

IN THE COUNTY OF RUSSELL

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

July 20, 2010

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER (SUBSTITUTE CHAIRMAN)
BRUCE PRATER - GAS REPRESENTATIVE
KATIE DYE - PUBLIC MEMBER
BILL HARRIS - PUBLIC MEMBER

DAVID ASBURY - DIRECTOR OF THE DIVISION OF GAS & OIL AND
PRINCIPAL EXECUTIVE TO THE STAFF OF THE BOARD
DIANE DAVIS - STAFF MEMBER OF THE DGO

SHARON PIGEON - SR. ASSISTANT ATTORNEY GENERAL

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| <u>INDEX</u> | | |
|----------------------------------------------------------------------|------------------------|-------------|
| <u>AGENDA AND DOCKET NUMBERS:</u> | <u>UNIT</u> | <u>PAGE</u> |
| 1) Public Comments | | 5 |
| 2) Trust Account Report from First Bank & Trust's Representatives | | 14 |
| 3) Update from Staff regarding escrow account | | 25 |
| 4-5) VGOB-03-0415-1139-01 VGOB-01-0116-0858-01 | AZ-100 AW-116 | 26 |
| 6-7) VGOB-97-0916-0602-01 VGOB-97-0916-0600-01 | AA-35 Z-35 | 30 |
| 8-9) VGOB-08-0819-2306-02 VGOB-07-0116-1861-02 | VC-536504 VC-536191 | 38 |
| 10) VGOB-98-0324-0635-01 | AA-38 | 44 |
| 11) VGOB-00-0321-0777-02 | P-43 | 67 |
| 12) VGOB-93-0316-0342-02 | R-42 | WITHDRAWN |
| 13) VGOB-10-0615-2729 | VC-536216 | 80 |
| 14) VGOB-10-0615-2730 | VCI-538691 | 91 |
| 15) VGOB-10-0615-2732 | VCI-531539 | 109 |
| 16) VGOB-10-0615-2734 | VCI-539490 | 127 |
| 17) VGOB-10-0615-2735 | VC-504899 | 135 |
| 18) VGOB-10-0615-2736 | VC-537187 | 142 |
| 19) VGOB-10-0615-2737 | AA-54 | 151 |
| 20& 36) VGOB-09-0616-2525-01 | Z-56 | 157 |
| 21) VGOB-00-1017-0835-08 | MOD. FIELD RULES | 167 |
| 22) VGOB-10-0615-2741 | V-530285 | 207 |

INDEX CONT.

| <u>AGENDA AND DOCKET NUMBERS:</u> | <u>UNIT</u> | <u>PAGE</u> |
|-----------------------------------|-------------|-------------|
| 23) VGOB-10-0615-2742 | V-530281 | 215 |
| 24) VGOB-10-0615-2743 | V-530279 | 221 |
| 25) VGOB-10-0615-2744 | V-530237 | 228 |
| 26) VGOB-10-0615-2745 | V-530216 | 234 |
| 27) VGOB-10-0615-2746 | A-43 | 241 |
| 28) VGOB-10-0615-2747 | C-38 | 255 |
| 29) VGOB-10-0615-2748 | D-35 | 265 |
| 30) VGOB-10-0615-2749 | D-38 | 272 |
| 31) VGOB-10-0615-2750 | ZZZ-36 | 279 |
| 32) VGOB-10-0615-2751 | ZZZ-37 | 286 |
| 33) VGOB-00-0321-0779-03 | Q-43 | CONT. |
| 34) VGOB-93-0316-0341-02 | P-42 | 297 |
| 35) VGOB-90-0905-0012-01 | AA-10 | 322 |
| 37, 39-62) | | CONT. |
| 38) VGOB-10-0720-2753 | S-42 | WITHDRAWN |
| 63) Approval of June minutes | | 332 |

MARY QUILLEN: Good morning. Welcome to the Virginia Gas and Oil Board meeting. My name is Mary Quillen. I'm a public member. I'm acting chair today in the absence of Chairman Lambert who had surgery this morning. We will start with the other Board members introducing themselves. Ms. Dye.

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

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

BRUCE PRATHER: I'm Bruce Prather. I represent the oil and gas industry on the Board.

BILL HARRIS: And I'm Bill Harris, a public member from Wise County.

MARY QUILLEN: Thank you. The first item on the agenda is receiving public comments. I just want to remind to limit your comments to a reasonable time. The limit that the chairman set was two minutes. Let's try and keep within that range. If you have...and this comments only. And if you have questions that need to address a particular well or unit, you will need to make appointments with either the Gas and Oil Board...excuse me, the Gas and Oil Division Office. We can have your name, your phone number and your address that can be

given to Mr. Asbury. If you need to contact specific information that you could get from the operator, then you will need to contact them individually. So, please remember to keep your comments to comments and we cannot respond to questions at this time. Okay, the first person on the agenda is Peter Glubiak.

PETER GLUBIAK: Good morning, Madam Chairman and members of the Board. My name is Peter Glubiak. I'm an attorney in private practice in Aylett, Virginia. I am going to be back on item number ten dealing with specific requests regarding my contention and presentation back in the March meeting, which was continued. More generally, the reason I'm here on public comment period is I'm aware of and have a copy of...I'm sure you all are also, of Attorney General Cuccinelli's recent opinion. It is my position in light of that opinion that is first of all is incorrect. But more to the point, the answer to the question was given in a way that really he had no choice. I'm not asking you, nor later will I talk to you about determining ownership, this Board and this process is a creature of statute. 46.1-361.1(21 and 22) specifically deal with the set up, the creation and the maintenance of escrow accounts. What you do to set them up, when you set them

up, when you can get rid of them and how you can get rid of them. As you all are to well aware, there are only two ways to get rid of an escrow account once it has been set up. The first is a declaratory judgment action and the second is a split agreement. What I'm here today to tell you is I'm not asking you to determine ownership. You're here to determine there's a conflict or there's not a conflict. It appears to me in spite of what Attorney General Cuccinelli says that quite simply if you can determine there is a conflict you have the authority and the obligation and the right to determine that, in fact, there is no conflict. Now, we'll get into the specifics of the short case later. But what I'm here to emphasis to you is, it is your legal responsibility, in my opinion, to determine (a) is there a conflict; or (b) is there not a conflict. Ownership of this stuff is not your concern. I agree with Attorney General Cuccinelli in that respect, but that's not your belly (inaudible). That's not what you're to determine. You are here to determine if there is a conflict between claimants as to the money, which is either being placed in escrow or is in escrow, it is your obligation to determine whether that conflict exists between those claimants. I think that's it.

It's very simple. If you can determine there's a conflict, it stands to reason quite simply that you can determine there is no conflict. If you are not allowed to determine there is no conflict, then respectively I would tell you we're all wasting our time. Just rubber stamp them. Mr. Asbury and Ms. Davis can do that. We don't need the Board. You have to have the authority to say, there ain't no conflict. There is one or there is not. If you can say there's one, you can say there's not one. We'll talk about the specifics later. But that is my position.

MARY QUILLEN: Thank you. Juanita Sneeuwaght.

JUANITA SNEEUWAGHT: Sneeuwaght. Madam Chairman, I'm going to relinquish my time. We think we have a few people who need to speak here. I've been given about an half hour of time there that people who would have spoken. But I'm going to relinquish that to other speakers this morning. Thank you.

MARY QUILLEN: We will need their names. Do you have that to give to us?

JUANITA SNEEUWAGHT: (No audible response.)

MARY QUILLEN: Okay. We need a copy of that, please. I don't know who these people are. I don't have any way of calling them.

JUANITA SNEEUWAGHT: (Inaudible).

MARY QUILLEN: Ronnie Osborne.

RONNIE OSBORNE: I'm Ronnie Osborne again. I feel like I'm back down in Egypt again. I seen in the paper where they're asking for Board members. What qualifications do you need besides approved? Do we need anything, you know, if you want to be on the Board? Do you need any more qualification except knowing how to approve things? And another thing, I've asked Mr. Asbury when we got off the minutes of the meeting the other day about where he got that four page contract. I asked him why he wouldn't answer on the minutes of the meeting. He said because it was on the minutes of the meeting. You know, there's just gas wells underground that I've asked questions about that nobody seems to be concerned about. I'd say there's a lot of money involved in that, but I can't get no answers nowhere I go. I've been to Rick Boucher. I've been to Phillip Puckett. I've been to Bud Phillips. I've been to Will Moorefield. I've been to Tim Burke. I've been to Marcus McClanahan. It seems like our state is helping do this whatever they're doing. I can't get no answers from nobody. You all say there are no permits for them. According to the state law, if you drill a well and you

capture that gas, ain't they supposed to be a permit. Any well that's drilled that you capture, don't they supposed to be a permit for these wells? This is horizontal wells in the coal seam underground. I helped to hook them up. I know they exists. No meters and no permits. Everywhere you go it seems like...it seems like it's protection, protection, protection. I'd like to apply for a Board position. I could say approved. You know, you don't have to have a college education to say approved. That's all I've got to say.

MARY QUILLEN: Thank you. Catherine Jewell.

CATHERINE JEWELL: My name is Catherine Jewell. Just some quick comments here. We have a major problem with hearing. Okay, I don't know if it's the air or whatever that's going on here. But you have all of these people that are taking a substantial portion of their time to come here and sit and nobody can hear a thing. I know my hearing might be somewhat bad, but I'm sure I'm not the only one that can't hear what's going on here. So, I mean, I think we could maybe either invest in some microphones or, you know, take up a collection in a donation box and we all could maybe contribute and purchase some microphones so that everyone who spends their time here can actually hear

what's going on.

(Applause.)

Another thing, this is, I guess, a question more for David. Most of these...the Nora Field, the Oakwood Field and Roaring and all of the other fields have grids that are identified, like Z-45 and stuff like that. And you have the wells in the grids. Now, with CNX it's easy to find if a person who has property in that unit how many wells affect their property, okay. With Equitable, you are up the creek, okay. Unless you happen to know what five or seven digit codes they're using for the wells, you have no way of locating...of figuring out if there's a wells anywhere near that would affect your unit. And we know...you all have seen the number of unknowns and I think there needs to perhaps be an investigation on where these unknowns are going to because there's a lot of people that are unknown. I mean, it concerns me. There might be some crime that's going on here, unknown and unlocated. Anyway, but I think that would really help if we had a map that tied these wells Equitable, I think Appalachian pretty much goes with the units, that would allow a person to see what's in a unit, you know. And also because that, you know, one...CNX's policy is they use one Board docket

number to affect every well that goes into that unit. And Equitable it's one docket number for each well. So, maybe if we just had...I don't know...maybe this already exists so that I could put in a well number, VH or VC whatever, and be able to tell me for a coalbed methane well what unit that falls in. Is that...does that exist or...you can't answer, okay. But, anyway, it's out there.

I have a concern with arbitration and I don't...you know, maybe this is another opinion that can be sought from our distinguish Attorney General, but I don't know if a person...if I had \$25,000 in escrow and I was put on the arbitration list and I was arbitrating against whatever coal company for...to get my \$25,000 out and somebody else over here has half a million in escrow, okay, and I'm using funds that were generated off his half a million to pay for my arbitration so that I can get money out of escrow. You know, I don't know if that's...I know there was a Supreme Court ruling in *Beckwith v. Webb's Fabulous Pharmacy*, this was 1979, which says, "The usual and general rules that interest on deposits and funds follows the principal and is to be allocated to those who are ultimately to be the owners of that principal." So, that...I mean, that's just

something that maybe in your spare time ask the AG and see if that would be the case. But I just...it has been a concern of mine. To repeat, Mr. Glubiak's comment, 45.1-361.21, "A conveyance, reservation or exception of coal shall not be deemed to include coalbed methane." The law in Virginia is quite clear with respect to the ownership of coalbed methane. The owner of the coal in its entirety or one or more seams of coal does not own the coalbed methane regardless if the coal owner conveyed the coalbed methane or the rights to obtain the coalbed methane to the operator. Last month I noted that a basic premise of property law is that you cannot convey something that you did not own. Now, I'm guessing that a number of applications, again, before you today incorrectly lists the coal owner as having a claim to the coalbed methane when they do not. Since the coal owners do not have ownership interest in the coalbed methane, any lease agreement between a coal operator and the operator purporting to lease the coalbed methane is inconsequential. The Board and the DGO should require the operators to list the ownership of the coalbed methane in accordance with the laws of Virginia. When you approve an application that this conflicts that do not exist, you are culpable. So, I

would suggest, you know, if they're failing to do this, that the Board and the DGO reject those applications that lists conflicts that do not exist and that are not in accordance with the laws of Virginia.

And I just...a quick comment, I think Southeast last month had an application and there was some discussion about endangered and threatened species and I think one of the comments was that maybe they should conduct an assessment of the area and see if there is of this (inaudible) carolinae was the little creature that, you know, was anywhere in the area. Just out of curiosity, I did check that little guy. That plant was one of four thousand listed as of concern. It has no threatened. It has not endangered list. It's not listed anywhere federally or state wide. If we're going to apply this to one operator and the more wealthy counties of Washington then I think we need to apply the same, you know, sort of requirements to the rest of Buchanan County because personally I think (inaudible) Appalachian is endangered. So, thank you for giving me the time.

MARY QUILLEN: Thank you. I believe this is...is it Mitchell Counts.

MITCHELL COUNTS: My name is Mitchell Counts. I

thank you guys for listening to me. I've been to the last three Board meetings. This is the first time that I've got to speak because all I had was questions. My questions kind of involve this much paperwork that I've been sent by Consol or CNX. It seems to me like that this paperwork, all of it telling me that I have money in escrow. I can't find out how to get that money out. I'm going to die of old age before it happens. I think some of this goes back...I know I've got papers from '94, but I think it goes back into the '80s also. I've had lawyers solicit me to take...to take my case and guarantee me 100% of the gas. Of course, they want 33% of what is there. It seems to me like somebody in the state government or this Oil Board or CNX would do something to help people like myself and these other people who own land and they've worked hard and paid taxes and their money is sitting there. I think it's a problem of the heart and not only the head. I don't like having to carry around this much paper. I don't like having to keep this on file and dig it out and try to figure it out. I'm not educated enough. I think that I don't have anymore questions. Thank you.

