today?

A. No, there are not.

Q. As to the parties listed on Exhibit B-3, have you tried to reach a voluntary agreement with these parties?

A. Yes, we have.

Q. And what percentage of this unit does Range Resources-Pine Mountain have under lease currently?

A. 95.27%.

Q. How were the parties listed on Exhibit B-3 notified of this hearing?

A. By certified mail, return receipt requested.

Q. Any other means?

A. By tele...publication in the Bluefield Daily Telegraph.

Q. What date was that published?

A. July 24, 2008.

Q. Okay. Do we have any unknown owners in this unit?

A. No, we do not.

Q. And have you filed proof of publication and proof of mailing with Mr. Asbury?

A. Yes, you have.

Q. Is Range Resources-Pine Mountain authorized to

conduct business in the Commonwealth?

A. Yes, we are.

Q. And is there a blanket bond on file?

A. Yes, there is.

Q. In the event you were able to reach a voluntary agreement with the parties listed on Exhibit B-3, what terms would you offer?

A. Five dollars per acre for a five year lease that provides a one-eighth royalty.

Q. And that would be considered a reasonable compensation in this area?

A. Yes, it is.

Q. What percentage of the oil and gas estate is Range Resources Pine Mountain seeking to pool?

A. 4.73%.

Q. And we don't have any unknown owners, is that right?

A. That's correct.

Q. So, we don't need an escrow for this unit, is that correct?

A. We do not need an escrow, that's correct.

Q. So you're then asking the Board to pool those parties listed on Exhibit B-3?

A. Yes, we are.

Q. Are you also requesting that Range Resources-Pine Mountain be named operator of this unit?

A. Yes.

Q. And what would be the address for any elections made by parties once this order is entered?

A. Range Resources-Pine Mountain, Inc., P. O. Box 2136, Abingdon, Virginia 24212.

Q. And that would be for all communications, is that correct?

A. That's correct.

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.

IAN LANDON

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Landon, would you state your name, by whom you're employed and what your occupation is, please?

A. My name is Ian Landon. I'm operations manager for Range Resources-Pine Mountain.

Q. And you did participate in the preparation of this application, is that right?

A. That is correct.

Q. What is the proposed depth of this well?

A. 5550 feet.

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

A. 250 million cubic feet.

Q. And are you also familiar with the well costs?

A. Yes, I am.

Q. What is the estimated dry hole costs?

A. \$272,346.

Q. And the completed well costs?

A. \$540,585.

Q. Did you also participate in the preparation of the AFE that was submitted with the application?

A. Yes.

Q. And does that AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion, would the granting of this application be in the best interest of conservation, protect

correlative rights and the prevention of waste?

A. Yes.

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

BENNY WAMPLER: Questions from members of the Board?

DONNIE RATLIFF: Mr. Chairman?

BENNY WAMPLER: Mr. Ratliff.

DONNIE RATLIFF: I know the Bluefield Daily Telegraph is the daily paper of Buchanan County, but is that a daily home delivered paper in the Sandlick district of Dickenson County?

TIM SCOTT: That's the one we've always used Mr. Ratliff because it appears to be of wide circulation. So, we used that paper. If the Board takes exception of that, we'll use a different method.

DONNIE RATLIFF: I don't know. I'm just asking.

BENNY WAMPLER: You just were asking if it was delivered daily there, right?

DONNIE RATLIFF: Or even can you buy one in a convenient store?

TIM SCOTT: I believe you can. Yes, sir.

SHARON PIGEON: Haven't you just done some research on that?

DAVID ASBURY: Yes, we have. And we have requested to publish some in Dickenson County in the Dickenson Star. We have

a list of publications and hopefully change from Bristol and Bluefield and publish that list.

MR. JUSTICE: Is that a weekly paper in Clintwood or is it daily?

DAVID ASBURY: The Dickenson Star I think is weekly.

TIM SCOTT: Okay. Well, we've been using the Bristol paper, but it was just outrageously expensive. So, we had---

DAVID ASBURY: That's part of our research as well to see what the economics to ensure we get full circulation.