MARY QUILLEN: Thank you, sir. This concludes agenda item one. The public comments is closed. We'll

go to item two on the agenda. This is the report from First Bank & Trust. Karen and Debbie are here to---

DEBBIE DAVIS: Good morning, I'm Debbie Davis. I'm Trust officer with First Bank & Trust Company.

KAREN MCDONALD: And I'm Karen McDonald, Trust Investment Officer with the First Wealth Management Group.

DEBBIE DAVIS: I think you've already been given our handout this morning. I'll start out by doing a review of the second quarter. Since we have had it, royalty deposits received is \$774,562.13. Income earned was \$16,166.86. Quarterly fees taken, \$6,473.71. We had a line item for the audit expense of \$23,000. We've made distributions this quarter totally \$446,659.51. Bringing a current market value of \$25,961,942.31. You'll see in the spreadsheet, there is a new column for the audit costs of how it was allocated into each well unit. Of course, the same columns as we normally have there. Beginning market value, the working interest deposits, royalty deposits, income fees, distributions, the audit costs and the ending market value.

BRUCE PRATHER: I've got a question. On your income here, is that strictly interest or is that a combination of things.

DEBBIE DAVIS: That's interest.

BRUCE PRATHER: Okay.

DEBBIE DAVIS: That's interest earned.

BRUCE PRATHER: Okay, thank you.

MARY QUILLEN: Thank you for this column for audit costs, breaking those down or breaking it out to those individual wells. That's very helpful.

DEBBIE DAVIS: I figured that would give you all an idea of what it's costing. If you all have no further questions on that, I will pass it over to Karen--.

MARY QUILLEN: Any other questions from the Board for Debbie?

DEBBIE DAVIS: ---to let her cover the investment policy.

MARY QUILLEN: Thank you. Ms. McDonald.

KAREN MCDONALD: I know that we have highlighted the investment policy draft with our visits. I've taken the liberty this time to update the investment policy to reflect the details of our relationship as we have moved through the last few months. I've made a few changes that are reflected in italicized blue print. So, I know that I had requested to the Board last time that we seek approval of the investment policy at this meeting. I

did want to highlight these key points to...there are probably our primary talking points but I also felt like they needed to be slightly shifted to reflect how we have been conducting our relationship so far. If corrections need to be made on these adjusted comments, then we can do that today. So, on page two, I have included information about the CDARS program since that has been our focus of investment in the last months and included this section of investment in the certificates of deposit account registry service known as CDARS program. Essentially, it eliminates credit risks due to the FDIC insurance coverage of \$250,000 per CD purchased from any institution participating in the CDARS program. Purchasing CDs with shorter periods of maturity reduces interest rate risks. So, what I was trying to accomplish here was to highlight in the investment objective on page one we talked about credit risks and interest rate risk as the two risks most prominent in choosing fixed income. I wanted to address specifically how the CDARS program reduces both the credit risks through FDIC insurance and then the chosen shorter maturities that we are using of six months and twelve months are traumatically reducing interest rate risks because if interest rates rise we are not holding this

money at a fixed rate more than twelve months and can take advantage of higher interest rates. So, that's what interest rate risk is about. Feel free to interrupt me as I talk about these changes if you have questions.

On the percentage of investment in fixed income versus cash equivalent, I know that we have taken a more conservative position as we've moved through the months. I did reduce the maximum amount of fixed income. But, again, these are...these are talking points. So, if you would like to address how much...we are concerned about liquidity issues. We feel that you are concerned about liquidity issues not knowing the demands on the escrow and how many distributions will be made. So, before I had had a much higher percentage of fixed income as the maximum. I've reduced that to 50% purely because of liquidity issues. If you have...this is a guideline. This is not an iron set of numbers. We don't have to set it in cement. But it gives us a ballpark of where you're comfortable going on committing to something more than the money market interest bearing accounts.

On the third page, I have made a few adjustments. This is probably the most important piece that we need to understand in our relationship with you

as agent. Before I had said that we would exercise full investment discretion. I have changed that to "Provide investment alternatives, present investment scenarios and strategies and make investment recommendations to the Board." Then I have added, "The escrow agent must receive written instruction from the Board prior to investing in assets other than the First Bank & Trust interest account." Before we made investment...took investment action last month, we received approval from the Board in a written letter of authorization. That is my biggest question on understanding our relationship. So, those are the changes.

MARY QUILLEN: I think this is addressing exactly what we discussed last month and the concerns that we had about first of all the disbursements---

KAREN MCDONALD: Right.

MARY QUILLEN: ---as well as the escrow. Having that breakdown of that escrow that...not the escrow, the audit, I'm sorry. Of the audit helps us to have some idea of how we're proceeding through this and we know that we're working very diligently to get the disbursements for these funds out of this account. So, having that flexibility, I think you have addressed those concerns that we had about that.

KAREN MCDONALD: Okay.

MARY QUILLEN: Other questions or comments from the Board?

(No audible response.)

KAREN MCDONALD: Does the Board wish to take action today to approve the investment policy as presented.

MARY QUILLEN: Well, with the Board Chair not here and his, you know, direct contact with you and he will probably be available to...for us to have this discussion shortly. He is having surgery this morning.

KAREN MCDONALD: Right.

MARY QUILLEN: I believe...and he does correspond with us with the correspondence that you have had from him with the approval of this. I personally would feel more comfortable since he has been working with you directly on this that we not bring this for a vote by the Board until he has an opportunity to review this and make sure that he is on the same page and we're looking at the same thing. But I...in my personal opinion, I think you addressed those issues that we had last month. Are there other opinions or comments from the Board?

BRUCE PRATHER: Without these changes, you're

still going to do your job the way that it has been done in the past? In other words---?

KAREN MCDONALD: Exactly.

BRUCE PRATHER: -because we are not in the position to approve this today, doesn't mean that you're just going to drop the thing until such time as you do get approval on this?

KAREN MCDONALD: No, sir.

BRUCE PRATHER: Okay.

KAREN MCDONALD: We are...we are continuing...this was a draft. Our relationship...our talking relationship with you is how we're conducting the management of the funds. Our fiduciary responsibility to the asset holders and to this money is to do the best that you feel comfortable. You know, each meeting you guide us and we are...we are needing that guidance in order to be good fiduciaries.

MARY QUILLEN: Exactly. And we appreciate that.

KAREN MCDONALD: No, there will be no...no monkey business, okay.

BRUCE PRATHER: Do you need this guidance today or---?

KAREN MCDONALD: No, sir.

BRUCE PRATHER: ---can you wait a month?

KAREN MCDONALD: We can wait a month.

BRUCE PRATHER: All right.

KAREN MCDONALD: We have...and then moving to the next section, we have received instruction from the chairman in writing and we have begun to invest in the CDARS program. So, we continue...to answer your question, we will continue with that plan of two certificates of...two maturity levels each month through the end of the year. So, you'll see on the first page of the investment of funds for July through September, and again I used approximate funds of 26 million. We are still earning the 25 basis points on the interest account, which is fully FDIC insured and we have begun the purchase of the CDARS six month and twelve month CDs. So, the...I have adjusted the estimated quarterly income to reflect that one of these CDs in this quarter will be purchased and returning income monthly on a...for a full three months, the second for two months and the third for one month. So, I have tiered those to reflect what we will do in the quarter and we are prepared to...we have purchased the first round. We are preparing to...at July...at August the 1st to purchase the second series of CDs as we discussed in the last meeting. So, this just lays out what we're actually

taking action on and in October...the quarter October through December, we will again continue on that plan and by the end of December we will have invested \$11,760,000 in the CDARS program fully FDIC insured with maturities of a maximum of twelve months. So, that gives you, again, an estimated quarterly income and a third page is the summation of interest that will be earned over the period of twelve months since we've managed the account. That will be approximately \$72,446. Again, all FDIC insured. So, that...and then I have spared you a lot of papers in the appendix and just presented you with the Treasury Bill rates to keep you apprized of how favorable our rates is on the money market versus the Treasuries which are the most secure between the CDARS and the money market that is FDIC insured. This is the other asset class that would have safe...a high level of safety. And as you can see, on July the 16th, the four week rate of Treasuries would be 14 basis points. The fifty-two week has increased some 26 basis points. But, again, this would require twelve months of illiquidity and you're receiving 65 basis points on a twelve month CDARS CD. So, I will continue to monitor other asset classes as we move through our investment decisions and keep you apprize if interest

rates should begin to rise and other alternatives become appealing. But that will primarily be reflected in CDARS rates and we will have an opportunity there to hopefully see interest rates rise there, as well as in other asset classes and still provide you that security. But we don't see interest rates rising for at least nine months and possibly even a year.

MARY QUILLEN: In the last letter of approval that you received from Chairman Lambert, is the approval of moving forward through this period.

KAREN MCDONALD: Yes.

MARY QUILLEN: So, this relieves Mr. Prather's concern that this might---

KAREN MCDONALD: Nothing will be held up because of the policy...of the investment policy.

MARY QUILLEN: Good. Excellent.

KAREN MCDONALD: We just want that contract for our file. It's not going to change anything.

MARY QUILLEN: Excellent.

BRUCE PRATHER: Thank you.

DEBBIE DAVIS: Well, that helps us with our audits from the Federal and State when they come in saying, yes, we've actually addressed this with you all and that we're on the same page with each other.

MARY QUILLEN: Right.

DEBBIE DAVIS: That's more what that investment policy does.

MARY QUILLEN: Right. You just need that supporting documentation---

DEBBIE DAVIS: Yes.

KAREN MCDONALD: Yes. And especially to know that we must take instruction from you before we act.

MARY QUILLEN: Exactly.

BRUCE PRATHER: But a one month delay won't bother your---

DEBBIE DAVIS: No.

BRUCE PRATHER: --operation any?

KAREN MCDONALD: No.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any other questions from the Board for these two ladies?

(No audible response.)

MARY QUILLEN: Very good. Thank you so much.

KAREN MCDONALD: Thank you.

DEBBIE DAVIS: Thank you all.

MARY QUILLEN: We really your good work---.

KAREN MCDONALD: We appreciate it.

MARY QUILLEN: ---and your willingness to come and make this presentation to us to keep us apprized of what's going on and we really appreciate you.

DEBBIE DAVIS: That's part of our job for you all.

MARY QUILLEN: Yes. Thank you. Okay, the next item on the agenda, the Board will receive an update from the Staff regarding the escrow account activities.

DAVID ASBURY: Thank you, Madam Chairman. The Board summary for item number three does reflect the current balance as presented by First Bank & Trust with the escrow account now containing \$25,961,942. It also reflects activities from 2004 and the first two quarters of 2010. It reflects that payments have been made by gas operators into the accounts of \$1,762,328. It reflects income for two quarters of \$31,344. It reflects expenses of \$18,424 and \$23,000 for the audit.

It reflects accumulative disbursements for 2010 totally \$747,809. We continue to be focused on the process of disbursements hoping to limit the number...the time limit for disbursements. But as you note here, the first two quarters of this year exceeds many of the previous years since 2004. We're not sure how disbursements will continue for the last half of the year knowing the pending lawsuits and the actions or reactions to those. The staff stands ready to improve and enhance the disbursement process and hopefully get our good folks at Southwest Virginia their disbursement moneys when brought before the Board. That's all I have.

MARY QUILLEN: Thank you, Mr. Asbury. Are there any questions for Mr. Asbury from the Board?

(No audible response.)

MARY QUILLEN: Thank you. Okay, the next item on the agenda, number four, the Board on its own motion will consider corrected testimony regarding disbursement of funds for Tract 1F, unit AZ-100, docket number VGOB-

03-0415-1139-01. Those wishing to speak, please come forward and be sworn in.

MARK SWARTZ: Item...Mark Swartz and Anita Duty. On item four and we have the same situation on item five, you might want to call that. Anita and David, I believe, and I'll let David, obviously, speak for himself, but have reached an agreement to solve these two issues with supplemental orders. So, I don't think we need to do anything today other than make a note of that.

DAVID ASBURY: We worked with CNX and they have provided updated information and will provide the supplemental orders to us in order to make these disbursements if the Board approves them.

MARY QUILLEN: Okay. This is item four and item five?

DAVID ASBURY: Yes.

MARY QUILLEN: Okay. Item five is Tract 4, unit AW-116, docket item number 01-0116-0858-01.

DAVID ASBURY: Yes, Madam Chairman, if I might.

Both of these will require new recordation of the supplemental order and a recordation of a disbursement order. Both have been corrected and we do have new percentages for disbursements. Once received the supplemental order and disbursement, it will be recorded for both items and disbursed.

MARY QUILLEN: And, Mr. Swartz, you will be providing those to the...to David's office, correct?

MARK SWARTZ: Right. We're going to do the supplemental order. I think the disbursement order actually comes from David, but yes.

MARY QUILLEN: Yes, the supplement. Okay. Excellent.

SHARON PIGEON: Was this just a mistake on the percentage?

DAVID ASBURY: It was a typ...one was a typographical error on the amount of acreage. The acreage was correct, but it was a topographical under fractional percentage below the acreage.

ANITA DUTY: Just a label and not an actual

calculation.

DAVID ASBURY: Right.

SHARON PIGEON: Okay.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. Do we need approval on this?

DAVID ASBURY: Yes.

MARY QUILLEN: Okay. Do I hear a motion that we approve both item four and five?

BRUCE PRATHER: Excuse me. I assume that everything is contingent on your receiving the information from them?

DAVID ASBURY: Yes, sir. The supplemental order, again, it was topographical information and fractional...the way the fractional percentage of acreage of ownership was described. Those have been corrected and we have received the new disbursement information based on how it is to be corrected.

SHARON PIGEON: Was the testimony correct when

we heard these originally?

ANITA DUTY: Yes.

SHARON PIGEON: So, the testimony was correct,
but the documentation was incorrect?

(No audible response.)

BRUCE PRATHER: I make a motion that we approve.

MARY QUILLEN: Is there a second?

BILL HARRIS: I'll second.

MARY QUILLEN: Okay. All those in favor,
signify by saying yes.

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

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay, you have approval.

KATIE DYE: I will abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mrs. Dye.

DAVID ASBURY: Thank you, Madam Chairman. Thank
you, Anita.

MARY QUILLEN: Okay, the next item is a petition

from CNX for Tract 1, disbursement of funds from escrow authorizing direct payment of royalties to Ms. Connie Davidson and the closing of the Board escrow account for unit AA-35, docket number VGOB-97-0916-0602-01. Those wishing to testify, please come forward and be sworn.

MARK SWARTZ: Mark Swartz...Mark Swartz and Anita Duty.

PETER GLUBIAK: Peter Glubiak and Ms. Connie Davidson.

MARY QUILLEN: Okay.

MARK SWARTZ: You might want to call the next one as well because it's the same folks.

MARY QUILLEN: Okay. Six and seven. Okay, item number seven is a petition from CNX Gas Company for disbursement of funds from escrow authorizing direct payment of royalties to Ms. Connie Davidson, docket number VGOB 97-0916-0600-01.

MARK SWARTZ: Mark Swartz and Anita Duty.

PETER GLUBIAK: Peter Glubiak and Ms. Connie Davidson.

MARY QUILLEN: Okay.

(Anita Duty and Connie Davidson are duly sworn.)

MARY QUILLEN: Mr. Swartz.

MARK SWARTZ: Okay.

ANITA DUTY

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And with regard to these two docket items that we've called today regarding a disbursement from AA-35 and Z-35, what did you do to prepare the tract by tract escrow calculation that you've attached

to both of these?

A. I compared the banks records with our internal payment records to make sure that all payments were received.

Q. Okay. So, basically, you looked at what... what you sent to the bank in terms of payments and compared that to their deposits to make sure that it all got there?

A. Yes.

Q. And, obviously, when you compared that, those...the amount you sent and the amount...the total amount of the deposits were in agreement?

A. They were.

Q. And, obviously, the balance was calculated as of a date ascertain, is that correct?

A. May the 31st, 2010.

Q. And was that true for both escrow accounts?

A. Yes.

Q. Okay. With the reason for this request

is that you have learned that a Court has resolved the conflict?

A. Yes.

Q. And resolved it in favor of Connie L. Davidson, the person that we're seeking to make the disbursements to?

A. That's correct.

Q. Has...to your knowledge, has she filed a W-9 with Mr. Asbury?

A. Yes.

Q. Okay. So, we're good to go on that?

A. We are.

Q. And in both situations, in both tracts, once the disbursement is made, will it close the escrow accounts so there will no longer be an escrow requirement in either of these units?

A. Yes.

Q. Okay. And, obviously, from this day forward, if this disburse order is approved, are you asking that the operator be allowed to pay Connie L.

Davidson directly?

A. I am.

MARK SWARTZ: I think that's all I have.

MARY QUILLEN: Do you have...did you receive a copy of the order from Judge Williams?

ANITA DUTY: I did through...Mr. Glubiak sent it to me.

MARY QUILLEN: Okay. Did you send a copy to Mr. Asbury?

ANITA DUTY: Mr. Glubiak has. We were kind of both on the same email together. So, we were notified at the same time.

MARY QUILLEN: Oh, okay. So, you have submitted a copy of that to Mr. Asbury?

PETER GLUBIAK: Yes.

MARY QUILLEN: And you have received that?

DAVID ASBURY: Yes.

MARY QUILLEN: Okay. Mr. Glubiak?

PETER GLUBIAK: I have nothing further. We'd ask that this money be disbursed and that the escrow

account be closed and pursuant to Judge Williams' order that all further payments...and all further royalty payments instead of being placed in escrow as Ms. Duty indicated be paid directly to Ms. Davidson.

MARK SWARTZ: And this is one of those situations where we don't really need a calculation at the end, David. I mean, you know, it's payout...the bank is just going to be ordered to pay out the balance because it's not being divided.

DAVID ASBURY: Correct.

MARK SWARTZ: So, we don't...you know, this is going to be one those simpler orders.

BRUCE PRATHER: I have a question.

MARY QUILLEN: Any questions from the Board?

BRUCE PRATHER: I've got a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: This Jack Hughes is an unlocateable at one time. He's under one of these disbursements. He's also the individual who would be under the other one.

ANITA DUTY: This is one of the...this is...that's AW-116 that we talked about.

BRUCE PRATHER: Okay. Well, on the other one down here, he doesn't say who the unlocateable was that she took the place of in six. Is it the same people?

ANITA DUTY: I'm not sure what he has.

MARK SWARTZ: Which---?

BRUCE PRATHER: Well, mine says here, "On February the 16th, the Board received a petition to do a disbursement of Jack Hughes originally the unlocateable party in the unit." I assume that Ms. Davidson is the person who would be his heir or something.

ANITA DUTY: I think we're talking about two different items.

BRUCE PRATHER: Okay.

ANITA DUTY: This is item number five.

MARY QUILLEN: It's item number six and seven.

BRUCE PRATHER: Oh, I see. Excuse me. Excuse me. I'm---.

PETER GLUBIAK: You had me worried, Mr. Prather.

BRUCE PRATHER: ---up to five.

PETER GLUBIAK: I wasn't sure who was unlocateable.

BRUCE PRATHER: Okay. I'm up in five. All right.

MARY QUILLEN: I kept looking for it.

BRUCE PRATHER: Okay. Any---?

PETER GLUBIAK: We located Ms. Davidson.

BRUCE PRATHER: I'm up in five. Sorry about that.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. Do you have anything further, Mr. Swartz?

MARK SWARTZ: No, I do not.

PETER GLUBIAK: No, I do not.

MARY QUILLEN: Okay. Do I hear a motion to approve both of these items, number six and seven, for disbursement?

BILL HARRIS: Madam Chairman, I'll make a motion that we approve items six and seven, those two petitions.

MARY QUILLEN: Is there a second?

BRUCE PRATHER: I'll second it.

MARY QUILLEN: Okay. All those in favor, please respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: Okay. Motion is approved. One abstention, Mrs. Dye.

PETER GLUBIAK: Thank you.

MARY QUILLEN: The next item on the agenda, number eight, is a petition from EQT Production for disbursement of funds from Tract 3, unit VC-536504, docket number VGOB-08-0819-2306-02. All those wishing to address this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser on

behalf of EQT Production. You may wish to call the item number nine on the docket too because it involves the exact same two parties.

MARY QUILLEN: Okay. Item number nine on the agenda, EQT Production Company for disbursement of funds from Tract 1, unit VC-56...excuse me...pardon me...536191, docket number VGOB-07-0116-1861-02. Those wishing to speak to this item, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett on behalf of EQT Production.

(Rita Barrett is duly sworn.)

MARY QUILLEN: Mr. Kaiser.

RITA BARRETT

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Yes, Ms. Barrett, if you'd state your name for the Board, who you're employed by and in what

capacity?

A. My name is Rita McGlothlin-Barrett and I'm employed by EQT Production Company as regional land manager in Clintwood, Virginia office.

Q. And we have filed these petitions on behalf of Michael Yelton and Range Resources-Pine Mountain to disburse some moneys in escrow that in the first unit that was called for disbursement it involves a portion of Tract 3, is that correct?

A. That's correct.

Q. And then the second application, we'll call the Board's attention to this, the spreadsheet that you've got that says Tract 1, that actually should be Tract 2?

A. Yes.

Q. Okay. And Mr. Yelton and Range Resources have signed royalty split agreements?

A. They have.

Q. And all parties have been notified of this hearing?

A. Yes.

Q. And we have produced a spreadsheet and provided that to the Board with our application to show that the...Equitable's totals and balance match with the bank's totals and balance?

A. They do.

Q. And would you direct the Board to the next to the last column in our spreadsheet to show the owner's percentage in escrow as of 5/31/2010?

A. Yes.

Q. And would you agree with those figures?

A. I do.

Q. Okay. And in the second unit, 536191, again turning to the spreadsheet provided with the change over in far left column from Tract 1 to Tract 2, which we'll get a corrected copy of or you're more than welcome to just pencil in 2 there. Again, if you go to the next to the last column to the right, would you agree with those owners' percentages in escrow and the totals in balance as of 5/31/2010?

A. Yes.

Q. And would you ask the Board to disburse... and, again, on unit 536191 that's just a portion of Tract 2, right?

A. That's correct.

Q. It's not the entire tract?

A. Correct.

Q. And on both of these units, would you ask the Board to enter an order disbursing the moneys as depicted to the two parties and ask that the order provide that going forward that the royalty payments made be made directly to the parties?

A. Yes.

JIM KAISER: Nothing further at this time, Ms. Chairman.

MARY QUILLEN: Any questions from the Board?

BILL HARRIS: Madam Chairman.

MARY QUILLEN: Uh-huh.

BILL HARRIS: Let me just ask a question about that tract number correction. There was...is that the

56...I'm sorry, 536191 that should have been---?

RITA BARRETT: Yes, sir.

BILL HARRIS: ---Tract 2 instead of Tract 1?

RITA BARRETT: Yes. The spreadsheet has it as Tract 1. It should be Tract 2. That's correct.

BILL HARRIS: Tract 2?

RITA BARRETT: Yes, sir.

MARY QUILLEN: Are there any other questions from the Board?

(No audible response.)

MARY QUILLEN: Do we need a correction on this with the Tract number from 1 to 2?

DAVID ASBURY: We can...we can do that or we can pencil and initial it. However the Board desires.

SHARON PIGEON: It would be very easy for you to provide a corrected copy.

RITA BARRETT: Yes.

SHARON PIGEON: So, just do that. I really prefer that we don't cross through it and initial it. Thank you.

JIM KAISER: You'll have that by tomorrow or today maybe.

SHARON PIGEON: Not a doubt in my mind.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Okay. Do I hear a motion to approve items eight and nine including the correction to the spreadsheet for item number nine?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: Okay. All those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: No.

MARY QUILLEN: Okay. You have approval.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

DAVID ASBURY: We'll need W-9s as well.

RITA BARRETT: Yeah. I'll get that to you.
Mark is going to get it to you tomorrow.

MARY QUILLEN: Okay, the next item on the agenda is a petition from CNX for repooling of coalbed methane unit AA-38, docket number VGOB-98-0324-0635-01. Those wishing to speak to this item, please come forward. Mr. Swartz.

MARK SWARTZ: Mark Swartz for CNX. This was a repooling and I think we were here in May, Pete.

PETER GLUBIAK: March. March.

MARK SWARTZ: And I had completed...Anita and I had completed our testimony and we were essentially done and ready for a motion, I think. A gentleman representing---

PETER GLUBIAK: Mr. Bell.

MARK SWARTZ: Mr. Bell was here from Commonwealth and he raised an issue. He wanted some time to get with a lawyer. He's not here today apparently.

MARY QUILLEN: Right.

MARK SWARTZ: But...so, I really...you know, I was done. I felt like you were probably going to vote on my petition and move forward. Mr. Glubiak has some issues that he wanted to discuss with the Board that really didn't...I didn't have a direct reaction to.

PETER GLUBIAK: Right.

MARK SWARTZ: So, I don't have anything to add today. I think really it's Peter's issue was the continuance. So---.

MARY QUILLEN: Mr. Asbury, did you have any information on this gentleman, Mr. Wayne Bell---?

DAVID ASBURY: I do not.

MARY QUILLEN: ---that did not show up?

DAVID ASBURY: I have no further information after the testimony that was given at the last Board hearing.

MARK SWARTZ: Well, I will say that he...he...at some point, he had a lawyer from Penn Stuart that called Peter and I to get a continuance. But that's the only contact that I've had.

PETER GLUBIAK: Good morning, Madam Chairman and members of the Board, Peter Glubiak, Aylett, Virginia. I'm representing the Shortt heirs. We were here in March of this year. We had some fairly extensive testimony. I'm looking at the transcript right here. I concur with Mr. Swartz. In fact, I'd go so far as to say that the testimony indicates Mr. Swartz, as I think is proper, CNX was in a position that basically they were saying typically there's a conflict when a coal owner exists and a surface or mineral owner exists that's as far as it went. I don't know that they really have...I think to use his words, a dog in that fight. They simply need to be known...need to be told pursuant to the force pooling petition whether indeed a conflict exists and the money will be directed pursuant to your order into an escrow account or, in fact, a revolutionary concept that there is no conflict. In that case, the surface and mineral owner could simply receive the money. This is a repool and not a pool. But in terms of the repool, could at least receive the

money going forward and that money attributable to the alleged conflict could be paid directly to the Shortt heirs. That brings me today...Mr. Lambert and I had a discussion. At the time, the statute, which was contemplated and passed by both houses of the General Assembly was sitting on Governor McDonald's desk. But as Mr. Lambert indicated, it was not signed and was not law. Since that time, as you well know, not only do we have the Harrison-Wyatt case, but we have the statute that indicates in the presence of a coal only severance deed there exists no conflict of the surface or the mineral owner is the owner. This started in '07 with a force pooling petition. The repool tract the identification number...tract identification documents or the same essentially. I draw your attention, for instance, to unit AA-38, Tract 4A, where it's indicated coal and then CNX gas as the CBM lessee and Walter Shortt, et al, the Shortt Heirs, indicated surface and minerals except coal on 3.16 acres of property. I'm sorry. It's quite simple. We do not have a conflict

here. We have a case...a cut and dry case where we have an individual or in this case a group of heirs as individuals who own the surface and the minerals. This is according to the paperwork submitted by CNX, the operator. We have a coal company, Commonwealth Coal, which coincidentally Mr. Bell...I'll tell the Board, is on the Board of Commonwealth Coal, but was not actually speaking officially for Commonwealth Coal. He objected and said he would like more time to investigate the potential conflict. He contacted Mr. Steve Hodges with Penn Stuart in Abingdon. Steve contacted both Mr. Swartz and I and asked to be continued. It was continued in May when it was originally intended to be reheard to today, the July meeting. It's not complicated. You are to determine, according to the statute, which is your driving mechanism---

MARY QUILLEN: Excuse me just a minute. Let me interrupt you just for a moment. You said that he talked with an attorney and they have decided there is no conflict?