DONNIE RATLIFF: The Bristol is no longer delivered daily in Wise County.

DAVID ASBURY: That's true.

BENNY WAMPLER: Other questions or comments?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: 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: One abstention, Mr. Ratliff. Next is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for the proposed well V-530074. This is docket number VGOB-08-0819-2320. We'd ask the parties that wish to address the Board to come forward at this time.

TIM SCOTT: Tim Scott, Jerry Grantham and Phil Horn 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, one more time would you please state your name and by whom you're employed and your job description?

A. I'm Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. and I'm in charge of the land department.

Q. You did participate in this appli... preparation of this application, is that right?

A. Yes, I did.

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

A. Yes, I am.

Q. Are those parties reflected on Exhibit B?

A. Yes, they are.

Q. And does Range Resources-Pine Mountain also have ownership interest in the oil and gas, is that right?

A. Yes. We own 100% of the oil and gas inside this unit.

Q. Okay. Who operates wells P-356, V-530075, P-206 and P-384?

A. P-356, P-206 and P-384 are operated by Equitable Production Company. And Range Resources-Pine Mountain as contract operator operates V-530075.

Q. And you do participate in the P series, is that right?

A. That's correct.

Q. As to notice required, how is notice affected for the parties listed on Exhibit B?

A. By certified mail.

Q. And have we filed those proofs of mailing with Mr. Asbury?

A. Yes, you have.

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

BENNY WAMPLER: Did you say V-530075 that you are

operator?

PHIL HORN: Yes, sir. We're the operator for that well now but once we get the well drilled and completed we'll turn it over to Equitable to operate.

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

(No audible response.)

BENNY WAMPLER: Call your next witness.

TIM SCOTT: Thank you.

JERRY GRANTHAM

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Grantham, please state your name and by whom you're employed and your job description.

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

Q. And you also participate in this application, is that right?

A. Yes, I did.

Q. Could you please explain to the Board why we're seeking a well location exception for this particular unit?

A. We're seeking an exception for this unit to prevent the stranded acreage that currently is not developed by

existing wells.

Q. Is that shown on Exhibit CC filed with the Board?

A. It is.

Q. Okay. What's the approximate acreage that would be undeveloped if this application were not granted?

A. If you look at Exhibit CC, we've shaded in green cross hatched the acreage that is not currently in an existing unit and that represents 72.37 acres.

Q. What's the proposed well depth?

A. This well is proposed to go to a depth of 5538 feet.

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

A. 400 million cubic feet.

Q. And then would you please sum up by telling the Board why this application should be approved?

A. This application should be approved to prevent waste and to protect the correlative rights of the owners that are not currently in existing wells...well units.

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

BENNY WAMPLER: Questions from members of the Board? Mr. Harris?

BILL HARRIS: Mr. Chairman, just a quick question where that well is, it encroaches a little on P-206. It looks like there is some room maybe to the east or northeast. Is there a reason why of course that you would have encroached on the 356 then, I mean it's...is there any particular reason?

JERRY GRANTHAM: Well, if you look at the topography underneath the...which is on the map also, you can see that we are sort of down on the point of a spur. If we move the well back to the east, at least I haven't been physically out on this location but it looks like it gets quite a bit steeper to the east and northeast on the topo map.

BILL HARRIS: Right above the V there, that seems to be pretty level because I'm...that's probably where houses are. I don't know what is there.

JERRY GRANTHAM: And there, again, I think your point exactly, if we move way up there then we're encroaching on 356 about as much as we would be on 206.

BILL HARRIS: Okay, thank you. I was just curious, thank you.

BENNY WAMPLER: Other questions?

(No audible response.)

BENNY WAMPLER: Do you have anything further?

TIM SCOTT: No, sir.

BENNY WAMPLER: Is there a motion?

BILL HARRIS: Motion for approval.

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, but Donnie
Ratliff.)

BENNY WAMPLER: Opposed, say no.

DONNIE RATLIFF: I'll abstain.

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

JERRY GRANTHAM: Thank you.