PETER GLUBIAK: I have no clue, as Mr. Swartz indicated and Mr. Hodges indicated, he was going to represent them. He asked for a continuance. In fact, we had some correspondence. Both of us agreed the continuance was fine. We'll continue it to the July meeting. We are here today. I do not see Mr. Bell nor do I see Mr. Hodges. There have been nothing...Mr. Asbury indicated there's nothing filed. Insofar as I know, though Mr. Hodges has represented them in the past, either they don't care or I don't know, but that they're not here.

MARY QUILLEN: Thank you. There's no...there's no---.

SHARON PIGEON: I have asked Mr. Asbury to go and call Mr. Hodges' office because the email that I have, just out of professional courtesy here, it says, "The parties have discussed a continuance to July 20", which is today, but the rest of that sentence says, "and ask that you confirm the continuance by email." I got nothing after that. So, I don't know if there's any

confusion. Just out of an abundance of caution, I think we should take a break.

PETER GLUBIAK: I don't have anything to say to that. We confirmed it, but I haven't talked to Mr. Hodges.

MARY QUILLEN: While Mr. Asbury is making that call so that we can make sure that we do make contact with that, we will take a ten minute break.

PETER GLUBIAK: Okay.

(Break.)

MARY QUILLEN: We will continue with item number ten, VGOB-98-0324-0635-01. Mr. Bell is not available. He had another obligation to a Board meeting that he is leading. So, there is no one here to oppose this. So, we will move forward with your request. Mr. Swartz.

SHARON PIGEON: Well, we do contact Mr. Hodges'--
--.

MARY QUILLEN: Oh.

SHARON PIGEON: ---office as well.

MARY QUILLEN: Contacted Mr. Hodges' office and

Mr. Hodges deferred to Mr. Bell and Mr. Bell could not be reached. So, Mr. Swartz, do you have anything further?

MARK SWARTZ: So, I would renew my request that, you know, based on the testimony that was offered in March that I think Mr. Glubiak is not objecting to, that you repool this to make those corrections and grant that petition and then, I guess, after you do that, then Mr. Glubiak has an issue.

PETER GLUBIAK: My understanding was we had...the Board had approved the repool insofar as the corrections on the acreage and some other items. We were left with a singular item of the existence or non-existence of a conflict between the two parties, the conflicting claimants, Commonwealth Coal and the Shortt family and would like---

MARY QUILLEN: And that's what we're going to take...we're going to vote on that. Okay, we'll move forward with Mr. Swartz's request to repool this unit. I do---

SHARON PIGEON: I think that what Mr. Glubiak said is correct that you all---

PETER GLUBIAK: That's all been taken care of, I think.

SHARON PIGEON: That you all voted on the repooling.

MARK SWARTZ: Did they actually vote on it? I thought you held it in abeyance.

PETER GLUBIAK: Yes, I believe it was voted on.

MARK SWARTZ: Oh, okay. Okay. Well, then I'm good to go.

SHARON PIGEON: I think you got what you wanted.

MARK SWARTZ: I thought they held it in abeyance, okay.

SHARON PIGEON: And we only---

PETER GLUBIAK: The only thing held in abeyance was the issue of the conflict.

MARK SWARTZ: Okay.

PETER GLUBIAK: The corrective math and etcetera was voted on.

MARY QUILLEN: We did not approve to continue the repooling.

SHARON PIGEON: Well, we have some conflicting information here. But I think you're right. If we had the transcript. So, if you want to vote again---

DAVID ASBURY: There were...may I, Madam Chairman?

MARY QUILLEN: Yes.

DAVID ASBURY: As we have had it recorded, there were three items before the Board. There was an acreage correction for the unit. There were additional wells for increased density in a unit. The third item was pooling or repooling of the 5.725% acres of Walter Shortt, et al, and their Heirs. The first two items were approved by the Board---

MARY QUILLEN: Right.

DAVID ASBURY: -as Mr. Glubiak said. The third item about the pooling for the Walter Shortt Heirs was continued and that's what the decision has to be...the

decision that's before you---.

MARY QUILLEN: Okay.

DAVID ASBURY: ---based on the conflict.

MARY QUILLEN: Okay. So, just that one...just that one---?

DAVID ASBURY: Just that one piece of the---.

MARY QUILLEN: Particular one?

DAVID ASBURY: ---docket.

MARY QUILLEN: Okay. I'm sorry. It said, did not approve to continue the pooling or repooling.

SHARON PIGEON: You can't rely on that.

MARY QUILLEN: Yes. Okay. Then, Mr. Swartz, you do not have any requests, correct?

MARK SWARTZ: Correct. I'm looking at the transcript to make sure.

PETER GLUBIAK: And I would stand on Mr. Asbury's testimony here. That is the issue. Whenever you're finished questioning Mr. Swartz, I'd like to put my two cents in.

SHARON PIGEON: Well, if he's got the

transcript, we can clear it up easily enough.

MARK SWARTZ: It looks to me like they did indeed deal with the repooling. So, you really only have the escrow issue that Peter raised.

MARY QUILLEN: I'll ask him to make his request.

PETER GLUBIAK: That's right.

MARY QUILLEN: Okay.

MARK SWARTZ: Thanks.

MARY QUILLEN: So, Mr. Glubiak,---

PETER GLUBIAK: Madam?

MARY QUILLEN: ---what is your request, please.

PETER GLUBIAK: Madam Chairman, my request is quite simply that this is an item...that the conflict as required under the statute to escrow the money does simply not exist. Mr. Shortt and his family are the surface and the mineral owners in this case. More importantly, the mineral owners, the statute creating the system indicates as between conflicting claims, in this case we have cleared the lines. We have Commonwealth Coal Company who was here and objected in

March by way of one its Board members, Mr. Bell. They retained an attorney. They chose not to go forward. I don't know what their position is because they haven't told me. I do know the Shortt's position is that they mineral owners and under the paperwork that has been submitted in this petition, they own the minerals. Under the statute as it now exists, the coal company does not own the gas. If they had some other evidence to the contrary, I haven't seen it. They're not here to present it. I think my client is reasonable in his demands that there be a decision today that there is not a conflict and that the money going forward instead of it being placed into escrow be paid according to their proportional interest on the paperwork to the members of the Shortt family or the Shortt Heirs as they're called. It's fairly simple. There is no conflict. You have the ability to determine there's no conflict. In that instance, a default mechanism since there's no conflict and the money is being paid as a royalty, this simply goes forward as a direct payment without escrow to the

Shortt Heirs. I'd ask you to vote accordingly.

SHARON PIGEON: Mark, leaving the coal ownership aside for the moment, in your Exhibit E you have listed oil and gas ownership as Robert Rose or the Shortt Heirs. Could we have some testimony---?

PETER GLUBIAK: I happen to know a lot about that. I'm not sure how much Mr. Swartz does. There was...I have the title work. There was an indication...the property was sold back and forth several times. The minerals were reserved...actually, the minerals were reserved by Mr. Shortt's grandfather, (inaudible) Shortt. I have the title work. However, my point to you is that's besides the point. You're here to adjudicate whether there's a conflict today between the Shortt Heirs and Commonwealth Coal. We don't have the Rose Heirs. They're not here. They're not alleging anything. They haven't filed anything with this Board. What we have is an appearance by the Shortt Heirs through myself asking this Court to determine under the statute that there does not exist a conflict between the

current claimants. That being the coal company, Commonwealth Coal, and the Shortt Heirs as the mineral owner. The rest of the stuff is title work somebody else can take on.

MARK SWARTZ: In response---

MARY QUILLEN: Mr. Swartz, can you respond?

MARK SWARTZ: In response to your question, there are several tracts and they're slightly different. So, if you look at Tract 2, the Shortt's are not in that tract. Tract 4A we had Exhibit E showing a conflict between Commonwealth and Walter Shortt and the list of Heirs there. There is no title conflict in 4A. So, that's a straight forward one against the other. Okay, in Tract 4B, we've got a title conflict issue where we're showing the coal owner is Commonwealth, but we're showing a conflict...a title conflict between Robert Rose and the Shortt Heirs, which is a different problem, okay.

SHARON PIGEON: It's not a problem...a different problem insofar as escrowing of funds.

MARK SWARTZ: Well, if there's a conflict between the oil and gas owners, getting rid of Commonwealth doesn't solve that problem.

SHARON PIGEON: That's what I'm saying.

MARK SWARTZ: Okay. I misunderstood. And in 4C you've got the same title conflict, which is...so if Commonwealth goes away it's...based on our examination, there's that conflict. In 4D I do not see a title conflict between Shortt and another oil and gas claimant. 6 you've got the same problem with Mr. Rose. So, that kind of...there are two tracts there is not a further impediment---

SHARON PIGEON: Correct.

MARK SWARTZ: ---and then there are a couple of tracts where there is.

SHARON PIGEON: So, even if...as we might assume that the coal owner is not making a claim today, we still have reasons why escrow would be required.

MARK SWARTZ: Right. I mean, I think the issue is pretty simple in 4A and 4D. What Peter has said, you

know, Commonwealth is not---.

MARY QUILLEN: Okay, 4A is okay.

MARK SWARTZ: ---here and they certainly were put on notice.

SHARON PIGEON: Correct.

MARK SWARTZ: You know, I don't know what we do in a unit where we didn't have the coal owner show up and, you know, hire a lawyer and look into it. But, you know, they certainly had notice that this issue was headed in their direction. So---.

SHARON PIGEON: We had a lot of activity from...on this case. So, I think we can rely on---.

MARK SWARTZ: ---with regard to 4A and 4D, you know, those are the only folks claiming those escrowed funds potentially and Commonwealth has not pursued the claim based on the records that we're hearing today. With regard to the other tracts that Shortt...there's a title conflict and I'm not sure that...I'm not on the Board. I'm not the Board's lawyer, but, you know, Mr. Rose isn't here and I'm not sure that he had notice that

this might---.

PETER GLUBIAK: He should have.

MARK SWARTZ: Well, did you tell him?

PETER GLUBIAK: No. But, I mean, you...you should have sent him notice when you started the repooling. He's on your list.

MARK SWARTZ: Yeah, but he...we didn't ask him to divest him of his claim. I mean, we weren't...I...we gave him notice---.

PETER GLUBIAK: He got notice of the repooling.

MARK SWARTZ: He got notice of what we wanted to do and not we're going to cut you out of the escrow account because we weren't asking for that. So, in fairness to him, he doesn't have notice at least from me or my client.

(Board members confer with Sharon Pigeon.)

MARK SWARTZ: The other thing that I would point out---.

SHARON PIGEON: So, we don't have an escrow in 4D or is this sheet that we're looking at wrong? We

should have.

MARK SWARTZ: No, we do. Exhibit E.

SHARON PIGEON: I have this little cheat sheet here to look at.

MARY QUILLEN: And 4D is not listed---

SHARON PIGEON: Just don't go by that.

MARY QUILLEN: Okay, so...but there seems to be a conflict in 4B, 4C and 6 with that Rose.

MARK SWARTZ: With the Rose, yes.

MARY QUILLEN: 4A is the only one.

SHARON PIGEON: 4D as well.

MARK SWARTZ: Yes. With another potential oil and gas owner.

MARY QUILLEN: Huh?

SHARON PIGEON: 4D. Don't go by this.

MARK SWARTZ: I would point out to you and Mr. Glubiak said this, but I'm not sure that...it may not have registered. He's asking you with regard to the Shortt Heirs on a going forward basis to allow the operator to pay them directly, okay. The other issue is

what do you do with the escrow account. I'll let him deal with that. But, I mean, what he has asked you...he was careful the way he said it, I think---

PETER GLUBIAK: I will...yes. And I said that. This today is about whether the Board orders under the repooled petition filed by CNX orders the money resulting from the royalties on these tracts in unit AA-38 be placed into escrow or rather as I would suggest since there's no conflict that moneys be paid directly to the Shortt Heirs according to their proportional interest. Now, I will...I have an answer to it. I have the title work. I know the situation with the Rose Heirs. We're not here to deal with that.

MARY QUILLEN: Well, they're in...they're in three of the tracts. What we need clarified is which tracts you're talking about?

PETER GLUBIAK: Madam Chairman, I'm going to make your life easier. I don't want to argue...I don't think you do have the authority to get into title work, deeds and ownership. You might. I think you could.

But the Attorney General has said that you don't. Let's just make it simple. Let's just determine...I'm asking the Board to determine Tracts 4A and 4D in which, according to CNX's paperwork, there exists no other conflicting claimant even though I would argue to you that it is simple because the conflicting claimants here we don't have to worry about the Rose Heirs or Mr. Rose. But in this case, this morning, I simply want you to determine to basically determine there is no conflict in Tracts 4A and 4D of unit AA-38 and the Shortt Heirs can receive money pursuant to royalty payments made by CNX.

MARY QUILLEN: And that was my question exactly. Which tracts? You just now clarified it 4A and 4D.

SHARON PIGEON: That is going forward---

MARK SWARTZ: Going forward.

MARY QUILLEN: Going forward.

SHARON PIGEON: ---on the basis of this repool-

PETER GLUBIAK: We have to deal with going backwards, but I don't know...I haven't---

SHARON PIGEON: But we have certain ways that we have to deal with that.

PETER GLUBIAK: I don't know what to do about that.

MARY QUILLEN: Right.

PETER GLUBIAK: You're determining there's no conflict, I'm going to be back here asking for the money that's in escrow.

MARK SWARTZ: That's a different petition.

PETER GLUBIAK: But that's a different situation.

MARY QUILLEN: The only thing we're dealing with today is 4A and 4D moving forward.

PETER GLUBIAK: Moving forward, yes.

MARY QUILLEN: Do we have a motion to---?

BILL HARRIS: I have another question---.

MARY QUILLEN: Oh, I'm sorry. I'm sorry.

BILL HARRIS: ---before we have motion. I think you all discussed it among yourselves. That is about notice for Mr. Bell. I'm not sure how...we're not

sure that they actually received notice that this case would be---.

SHARON PIGEON: No, we're sure that they did receive notice because they sent notice by certified mail. He was actually here the last time and we have email supporting where the attorney that was going to represent him participated in the continuance discussion and David Asbury just went out and telephoned that attorney and spoke with him and then learned where Mr. Bell was today. So, we've covered notice on those---.

MARK SWARTZ: He was here in March to hear Mr. Glubiak say what he's telling you now. So, if the paperwork didn't put him on notice, he was present and you were saying this is where I'm headed. So---.

BILL HARRIS: Yeah. I just wanted to make sure of that.

MARK SWARTZ: -I mean, I---.

PETER GLUBIAK: He objected and was aware of the continuance---.

MARK SWARTZ: Right. And asked for a

continuance.

PETER GLUBIAK: ---and his attorney negotiated another continuance until today. Mr. Hodges is aware of it and Mr. Swartz and I and Mr. Hodges in writing in emails were aware of it. So, there was no question about notice.

BILL HARRIS: I'm satisfied in that regard then, thank you.

MARK SWARTZ: So, with regard to Commonwealth it's---.

MARY QUILLEN: Are there any other questions for these gentlemen?

(No audible response.)

MARY QUILLEN: Okay. Do I hear a motion for unit...excuse me, Tracts 4A and 4D to...from this point forward to pay directly the escrow moneys to the Walter Shortt Heirs?

BILL HARRIS: Madam Chairman, I would make that---.

MARY QUILLEN: Oh, to Walter Shortt.

BILL HARRIS: I'm sorry.

MARY QUILLEN: Yes.

BILL HARRIS: I would make that motion that we pay directly the Shortt Heirs, and I'm assuming these tracts are correct, Tract 4A and 4D for this petition. Is that the motion that you requested?

MARY QUILLEN: Thank you. Is there a second?

BRUCE PRATHER: I'll second it.

MARY QUILLEN: Okay. All those in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: Okay. This motion is approved. One abstention, Mrs. Dye.

DAVID ASBURY: Madam Chairman, if I might, the revised exhibits need to reflect the action that the Board has just taken as long...as the information that Mr. Glubiak has showing no conflicts. That needs to be

on our files.

MARY QUILLEN: This will be submitted to Mr.---?

PETER GLUBIAK: I will submit the title work to
Mr. Asbury.

MARY QUILLEN: ---Asbury?

PETER GLUBIAK: CNX, of course, has to change
the exhibits.

MARY QUILLEN: Right. Yes. Mr. Swartz, you'll
send those revised---.

MARK SWARTZ: Right. We'll revise the exhibits.

MARY QUILLEN: Good. You have approval, sir.

PETER GLUBIAK: Thank you. Ladies and gentlemen
of the Board, that was an historic gesture. Remember
that.

SHARON PIGEON: Mr. Glubiak, we had a repooling
application. I don't know if it was as historic as
you're thinking.

PETER GLUBIAK: It was, believe me.

MARY QUILLEN: The next item on the agenda is
item number eleven. A petition from CNX for repooling

of coalbed methane unit P-43, docket number VGOB-00-0321-0777-02. Those wishing to speak to this item, please come forward and be sworn in.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: Mr. Swartz. Is there anyone else wishing to speak to this item?

(No audible response.)

MARY QUILLEN: Okay, Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And we're here on a repooling with regard to unit to P-43, is that right?

A. Yes.

Q. Okay. Let me get some basic information here since this is the first time you've testified today. Who is the applicant on this petition?

A. CNX Gas Company, LLC.

Q. And...and would the applicant also ultimately be the designated operator here?

A. Yes.

Q. Is CNX Gas Company, LLC a Virginia Limited Liability Company?

A. Yes.

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

A. It is.

Q. Does it have a blanket bond on file with the Department?

A. Yes.

Q. The hearing today, what did you do...now, this was set for June and continued until today, but what did you do to notify people when you filed this petition that there was going to be a

hearing?

A. I mailed by certified mail, return receipt requested on May the 14th, 2010 and published in the Bluefield Daily Telegraph on May the 19th, 2010, the notice and location exhibits.

Q. Okay. And have you provided Mr. Asbury with your certificates with regard to mailing and the newspaper's publication certificate?

A. I will.

Q. Today?

A. Yes.

Q. You have them with you?

A. I do.

Q. Okay. And in your certificates with regard to mailing, you're providing copies of the green cards and so forth and---?

A. Yes.

Q. ---a list? And you did get an official notice from the newspaper that they had published and copies of what they published?

A. Yes.

Q. Okay. Do you want to add any respondents to the list of respondents in the notice of hearing or on Exhibit B-3?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Do you have any revised exhibits today?

A. I have a revised plat.

Q. Okay. Could you pass that out?

(Diane Davis hands out the exhibit.)

Q. What changed on the plat, Anita?

A. The tracts were labeled incorrect.

Q. Okay. So, does the tracts---

A. They now match the tract ID.

Q. Oh, okay.

A. Yes.

Q. So, that the map number didn't agree with the tract ID and the tract ID was right and you got the map straightened out?

A. That's right.

Q. Okay. Any other revisions besides the plat?

A. No.

Q. Okay. And while we're looking at the plat, how many...how many wells are in this unit?

A. There are two.

Q. Okay. There's a conventional...do you see that CV, but that is not a coalbed methane?

A. Correct.

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

A. Yes.

Q. And of the two wells in this unit, one is in the window and one is just outside to the east, correct?

A. Yes.

Q. Are they both frac wells?

A. They are.

Q. And have you provided...as long as we're

talking about the wells, have you provided the Board with cost information and other information pertaining to these two wells?

A. I have.

Q. And what is that?

A. For P-43 the estimated cost is \$220,339.25. The estimated depth was 1,916 feet...or .2 feet, sorry.

Q. It's easy for you to say, right?

A. I know.

Q. All right.

A. The permit number 4288. Well number P-43A the estimated cost of \$305,865.15. The estimated depth 2,345 feet. Permit number 5403.

Q. Okay. And in your notice of hearing and also in your application, you gave people that you mailed to and published a notice which gave the combined costs, correct?

A. Correct.

Q. And that was \$526,204.04, is that

correct?

A. Yes.

Q. With regard to the standing or the interest that CNX has acquired in this unit, what interest have you acquired and what are you seeking to pool by this repooling?

A. We have acquired 99.9652% of the coal claim. 98.8457% of the oil and gas claim. We're seeking to pool 0.0348% of the coal claim and 1.1543% of the oil and gas claim.

Q. Okay. And in that regard, with regard to the interest that you were able to lease or acquire, what are your standard lease terms at the present time?

A. It's five dollars per acre per year with a ten year paid up term and a one-eighth royalty and the leases are recoupable.

Q. Okay. And are you recommending to the Board that in the event folks are given an election option and do not exercise that option or exercise to be leased that those lease terms be used in the Board's

order?

A. Yes.

Q. And is there an escrow...is there going to be an escrow requirement here?

A. Yes, for Tract 2B.

Q. Okay. And the reason for that is just a conflict?

A. Yes.

Q. And are there split agreements in this unit?

A. There are for Tracts 2A and 2B.

Q. And have you identified the folks who have entered into...or who have made split agreements in your Exhibit EE?

A. Yes.

Q. And are those 50/50 agreements?

A. They are.

Q. Okay. And with regard to the folks that have entered into the split agreements, you've omitted them from Exhibit E, correct?

A. I have.

Q. So, that you would be paying them directly on a going forward basis and not escrowing their funds?

A. Yes.

Q. Is it your opinion that drilling two frac wells in this 80 acre Oakwood unit is a reasonable way to produce the coalbed methane in that unit?

A. Yes.

Q. Is it your further opinion that combining a pooling order with a leasing and acquisition efforts that the operator has made and the applicant has made that there would...that all of the claims and ownership interest and potential claims would be protected and the correlative rights of everyone who has a stake in this unit would be protected by either the order or the lease agreements?

A. Yes.

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

MARY QUILLEN: Mr. Swartz, I have just a couple

of questions. This is a really old unit. Apparently, it goes back to...before 2003, correct?

MARK SWARTZ: It looks like it's 2000.

MARY QUILLEN: Okay. Because of this reallocation in Tract 3, how were the escrow payments made in these prior disbursements for this before this reallocation of that tract was done?

ANITA DUTY: If the application is approved, our system will go back and catch up any payment that is either positive or negative to the owners or the escrow account.

MARY QUILLEN: Oh, okay. Okay.

ANITA DUTY: Either release it or hold it until the account is up to date.

MARY QUILLEN: Okay. So, there would be adjustments in that Tract A and B then?

ANITA DUTY: Yes.

MARK SWARTZ: Correct.

MARY QUILLEN: And it would automatically would go back and pick that up?

MARK SWARTZ: To be specific, let me make this a question to you, okay. In light of that answer, if it turns out in the reallocation and remapping, okay, if it turns out that the escrow account was overpaid, you would withhold future payments until you were square?

ANITA DUTY: Yes.

MARK SWARTZ: And in the event it was...so, that we wouldn't have to come back and get an order from you. In the event it was underpaid, you would make a lump sum payment to catch up?

ANITA DUTY: That's correct.

MARK SWARTZ: Just to---

MARY QUILLEN: Excellent.

MARK SWARTZ: ---be more specific.

MARY QUILLEN: Thank you. Thank you.

ANITA DUTY: He's good.

SHARON PIGEON: But he does not talk loud.

MARY QUILLEN: No, he's got to talk a little louder. You've got to have a school teacher voice there that---

MARK SWARTZ: I can be loud, but I---.

(Laughs.)

MARK SWARTZ: In fact, some people would say that I'm just amazingly loud. But I'm trying to be on my best behavior, you know.

MARY QUILLEN: Good. Good. But---.

SHARON PIGEON: Continue that part. Just speak a little louder.

MARY QUILLEN: Right. Thank you. Are there any questions?

DAVID ASBURY: Madam Chairman, I'd like to ask that the Board ask CNX to work with us as far as the calculation of the over or underpayment in the escrow so that we can have that tracked for the Board as part of the escrow account.

MARY QUILLEN: Can you provide that---?

MARK SWARTZ: You might want to...yes. And I might tell you one more thing just so you have a since of...Anita, when you recalculate, when we've got a change in percentages like this, okay, in a unit, is it

true that your software literally goes back to day one and zeros everything out and starts over?

ANITA DUTY: It does.

MARK SWARTZ: So, I mean, he's going to get a pile of stuff. He understands that.

ANITA DUTY: But there's actually a report that--

MARK SWARTZ: But, I mean, it literally rebooks it from day one otherwise you can't get it right.

BRUCE PRATHER: Yeah.

MARY QUILLEN: Exactly. Excellent. I just want to have that in the record that you will be submitting--

MARK SWARTZ: We will do that.

MARY QUILLEN: ---any changes and that Mr. Asbury will have that on file. Any other questions for these folks?

(No audible response.)

MARY QUILLEN: Okay. Do I hear a motion to approve? Respond.

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Excuse me. Do I hear a second?

BILL HARRIS: Second.

MARY QUILLEN: Respond to approval of this request by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: Okay. You have approval. One abstention, Mrs. Dye. Okay, item number twelve on the agenda, a petition from CNX for repooling coalbed methane unit R-42, docket number VGOB-93-0316-0342-02. This was continued from June.

MARK SWARTZ: Mark Swartz and Anita Duty. We're going to withdraw this because between the time that we filed this and now, we have leased a 100% of the unit. So, it's a totally voluntary unit. How's that for continuing due diligence?

SHARON PIGEON: Would you like to take them home

and just enjoy that?

MARK SWARTZ: We're going to take a bit of a break here because somebody else is up, I think, if I'm not mistaken. Yeah.

MARY QUILLEN: Okay. Our next item is a petition from EQT, which was continued from June for pooling of coalbed methane unit VC-536216, docket number VGOB-10-0615-2729. All those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, Jim Kaiser and Rita Barrett on behalf of EQT Production.

MARY QUILLEN: Let's see, Ms. Barrett, you have been sworn, correct?

RITA BARRETT: Yes, ma'am.

JIM KAISER: We've got some revised exhibits for you.

MARY QUILLEN: Oh, okay.

(Diane Davis passes out revised exhibits.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: Yes.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER

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

A. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company in Clintwood, Virginia as regional land manager.

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

A. They do.

Q. Are you familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. Yes.

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

A. We do.

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

A. Yes.

Q. Now, since the filing of the application, we have continued to attempt to obtain leases from the unleased parties in the unit, is that correct?

A. We have.

Q. And have you been successful in doing so?

A. We have. The revised exhibits reflect highlighted in yellow those folks that we were able to lease after the application.

Q. Okay. And that's reflected in both your B, B-2 and B-3?

A. Yes.

Q. Okay. And what is the interest

currently under lease to EQT in the gas estate within the unit?

A. 71.39%.

Q. And in the coal estate?

A. 28.61%.

Q. No, no, no. In the coal estate?

A. I'm sorry. A 100% in the coal estate.

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

A. They are.

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

A. 28.61% of the gas estate remains unleased.

Q. Okay. All right. We do have some unknown entities in the unit?

A. We do.

Q. Is it your testimony that all reasonable diligent efforts were made and sources checked to identify and locate these unknown entities including

primary sources such as deed records, probate records, assessor's records, treasurer's records and also secondary sources such as Internet searches, telephone directories, city directories, family and friends?

A. Yes.

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

A. Yes.

Q. Are you requesting this Board to force pool all unleased interest as listed at revised 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. I am.

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

A. Sure. Twenty-five dollars per acre for

a five year paid up lease and a one-eighth royalty.

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

A. They do.

Q. Now, as to those parties who remain unleased, do you...as reflected on revised Exhibit B-3, do you agree that they be allowed the following options...the following statutory options with respect to their ownership interest: 1) Participation; 2) a cash bonus of twenty dollars paid up 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 or 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 elections to respondents be in writing and sent to the applicant at EQT Production Company, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, directed to Christy Shannon and/or Alma Tallman?

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

A. Yes.

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

as if no initial election had been made under the order,
that is 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 their actual well
costs any cash sum becoming payable to that respondent
from the applicant be paid within 60 days after which
the respondent should have made their payment of actual
well costs?