TIM SCOTT: Thank you.

BENNY WAMPLER: Mr. Grantham, you asked to distribute
some information.

JERRY GRANTHAM: Thank you, Mr. Chairman and Board. I'd
like to take this opportunity on behalf of the Virginia Oil and
Gas Association to hand out an updated what we call our VOGA fact
sheet. And this is something we do sort of as a...for certainly
our own industry so we all know some of the statistics and what
we're doing here in Virginia. But also something we use as a,
I guess, a tool to help educate people who aren't familiar with
their industry as far as what kind of developments going on in
Virginia, you know, where the gas is coming from but

geographically what counties and certainly from the standpoint of coalbed methane conventional because we are very fortunate in this state to have both resources and both of them actually very good resources. We've updated this. You've seen it before. I'll just point out some of the statistics that have been updated. And I want to thank Mr. Asbury for providing the summary of statistics for this fact sheet. Last year there were 848 new wells drilled in Virginia. This is in 2007 and that's a 31% increase from the prior year. I think you guys have seen the increase of activity here and certainly that's a very good thing because not only are we seeing more wells drilled but we're seeing our production grow substantially. If we sort of jump down a little bit, total gas production was 1.12 bcf...or 112 bcf for the year. That equates to a daily rate of 307 million a day. And I will tell you that's a lot of gas anywhere in this country. And I've done some additional research. I haven't had an opportunity to put it in here but the DOE through an organization called EIA keeps up a lot of the statistics about oil and gas production in the country and if you get out there and look it's pretty amazing because both Nora and Oakwood are on the map so to speak. Oakwood field ranks, I believe and don't hold me exactly to these numbers, but it's in the top 25 of gas fields produced in the United States. Nora is about 75th. If you lumped them together I think they'd be in the top ten. And

those are gas fields on shore, off shore, Gulf Coast and include Alaska too. So, we've got a very good resource here in Virginia and certainly with your all's help and the help of the regulatory agency, DMME and DGO, you know, we're developing it. Probably another thing I'd like to point out is that as the production has grown and we've seen very robust pricing we also see a lot of benefit coming back to the counties and communities and this year severance tax that was paid back or paid on gas production topped 20 million dollars for the year. And as you know a lot of that goes...the vast majority of that goes back to the producing counties or through CEDA and different organizations like that. So, we're very proud of that. And then we just talk about jobs and some things and we're trying to get some better statistics together on really, you know, what we do out there and the economy we're creating and I hope to be able to present those to the Board, you know, later on but we don't have a good handle on that yet. And then we just talk about some of the environmental aspects of natural gas which I'm sure you are aware of, so.

BENNY WAMPLER: The Virginia Employment Commission should be able to provide you the job count.

JERRY GRANTHAM: In our industry?

BENNY WAMPLER: Yes.

JERRY GRANTHAM: Really, okay. Great.

BENNY WAMPLER: They track it, DOT code. So, you should be able to get that. Thank you very much. Any other public comment?

KATHERINE JEWELL: My name is Katherine Jewell and I just wanted to hand out some of the comments I submitted with respect to 150 and 160, the gas regulations and the Board regulations. And these were submitted August the 6th. As of right now, the gas regulations weren't closed, were up for public comment. So, I'd appreciate it if everybody would take a lot of time to research and put the facts down. And I would greatly appreciate it if you would give it some consideration.

BENNY WAMPLER: Is this for the Board regulations?

KATHERINE JEWELL: It includes Board and Oil and Gas regulations. It includes some background also on what spurred the whole Gas and Oil Act. Thank you.

BENNY WAMPLER: Thank you, Ms. Jewell. Mr. Sheffield?

JOHN SHEFFIELD: I'll be very brief. I just want to make sure I understand because I'm not the brightest one around, believe me. When we...here at the Board, when we pool an interest, and this might be a question for Ms. Pigeon, I'm asking because I'm trying to understand completely. What we're doing we're pooling is we're bringing all the owners in a unit whether it be an 80 acre unit, 58 acre unit, 112 acre unit, where we've...all the owners in that we've pooled them in that unit.