A. Yes.

Q. Does the Board need to establish an
escrow account for this unit?

A. They do.

Q. And what tracts does that escrow account
need to include?

A. Tracts 1,2, 3, 4, 5, 6, 7, 8, 9, 10 and
11.

Q. And who should be named operator under

any force pooling order?

A. EQT Production Company.

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

A. 2,712 feet.

Q. The estimated life of reserves over the life of the unit?

A. 250 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Sure. The dry hole costs are \$199,957. The completed well costs are \$421,600.

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 the protection of correlative rights?

A. Yes.

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

MARY QUILLEN: Any questions from the Board?

SHARON PIGEON: Madam Chairman, I have a question. Ms. Barrett, when we had this on the docket previously, it was continued because of the appearance of Kathy Keen and Terry Hutchinson.

RITA BARRETT: That's correct.

SHARON PIGEON: And you offered to meet with them and discuss---.

RITA BARRETT: I did.

SHARON PIGEON: ---the severance deed. So, you did have that meeting?

RITA BARRETT: We did not. They did not contact me.

MARY QUILLEN: Huh--.

JIM KAISER: We'd ask that the application be approved with the revised set of exhibits.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: Second. Okay, all of those in favor of approval, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay, motion is approved.

RITA BARRETT: Thank you.

MARY QUILLEN: Item number fourteen, a petition from EQT Production Company for pooling of coalbed

methane unit VCI-538691, docket number VGOB-10-0615-2730. This was continued from June. All those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman, again, Jim Kaiser and Rita Barrett. We've got an Exhibit B that was passed out.

RITA BARRETT: Exhibit E was---

JIM KAISER: E.

RITA BARRETT: ---missing from the application or it was on our copy.

(Diane Davis passes out exhibits.)

JIM KAISER: You all might have had it. I had it in mine. It was just missing from ours.

MARY QUILLEN: No, it was missing from mine too. Okay, Mr. Kaiser.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, if you'd again state your

name for the record, who you're employed by and in what capacity?

A. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company as regional land manager in our Clintwood, Virginia offices.

Q. And are you familiar with EQT's application seeking to pool any unleased interest within this unit?

A. I am.

Q. Now, this is an increased density well?

A. It is.

Q. So, the one well has already been drilled in the unit?

A. Yes, sir.

Q. So, the unit has been force pooled already one time?

A. It has.

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

A. We do.

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

A. Yes.

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

A. 29.01%.

Q. And in the coal estate?

A. 100%.

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

A. Yes.

Q. And so 70.99% of the gas estate remains unleased?

A. That's correct.

Q. And there is an unknown entity in the gas estate, is that correct?

A. That's correct.

Q. And in your opinion, were all reasonable and diligent efforts made and sources checked to

identify and locate this unknown entity?

A. Yes.

Q. Okay. And are you requesting this Board to force pool all unleased interest listed at B-3?

A. I am.

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

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

A. Yes.

JIM KAISER: Madam Chairman, at this time, I'd ask that we be allowed to incorporate the testimony

taken earlier this morning in item 2729, which is thirteen on the docket regarding the statutory elections afforded any unleased parties and the ramifications thereof.

MARY QUILLEN: That will be incorporated.

JIM KAISER: Thank you.

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

A. Yes.

Q. And for what tracts?

A. Tract 1.

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

A. EQT Production Company.

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

A. 2,436 feet.

Q. Estimated reserves over the unit over the life of the unit?

A. 230 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Sure. Dry hole costs are \$142,322. Completed well costs are \$358,858.

Q. And do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

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

MARY QUILLEN: I noticed on Exhibit E, this is one of the Yellow Poplar items that we have addressed. I believe that the Board had asked for some documentation for the Yellow Poplar to be submitted to Mr. Asbury's office. Has that been submitted?

DAVID ASBURY: We have not received any of the title work for this docket item.

JIM KAISER: I think that's incorrect. I think Range provided you with the chain of title.

RITA BARRETT: July the 15th.

SHARON PIGEON: What they provided doesn't address the title after the bankruptcy proceeding when Gallie Friend would have the...both legal and equitable title. It stops with Yellow Poplar. As we know, that entity was dissolved by the Illinois Cooperate Commission. It also doesn't support any rights in the coal owner. It excepts out the gas rights. So, how do

you justify escrowing conflicting claimants here?

DAVID ASBURY: Madam Chairman, I misspoke. We do have Range Resources information for this particular file.

SHARON PIGEON: That came yesterday afternoon. So...and I haven't had a chance to look at it very carefully myself.

JIM KAISER: Our answer to that would be that Range owns the coal and we have lease with them.

SHARON PIGEON: But they don't have any rights to the gas. So, why are you wanting to escrow moneys that they have coal rights on?

JIM KAISER: Excuse me?

SHARON PIGEON: Why are you saying there's a... you're not saying there's a conflicting claim on this one? Is that what you're...what your application says? Maybe I'm mispeaking.

RITA BARRETT: We're saying there is a---.

JIM KAISER: No, we are saying there's a conflicting claim, yeah.

SHARON PIGEON: You're just...you're just saying there's an unknown and unlocateable. I'm sorry, I misspoke.

MARY QUILLEN: So, Mr. Asbury, you do have the documents that you need?

DAVID ASBURY: We received documents yesterday afternoon from a June the 15th title information from Gallie Friend/Yellow Poplar for this particular file, yes.

MARY QUILLEN: Thank you.

SHARON PIGEON: But that information only goes through the conveyance to Yellow Poplar as I recall.

DAVID ASBURY: That's correct. It does.

SHARON PIGEON: And, again, this came yesterday afternoon. So, I haven't had any opportunity to actually evaluate this.

RITA BARRETT: I have an update here dated...this is a memo from one of our land agents who is very experienced in title work. He updated that title June the 9th.

DAVID ASBURY: (Inaudible). Do we need copies of that?

SHARON PIGEON: I need a copy of it.

MARY QUILLEN: Are there any other questions for these folks?

BILL HARRIS: Madam Chairman, I'm still not sure where we are with the Yellow Poplar.

SHARON PIGEON: Nor I'm I, Mr. Harris, because I haven't obviously had a chance to read that.

JIM KAISER: Well, the only thing that has changed since last month when you approved several pooling applications from Yellow Poplar is now you've got a chain of title information that you requested.

SHARON PIGEON: What has changed is that the Board asked you for more information. They gave you this additional time to provide it. Handing me something right now, I don't have time to read it while we're in the middle of a hearing.

JIM KAISER: Well, I think we also had quite a bit of testimony on the record last...I guess, it was

last month from Mr. Scott who was the title attorney that examined this title as to what he found. I mean---
.

SHARON PIGEON: Not about this additional information that we've just been handed. He didn't testify to that.

MARY QUILLEN: Any additional questions from the Board? Mr. Harris.

BILL HARRIS: Well, I'm just...well, I'm...well, I'm not sure what to ask because I know that we do have that...a copy of the letter from Mr. Lambert asking for additional information related to the chain of title for Yellow Poplar. So, you're saying that we've gotten it, but it has not been interrupted it yet as such or---

JIM KAISER: Well, time out. Again, I mean, you---

BILL HARRIS: Yes.

JIM KAISER: ---don't have the jurisdiction to interpret title.

BILL HARRIS: Well, no, I'm not saying that we

do that. I'm just saying if the information that we've received is satisfactory according to the letter...to the request. I don't know---

JIM KAISER: My question would be---

BILL HARRIS: I'm not sure.

JIM KAISER: ---unless you've got conflicting title information sent from somebody else, if you don't have any jurisdiction over the title and we're representing to you under oath that we've done our best to determine who these owners are and we've provided you with this, I don't understand where you're going.

BILL HARRIS: Well, I'm just asking have...I'm just asking has this question been answered. That's all I'm asking. I'm not...I don't know whether or not the legitimacy of the question is...I guess, what you're asking. But I'm just saying, have we gotten the information---

JIM KAISER: I mean, if you think the title is wrong, show us and we'll work with you.

SHARON PIGEON: We haven't had time to evaluate

the information that you just handed us. We asked for this over a month ago. Your information may be complete. But I can't read it during this hearing.

JIM KAISER: Well, rather than continuing these, then can we take a recess and give you time to read it? It's a two page letter.

SHARON PIGEON: No. I hadn't gotten the other information---

JIM KAISER: All right. We're going to ask that the application be approved as submitted then.

MARY QUILLEN: Do I hear a motion?

BRUCE PRATHER: I was...Madam Chairman. I was at the future poolings that we have. We've got four or five of them and they all have the same thing, the Yellow Poplar.

JIM KAISER: Well, the next two certainly do.

BRUCE PRATHER: Yeah. It would appear to me that we either have an extension or we vote on this thing.

SHARON PIGEON: We don't have a motion.

MARY QUILLEN: Is there a motion?

KATIE DYE: I just have a question, Madam
Chairman.

MARY QUILLEN: Yes.

KATIE DYE: I guess what I'm trying to wrap my
mind around here, what exactly has changed since the
other Yellow Poplars that we have approved in the past.

RITA BARRETT: Nothing.

BRUCE PRATHER: Nothing.

RITA BARRETT: We have updated title and we have
found nothing different than what we had on every former
well that we've forced pooled this unit or this tract
on. That update found nothing different. It agrees
with the title opinion that Mr. Asbury has.

JIM KAISER: And just a point of reference to
maybe help the Board, I mean, I'm not sure and maybe Ms.
Barrett can help me, but how many wells...this is a
2,068 acre tract. How many wells have you drilled on
this? 30 or 40?

RITA BARRETT: More than 50...more than 50 wells

pooled this tract were on it.

JIM KAISER: And guess what, we've not had a single claimant come forward saying, whoo, that's our royalty money.

SHARON PIGEON: Well, have they perhaps not received notice since you're showing this as owned by Yellow Poplar?

JIM KAISER: Well, if there's somebody that has got an interest in that property and we've drilled 30 or 40 wells on it, I guarantee they would know it.

RITA BARRETT: And we would welcome them to come forward if they're out there or you folks have information that leads to who might own it because, I mean, we were escrowing it. We're not taking it.

SHARON PIGEON: But the obligation is on you as the applicant to provide complete and accurate information. The Board has asked for additional information about Yellow Poplar, a dissolved corporation that has gone through bankruptcy 80 year or 90 years ago. And I don't know if what you handed us today

provides that or not because I haven't had an opportunity to read this or what came in my email yesterday from Range, which is the only other thing that we got in response to the earlier letter.

JIM KAISER: Well, what we're saying is...what we're testifying to...what Ms. Barrett has testified to under oath...I guess, if you want, we could get Mr. Scott up here. He just walked in again. What we're telling you is nothing has changed.

SHARON PIGEON: What has changed is that the Board wants more information and they have the right to ask you for that and the duty if they have questions in their mind?

JIM KAISER: That's all the information that we have.

SHARON PIGEON: Well, you just provided this, Jim, you know. This is...not counting today because I didn't have it ahead time to actually...and what we got yesterday, I haven't had a chance to read either. I have other things besides this Board meeting to do.

JIM KAISER: Okay. And once you read it, what are you going to do with it?

SHARON PIGEON: I am not going to tell you what I'm going to do. I'm going to advise my client, which I assume is what you're going to do as an ongoing duty within the same---.

JIM KAISER: But if you don't have any jurisdiction over title, what are you going to advise your client?

SHARON PIGEON: They will know what I'm going to advise them when I advise them.

JIM KAISER: Okay. Well, again, we'll renew our motion that the application be approved as submitted.

MARY QUILLEN: I believe one of the questions that was asked was why have all of these petitions been approved, and I'm sure it was long before I was a part of this Board because Yellow Poplar apparently has been an ongoing issue since the establishment of this Board and petitions were first submitted. And I ask...the reason that more information about Yellow Poplar is

now...I guess, we have just now...or just recently requested that information is in light of a number of issues that have developed regarding the escrow account over the last several months. And I believe that---

JIM KAISER: And I understand.

MARY QUILLEN: I don't know that it answers the questions. But I think it addresses the question of what has changed---

JIM KAISER: And if you've got issues as to whether or not the right amount is being put into escrow that's a whole different question. But you do not have jurisdiction over title and you shouldn't escrow issues drive that, in my opinion.

MARY QUILLEN: That's true. That's true. But I believe that addresses why---

JIM KAISER: I understand.

MARY QUILLEN: ---this has been asked is because of this. You know it makes you...it heightens your awareness that, you know, these are some information that should be on file. And I think that

even after all of these years---.

BILL HARRIS: Madam Chairman---.

MARY QUILLEN: Yes.

BILL HARRIS: ---I think in light of...we have approved a lot of the Yellow Poplar cases where they've been involved. We have escrowed that money. We have come back to the Board...or the companies have come back to the Board in the past with situations where we needed to correct escrow accounts and those adjustments have been made. I, really at this point, see no reason not to move forward here. If there is a problem that shows up, this will be another one, two or three that's added to that group. I mean, that's my personal opinion. So, I would make the motion that we approve the petition as presented at the same time realizing that there is some ongoing maybe development here that's not yet at a point where we can make some kind of informed decision about. So, I would move that we approve the petition as presented.

MARY QUILLEN: Do I hear a second?

BRUCE PRATHER: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

RITA BARRETT: Thank you.

MARY QUILLEN: The next item on the agenda is a petition from EQT Production Company for pooling of coalbed methane unit VCI-53159, docket number VGOB-10-0615-2732. This was continued from June. Those wishing to speak to this item, please come forward.

JIM KAISER: Jim Kaiser and Rita Barrett on behalf of EQT Production.

MARY QUILLEN: You may continue.

(Pause.)

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: Yeah. Are you ready?

MARY QUILLEN: You may proceed.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, would you state your name for the record, who you're employed by and in what capacity?

A. Yes. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company in our Clintwood, Virginia office as regional land manager.

Q. And you're familiar with the application that we filed seeking to pool any unleased interest in this unit?

A. I am.

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

A. We do.

Q. Now, prior to the filing of the application, were efforts made to contact each of the respondents and an attempt made to work out a voluntary

lease agreement with each?

A. Yes.

Q. And what is the interest under lease to
EQT within the gas estate?

A. 5.94%.

Q. And in the coal estate?

A. 100%.

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

A. They are.

Q. So, the interest in the gas estate that
remains unleased?

A. 94.0%.

Q. And, again---?

A. I'm sorry, 94.06%.

Q. And, again, in this unit we have the
Yellow Poplar situation, the unknown entity?

A. We do.

Q. Okay. In your professional opinion, was
due diligence exercised to locate them?

A. Yes.

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

A. I am.

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

A. I am.

Q. Advise the Board as to what those are?

A. Yes, twenty-five dollars per acre for a five year paid up lease and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Madam Chairman, as to the statutory election options afforded the unleased parties, we'd ask that that testimony taken earlier in 2729 be continued for the purposes of this hearing.

MARY QUILLEN: That will be included.

Q. Ms. Barrett, does an escrow account need to be established for this unit?

A. Yes, Tract 1.

Q. All proceeds attributable to Tract 1?

A. Correct.

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

A. EQT Production Company.

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

A. 2,074 feet.

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

A. 230 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Yes. Dry hole costs are \$145,092. Completed well costs are \$328,105.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. Yes.

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

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Madam Chairman. I'm sorry.

Q. Is this particular well outside the interior window...the proposed well?

A. It is. It is. But there are no

correlative rights issues and we addressed that on our permit application on May the 5th of this year.

Q. So, that has been filed with Mr. Asbury's office?

A. It has been, yes.

JIM KAISER: Thank you. Nothing further at this time, Madam Chairman.

MARY QUILLEN: I have just one question. It shows...you have an Exhibit E with this showing there's a conflict of interest. Is that correct?

RITA BARRETT: That's correct.

MARY QUILLEN: And this information that we got from Range states, "As you are aware the coal is now owned by ACIN, LLC and Range Resources-Pine Mountain owns all of the other minerals except stone, fireclay, gas and cement rock." So, what---?

JIM KAISER: That's what the Gallie Friend opinion says.

MARY QUILLEN: Pardon?

SHARON PIGEON: So, why are they on here?

JIM KAISER: So, why is who on there?

SHARON PIGEON: Range as a conflicting interest.

JIM KAISER: Because I'm going to say at the time that we got lease (inaudible).

SHARON PIGEON: What's changed since that time?

JIM KAISER: I don't know.

RITA BARRETT: I don't know. Nothing has changed.

JIM KAISER: Where is Phil?

MARY QUILLEN: This is dated July the 15th.

(Phil Horn is duly sworn.)

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, could you state your name, who you're employed by and in what capacity?

A. I'm Phil Horn, land manager for Range

Resources-Pine Mountain, Inc.

Q. In conjunction with your letter, could you explain what your understanding of the state of the title is?

A. I was saying that my company owned all of the estates less than the estates that were shown in that chain of title. That Range Resources-Pine Mountain, Inc. we have a deed for the CBM rights from the former coal owner and the gas, cement, clay, stone and whatever is owned by Yellow Poplar Lumber Company. That's what...my intent.

SHARON PIGEON: So, you're saying that you don't own the gas?

PHIL HORN: According to that title opinion, we do not own the gas. That's correct. But this ruling...this severance is not...is also not similar to the Ratliff ruling. It's a different severance totally.

SHARON PIGEON: Well, yes. But---?

PHIL HORN: Yes.

SHARON PIGEON: ---what's the relevant of that?

I'm not sure.

PHIL HORN: Well, I thought they caudified the Ratliff ruling in the new law.

SHARON PIGEON: But this is what your severance deed grantor originally said that you don't own the gas.

PHIL HORN: Well, the chain of title right there says that those estates were deeded to Yellow Poplar Lumber Company. That's correct.

SHARON PIGEON: So, what's the basis for them having a conflicting claim.

JIM KAISER: Basis for who?

SHARON PIGEON: Range.

PHIL HORN: Range...Range still claims the CBM under this tract.

SHARON PIGEON: On the basis of---?

PHIL HORN: On the basis that it's not identical to the Ratliff ruling.

JIM KAISER: And on the basis of the deed that they got from the coal owner giving them the CBM rights.

PHIL HORN: The coal owner giving us all of the

CBM rights.

SHARON PIGEON: But if your severance deed originally...not the one to you, but the original severance deed excepted out the gas and that's the language in your letter, you know, submitting the chain of title. It doesn't matter what the Ratliff held. Your severance deed says you did not have gas.

PHIL HORN: Well, I'm just saying that Range continues to claim the CBM under this tract.

JIM KAISER: And, again, you don't have jurisdiction over title or ownership either one. Absolutely do not. Again, I'll state my opinion that I stated last month, and that is that not every severance deed in Southwest Virginia is the same and not every severance deed comes under that case or that statute. If you think it does, I think you're wrong.

SHARON PIGEON: We don't think that it does.

JIM KAISER: Okay, good.

SHARON PIGEON: I think we have a different situation here and that's what we've asked them to

address. So, his opinion is...regardless of what this language says, he has rights to---

JIM KAISER: Right. The letter may be a little...you could probably misconstrue it, I guess.

PHIL HORN: I did not...we didn't update the title is why I put that in there. I didn't...we didn't up...that's a 1993 title---

SHARON PIGEON: Well, that's the language out of your severance deed.

PHIL HORN: I know.

SHARON PIGEON: I understand that.

PHIL HORN: I understand.

SHARON PIGEON: So, I don't think I misunderstood that you said. That's what it says on your severance deed.

MARY QUILLEN: But you're still claiming that---
?

PHIL HORN: Yes, ma'am.

MARY QUILLEN: ---there is a conflict?

PHIL HORN: We're still claiming the CBM.

MARY QUILLEN: Okay. And you're claiming the CBM. Thank you.

KATIE DYE: I have a quick question, I guess, just for my own understanding. I'm not really sure that I understand everything that's going on. So, if I understand what you're saying correctly, Mr. Horn, you're saying the CBM is a separate estate?

PHIL HORN: No, ma'am. I'm saying that my company claims the CBM.

KATIE DYE: Thank you.

BILL HARRIS: Let me...can I further that question that she had?

MARY QUILLEN: Mr. Harris.

BILL HARRIS: We have Tract 2 where Range Resources has the gas estate and that's 5.94 and that's the same 5.94 that's under the coal. That's separate from the Yellow Poplar property. Is that correct?

JIM KAISER: Yes, sir. That must be a tract that they...it's a fee mineral tract apparently.

RITA BARRETT: Yeah, it's a separate tract.

JIM KAISER: There's two tracts in the unit.

BILL HARRIS: Okay. But it still...yeah, I would understand that would be a conflict if someone else is claiming that. But the...but the...I know there was mention about the Yellow Poplar title and the gas there and whatnot. But that would not apply here though would it because we're not talking about Yellow Poplar property?

RITA BARRETT: It doesn't apply to Tract 2, no.

BILL HARRIS: To Tract 2.

RITA BARRETT: It's a tract.

JIM KAISER: It would to Tract 1.

BILL HARRIS: Yes.

MARY QUILLEN: But it is Tract 1 is what we're talking about?

BILL HARRIS: Down at the coal estate?

MARY QUILLEN: Tract 2 isn't...doesn't apply, but Tract 1 it does even though they're both Yellow Poplar. No, I'm sorry, Tract 2 isn't Yellow Poplar.

RITA BARRETT: Tract 2 is not a Yellow Poplar.

MARY QUILLEN: No...yes. Yellow Poplar is not.

JIM KAISER: Tract 2 is a fee mineral tract.

BILL HARRIS: Yes, that's what I'm saying.

MARY QUILLEN: So, it's only Tract 1 that
there's a conflict---

RITA BARRETT: Tract 2 has nothing to do with
Yellow Poplar.

BILL HARRIS: Right. Yeah. Yeah. But Tract 1,
you know...while we're mulling over that, can I ask
another...page one of Exhibit B, down at the bottom,
where you do have acreage and unit leased. % of unit
leased is a 100%. For the coal, it's stated. The
acreage shows an acreage different than the total
acreage for the unit. Is that a typo?

RITA BARRETT: That's a typo.

JIM KAISER: It's a typo. I'm sorry.

RITA BARRETT: That's a typo.

BILL HARRIS: So, that should 55.7400 down
there?

JIM KAISER: Yes, sir.

BILL HARRIS: Okay. Thank you. I think that's
55.7400.

BRUCE PRATHER: Madam Chairman, I've got a
question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: This is off of that subject.
This is the only well on this sheet that is spaced 650
feet or 644 feet from another well that I assume is
producing. Is there a reason...most of the wells in
here are a 1,000 feet or a 1100 feet on the spacing. Is
there a reason that this one has 650 feet spacing
between it? I know there's a corner up here in this
thing. Does that...is that for correlative rights
problem that you've moved it back toward---

RITA BARRETT: No, that was either terrain or we
put that well there. It could be that we're working
with the coal company. It could be that's just where
the land agent could get that well in there to get his
spacing.

BRUCE PRATHER: Yeah.

JIM KAISER: It is an increased density well.

RITA BARRETT: Yeah.

BRUCE PRATHER: Well, as long as you don't have...as long as you don't have any correlative rights with any land owner---.

RITA BARRETT: We don't have any correlative rights issues.

BRUCE PRATHER: ---then I have no problem with it. I mean, that's your risk.

RITA BARRETT: We don't have any correlative rights issues. And, again, like I said, we applied---

BRUCE PRATHER: Yeah.

RITA BARRETT: ---for that permit on May the 5th of this year.

JIM KAISER: And can you explain when these things are...when these increased density wells are outside the window how we handle that in the permitting process?

RITA BARRETT: Yes. We...I think we provide Mr. Asbury with this information and we provide him with the

information of all tracts...ownership of the tracts that lay within that circle...that 750 foot circle to show him that they are, in fact, leased and that we have correlative rights issues.

JIM KAISER: So, you provide him with that information so that he's able to make that determination before issuing the permit?

RITA BARRETT: Yes.

JIM KAISER: Thank you.

BRUCE PRATHER: 600. Our map shows a 600 foot circle.

RITA BARRETT: I'm sorry?

BRUCE PRATHER: Our map shows 600 instead of 750.

RITA BARRETT: Well, no, I'm talking...when I say 750, I mean, that circle.

BRUCE PRATHER: Yeah.

RITA BARRETT: That circle should be a 750 radius. What we do when we apply for permit with Mr. Asbury is if you'll look at this plat, you'll see that

radius around that. That's what I'm talking about.
That's the 750 foot radius around the well itself.

BRUCE PRATHER: Oh, okay. Okay. Okay. Yeah, I
see what you're talking about now. But the well is 644
feet from the other well. Yeah.

RITA BARRETT: Yeah, we're within spacing.

JIM KAISER: Which...yeah, which is closer---

RITA BARRETT: Yeah.

JIM KAISER: ---than...you're probably right.
It's probably closer than normal. But my guess is that
it's going to be topography.

BRUCE PRATHER: Well, it's closer than any...I
mean, I took a scale to them. It's closer than any in
here. I just wondered is there correlative rights that
pushed you---

RITA BARRETT: No.

BRUCE PRATHER: -inward like that.

RITA BARRETT: No.

BRUCE PRATHER: Okay. As long...as long as---

JIM KAISER: Some operational issue.

BRUCE PRATHER: Yeah. As long as there's no other correlative rights, I have no problems with it.

RITA BARRETT: If...

MARY QUILLEN: Are there any additional questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. Do I have a motion to approve?

(No audible response.)

MARY QUILLEN: Did you ask for approval?

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

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Do I hear a second?

BILL HARRIS: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Motion carries. You have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

MARY QUILLEN: Okay, the next item on the agenda, number sixteen, is a petition from EQT Production Company for pooling of coalbed methane unit VCI-539490, docket number VGOB-10-0615-2734. This was continued from the June docket. All those wishing to speak to this item, please come forward. Do you have some exhibits...revised exhibits?

(Diane Davis passes out revised exhibits.)

MARY QUILLEN: Mr. Kaiser, this is the same one as that previous one showing that conflict. Would you care to address that in your presentation? Oh, I'm sorry. This is the same situation with the Range...the conflict with Range on that. If you would just incorporate that into your---

JIM KAISER: Right. We'll just...we just

incorporate our testimony and Mr. Horn's testimony from the previous hearing regarding that point.

MARY QUILLEN: Thank you. You may.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company in our Clintwood offices as regional land manager.

Q. Now, before we get into your testimony regarding this unit, could you point out what I'll call as a typo on Exhibit B to this application?

A. Yes. Exhibit B shows Tract 2 leased to CNX. But it fails to show Tract 2 on the coal as leased to CNX.

Q. So, in other words, Tract 2 is Levisa

Coal and that tract is under lease to CNX Gas Company and we reflected that under the gas estate but did not reflect that under the coal estate?

A. That's correct. We will revise that exhibit to show the coal estate is, in fact, leased to CNX on Tract 2.

MARY QUILLEN: And you'll submit that to Mr. Asbury.

A. I will.

MARY QUILLEN: Thank you, ma'am.

Q. Okay. Now, are you familiar with the land in this unit and in the surrounding area?

A. I am.

Q. Are you familiar with our application to seek any...seeking to pool any unleased interest within this unit?

A. I am.

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

A. We do.

Q. And what is the interest within the gas estate?

A. 0.

Q. Interest in the coal?

A. In the coal is 94.69%.

Q. So, a 100% of the gas estate remains unleased and 5.31% of the coal estate remains unleased?

A. That's correct.

Q. Again, this is...under the gas estate we have Gallie Friend and Yellow Poplar?

A. Yes.

Q. Again, your testimony is that we've made all reasonable and diligent efforts to identify and locate this unknown party?

A. Yes.

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

A. Yes.

Q. Are you requesting the Board to force

pool all unleased interest listed at B-3?

A. I am.

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

A. Yes.

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

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

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

A. They do.

JIM KAISER: Madam Chairman, again, I'd ask that we be allowed to incorporate the testimony taken earlier in 2729 regarding statutory elections afforded any unleased parties.

MARY QUILLEN: That will be incorporated.

JIM KAISER: Thank you.