That's the purpose of the pooling order, correct?

BENNY WAMPLER: The people that are unleased.

JOHN SHEFFIELD: Unleased, yes, I'm sorry. Force pooled.

SHARON PIGEON: Where if they're leased it's a voluntary lease.

JOHN SHEFFIELD: Yes, ma'am. Yes, ma'am. And then for any reason, say a percentage or a differential or an unknown that was found or anything like that then there would be...you would go back and would there be a repool if there was information that was not there such as an individual was left out or a percentage or notification or something like that?

BENNY WAMPLER: Well, you kind of convoluted the question a little.

JOHN SHEFFIELD: Okay, I'm sorry. Well, clear me...I apologize.

BENNY WAMPLER: That's okay. If you have...the companies are leasing all the time.

JOHN SHEFFIELD: Yes, sir.

BENNY WAMPLER: So, if they lease they do that with a supplemental order.

JOHN SHEFFIELD: Yes, sir.

BENNY WAMPLER: Then it's filed and recorded.

JOHN SHEFFIELD: Yes, sir.

BENNY WAMPLER: If you have something that comes forward that changes percentage of ownership or ownership that was anticipated initially then you would repool any of that.

JOHN SHEFFIELD: Okay, so then it wouldn't have been---

SHARON PIGEON: I would---

JOHN SHEFFIELD: Oh, I'm sorry. Go ahead.

SHARON PIGEON: I would just think, Mr. Wampler, it could be leasing or it could be discovery of a tract that, you know, we've heard that from time to time---

BENNY WAMPLER: New and different information.

JOHN SHEFFIELD: New...different information from what---

BENNY WAMPLER: Right.

JOHN SHEFFIELD: ---what was in the original pooling.

BENNY WAMPLER: That would require repooling.

JOHN SHEFFIELD: Okay. So, it would be like they...to get them pooled, to get that information back in and re-pool to make sure it's pooled?

BENNY WAMPLER: To make sure that the acreage is correct, etc.

JOHN SHEFFIELD: Acreage is correct and pooled.

BENNY WAMPLER: Right. Because you could have percentages different...you've got a lot of parties in

here---

JOHN SHEFFIELD: Oh, yeah.

BENNY WAMPLER: ---so if you found out your percentage is different over here then you could have that scenario go on that you had to correct your plats and you had to correct your---

JOHN SHEFFIELD: Yes, sir.

BENNY WAMPLER: ---various exhibits.

JOHN SHEFFIELD: So, basically, you're having to go back and pool these people again, that's why it's a repool to make sure they're in the pooling?

BENNY WAMPLER: Yes, to keep the record straight.

JOHN SHEFFIELD: Yes, sir.

BENNY WAMPLER: Correct as it's reflecting currently.

JOHN SHEFFIELD: Alright, I'm---

SHARON PIGEON: And ownership is correct.

JOHN SHEFFIELD: Yes, ma'am.

SHARON PIGEON: You might get additional ownership information---

JOHN SHEFFIELD: Yes, ma'am.

SHARON PIGEON: ---might have occurred and clarify something like that.

JOHN SHEFFIELD: Yes, ma'am. Okay. Well, really that's all I have to ask. I appreciate your help with that because I've been a little fuzzy on that. Thank you for your

help.

BENNY WAMPLER: It's about surety. Any others?

(No audible response.)

BENNY WAMPLER: Okay. The minutes of the...from last meeting. You've had those previously distributed. Any corrections? If not, I'll ask for a motion to approve.

BILL HARRIS: Motion to approve minutes.

DONNIE RATLIFF: Second.

BENNY WAMPLER: Motion and second. Any further discussion?

(No audible response.)

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

(All members signify by saying yes.)

BENNY WAMPLER: Opposed, say no. You have approval. Anything further?

(No audible response.)

BENNY WAMPLER: That concludes today's hearing. Thank you very much.

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 14th day of September, 2008.

NOTARY PUBLIC

My commission expires: August 31, 2009.