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

A. Yes.

Q. For proceeds attributable to what tract?

A. Tract 1.

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

A. EQT Production Company.

Q. The total depth of the proposed well?

A. 2,396 feet.

Q. Estimated reserves over the life of the unit?

A. 300 million cubic feet.

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

A. Yes.

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

A. It does.

Q. What about the dry hole costs and completed well costs for this well?

A. The dry hole costs are \$110,960. Completed well costs are \$295,598.

Q. Do these costs anticipate a multiple completion?

A. They do.

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

A. Yes.

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

A. Yes.

Q. And, again, is this an increased density well?

A. It is.

Q. And is it outside the window?

A. It is outside the window.

Q. And have you made the determination that there are no correlative rights affected?

A. There are no correlative rights issues. We applied for permit on this well January the 7th of this year.

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

MARY QUILLEN: Are there any questions for this witnesses?

BILL HARRIS: Madam Chairman, just a point of information. I find it kind of interesting that there's a 100% of the gas estate unleased. Have we had that situation before where we've---?

JIM KAISER: Yes, sir.

RITA BARRETT: Yes.

BILL HARRIS: Okay.

MARY QUILLEN: With Yellow Poplar.

BRUCE PRATHER: Yeah, Yellow Poplar.

BILL HARRIS: Yeah. I guess we have.

MARY QUILLEN: Yeah.

BILL HARRIS: Okay. Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

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

MARY QUILLEN: Do I hear a motion to approve the application?

BILL HARRIS: So moved.

BRUCE PRATHER: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay, you have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

MARY QUILLEN: The next item on the agenda, number seventeen, is a petition from EQT Production Company for pooling of coalbed methane unit VC-504899,

docket number VGOB-10-0615-2735. This was continued from the June docket.

JIM KAISER: Madam Chairman, Jim Kaiser and Rita Barrett for EQT. We've got quite a bit of stuff to pass out. Thank goodness there's no Yellow Poplar in this one.

MARY QUILLEN: If there's anyone who wishes to speak to this item, please come forward and be sworn in.

(Diane Davis passes out exhibits.)

MARY QUILLEN: You may.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Rita McGlothlin Barrett. I am employed by EQT Production Company in our Clintwood facility as regional land manager.

Q. And are you familiar with the

application that EQT filed seeking to pool any unleased interest within this unit?

A. I am.

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

A. We do.

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

A. Yes.

Q. What percentage of the gas estate...wait a minute. From the time we filed the application, the original filing of the application on whatever it was, June...May the 14th, actually, you've attempted...have you continued to attempt to obtain leases from the unleased parties?

A. Yes, we have as always.

Q. And have you been successful?

A. Yes.

Q. And does your revised...do your revised exhibits reflect that?

A. They do.

Q. And it's reflected in B, B-2, and B-3?

A. Yes.

Q. So, what is the current percentage of the gas estate under lease to EQT?

A. 73.2..73.277%.

Q. And the coal estate?

A. 100%.

Q. So, 26.723% of the gas estate remains unleased?

A. That's correct.

Q. Now, there are some unknown entities in this unit, is that correct?

A. Yes.

Q. Is it your testimony that reasonable and diligent efforts were made and sources checked to identify and locate these unknown parties---?

A. Yes.

Q. ---including primary sources such as deed records, probate records, assessor's records, treasurer's records and secondary sources to include the Internet search, telephone directories, city directories, family and friends?

A. Yes.

Q. In your professional opinion, was due diligence exercised to locate each of the respondents named at the revised Exhibit B?

A. Yes.

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

A. Yes.

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

A. I am.

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

A. Yes, sir. Twenty-five dollars per acre

for a five year paid up lease and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Madam Chairman, again, we'd be...ask to be allowed to incorporate the statutory election options...the testimony regarding that afforded the unleased parties, which was first taken in 2729.

MARY QUILLEN: That will be incorporated.

A. Thank you.

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

A. Yes.

Q. And what tracts does that need to include?

A. Tracts 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 need to be escrowed.

Q. Okay. And who should be named operator

under any force pooling order?

A. EQT Production Company.

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

A. 2,743 feet.

Q. Estimated reserves over the life of the unit?

A. 300 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Sure. Dry hole costs are \$208,399. The completed well costs are \$418,488.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

Q. In your 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.

Q. And this particular well is inside the interior window, correct, not that it's an increased density well?

A. Yes.

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

MARY QUILLEN: Ms. Barrett, could you repeat again the unleased percentage of the gas?

JIM KAISER: I don't think you put the new leases in there.

RITA BARRETT: The unleased percentage is

26.723%.

MARY QUILLEN: Any questions for these folks from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: We'd ask that the application be approved as submitted, Madam Chairman, with the revised set of exhibits.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: All in favor of approval, please respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay. Motion is approved.

RITA BARRETT: Thank you.

JIM KAISER: Thank you.

MARY QUILLEN: The next item on the agenda,

number eighteen, a petition from EQT Production Company for pooling of coalbed methane unit VC-537187, docket number VGOB-10-0615-2736. This item was continued from the June agenda. Do you have some exhibit...revised exhibits?

JIM KAISER: Yes, ma'am.

(Diane Davis passes out revised exhibits.)

MARY QUILLEN: You may continue.

RITA BARRETT

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company in our Clintwood, Virginia offices as regional land manager.

Q. And you're familiar with EQT's application seeking to pool any unleased interest within

this unit?

A. I am.

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

A. Yes.

Q. And, again, prior to the filing of the application and after the filing of the applications, did you continue to make an attempt to contact each of the interest owners and work out a voluntary lease agreement with each?

A. Yes.

Q. Okay. Now, you have...by way of this set of revised exhibits that you've just passed out, can you explain what those revised exhibits reflect?

A. Well, those revised exhibits reflect two things. We discovered a rounding error on our mathematics in this and we also picked up additional leases that are reflected on the revised exhibits.

Q. Okay. So, what percentage of the gas estate within the unit is under lease to EQT?

A. 64.087656%.

Q. And the coal estate?

A. 100%.

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

A. Yes.

Q. So, at this time, 35.912344% of the gas estate is unleased?

A. That's correct.

Q. Okay. Are there unknowns in this unit?

A. There are.

Q. Is it your testimony that reasonable and diligent efforts were made and sources checked to identify and locate these unknowns including primary sources such as deed records, probate records, assessor's records, treasurer's records and, in addition, secondary sources such as Internet search, telephone directories, city directories, family and friends?

A. Yes.

Q. In your professional opinion, do you think due diligence was exercised to locate each of the respondents named in the petition?

A. Yes.

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

A. I am.

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. Twenty-five dollars per acre for a five year paid up term and a one-eighth royalty.

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

A. Yes.

JIM KAISER: Again, Madam Chairman, I'd ask that we be allowed to incorporate the testimony taken in 2729 regarding the statutory election options afforded any unleased parties?

MARY QUILLEN: It will be incorporated.

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

A. Yes.

Q. And which tracts?

A. Tracts 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 18, 19, 20, 21, 22, 24, 25, 26 and 27.

JIM KAISER: Ssh, did you all get that?

MARY QUILLEN: Yeah.

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

A. EQT Production.

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

A. 2,768 feet.

Q. Estimated reserves over the life of the unit?

A. 125 million cubic feet.

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

A. Yes.

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

A. It does.

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

A. Yes. Dry hole costs are \$173,289. Completed well costs are \$362,929.

Q. Do these costs anticipate a multiple completion?

A. Yes.

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

A. It does.

Q. In your professional opinion, would the

granting of this application be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes.

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

MARY QUILLEN: Are there any questions for these folks from any of the Board members?

BILL HARRIS: Madam Chairman, I hate to be the--
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MARY QUILLEN: Mr. Harris.

BILL HARRIS: ---one asking questions all the times. But I have a question about your well location plat and the pages that follow that, Exhibits PL1. I notice that the surveyor's seal...well, let me let you find those. But the surveyor's seal is on all of those pages. I think it was on a previous item that we looked at as well. I had a question about that. Is he...is he certified...usually we have it on the plat, but I notice that it's on this property ownership. I just found that

a little unusual. Is he certifying that this is correct or what's---?

RITA BARRETT: I would think so, yeah.

BILL HARRIS: Now, who...well, who prepares that list? Does that not come from your office?

RITA BARRETT: This?

BILL HARRIS: Yes.

RITA BARRETT: This comes from the surveyor based on information that we provide them, yes, when they survey the well tracts.

BILL HARRIS: Okay. Well, that would explain probably why the seal is there. But that does come from him rather than you all?

RITA BARRETT: Yes.

BILL HARRIS: Okay.

JIM KAISER: That is somewhat unusual, I'll say.

RITA BARRETT: Yeah.

BILL HARRIS: Yeah, I don't...I don't know that we've seen that.

RITA BARRETT: I think Phil got a little carried

away with his stamp that day.

BILL HARRIS: You know, but it's on...yeah, okay. I was just curious as to what...what was being certified there with the seal. But, yeah---

RITA BARRETT: Yeah.

BRUCE PRATHER: I have a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: Rita, is this part of the Roaring Fork? Some of those---

RITA BARRETT: No, it is not.

BRUCE PRATHER: Okay. Some of those we don't have the coal interest only. I know that.

RITA BARRETT: I'm sorry.

BRUCE PRATHER: Some of those old P wells that you've got in here, this is one of them, we don't have an interest in the coal. We've got an interest in the conventional.

RITA BARRETT: This is not a Roaring Fork---

BRUCE PRATHER: Okay.

RITA BARRETT: ---AMI well.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: Okay, you may continue.

JIM KAISER: We'd ask that the application be approved as submitted with the revised exhibits, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Is there a second?

KATIE DYE: Second.

MARY QUILLEN: All those in favor, please respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay, you have approval.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

MARY QUILLEN: At this time, we will break for lunch. We will be back at ten minutes after 1:00.

(Lunch.)

MARY QUILLEN: Agenda item nineteen, a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AA-54, docket number VGOB-10-0615-2737. This is continued from the June agenda or docket, excuse me..

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: All those wishing to speak to this item, please come forward and be sworn if you have not been sworn.

COURT REPORTER: She already has been sworn.

MARY QUILLEN: Mr. Swartz.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. Okay. And who do you work for?

A. CNX Land Resources.

MARK SWARTZ: Madam Chairman, I would like to incorporate some of Anita's testimony from the first hearing that she testified in this morning, specifically the general information about the applicant and the operator and standard lease terms. If you could incorporate, that would be great.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you.

Q. Anita, is this a pooling application?

A. Yes.

Q. And it involves an Oakwood unit?

A. Yes.

Q. An 80 acre unit?

A. It does.

Q. How many wells?

A. Two.

Q. And they're both in the window, I think?

A. Yes.

Q. And have you provided, as long as we're on the subject of wells, have you provided cost data with regard to these wells?

A. Yes.

Q. And what is that information?

A. For well AA-54, the estimated cost is \$231,956.03. The estimated depth is 1,320 feet. The permit number is 11,528. AA-54A, the estimated cost is \$232,798.95. The estimated depth 1,348 feet. The permit number is 11,544.

Q. Okay. And you report the total of the costs in your notice and your application as \$464,754.98, correct?

A. Yes.

Q. Okay. What did you do to notify people that there would be a pooling hearing today in addition to Massey...and Massey in advance of the hearing so that they could appear if they wanted to?

A. I mailed the notice and location exhibit by certified mail return receipt requested on May the

14th, 2010. I published in the Bluefield Daily Telegraph on May the 20th, 2010.

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

A. No.

Q. Do you want to dismiss anybody as a respondent?

A. No.

Q. Have you...have you brought with you today so you can furnish Mr. Asbury with your certificates concerning mailing?

A. Yes.

Q. And your proof of publication?

A. Yes.

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

A. The notice and location exhibit.

Q. Okay. What...what interests have you been able to acquire in this unit and what is it that you're seeking to pool?

A. Required 100% of the coal claim, 83.1625% of the oil and gas claim. We are seeking to pool 16.8375% of the oil and gas claim.

Q. Is there going to be an escrow requirement here?

A. Yes. Tracts 2A and 2B.

Q. Okay. And you've provided the Board with an Exhibit E in that regard?

A. Yes.

Q. There are no split agreements that you're aware of, correct?

A. Correct.

Q. So, there's no Exhibit EE?

A. Correct.

Q. Is it your opinion that if you combine a pooling order pooling Massey Energy's interest in this unit with the agreements that the operator has obtained, the correlative rights of all owners and claimants will be protected?

A. Yes.

Q. Is it your opinion that drilling two coalbed methane wells and then frac them in...within the window of this unit is a reasonable way to produce the coalbed methane with...from and under this unit?

A. Yes.

MARK SWARTZ: Madam Chairman, that's all I have.

MARY QUILLEN: Any questions from the Board for these folks?

(No audible response.)

MARY QUILLEN: You may continue.

MARK SWARTZ: I'm done.

MARY QUILLEN: Okay. Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes, but

Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: I would abstain.

MARY QUILLEN: Okay. You have approval. One abstention, Mrs. Dye. The next item on the agenda, number twenty, a petition from CNX Gas Company, LLC for repooling of coalbed methane unit Z-56, docket number VGOB-09-0616-2525-01. This item was continued from the June docket.

MARK SWARTZ: Appearing for the applicant, Mark Swartz and Anita Duty.

MARY QUILLEN: Do you have some revised exhibits?

(Diana Davis passes out revised exhibits.)

MARY QUILLEN: Anyone wishing to speak to this item come forward and be sworn.

(No audible response.)

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: If I could, I would like to incorporate Anita's testimony from the first hearing

that she testified in today with regard to the applicant, the operator, her employment for the operator and her testimony with regard to standard lease terms.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, this was originally set for June, correct?

A. Yes.

Q. And we continued it because we had some notice issues, correct?

A. Yes.

Q. And you've provided the Board with some revised exhibits today?

A. I have.

Q. And in that regard, you've given them a revised Exhibit A, page two, correct?

A. Yes.

Q. And that would mean that the percentages that we were going to be dealing with have changed somewhat?

A. Yes.

Q. What is the interest that you've been able to...the operator has been able to obtain in this unit and what is it that you're seeking to pool?

A. We've obtained 99.179% of the coal claim. 96.2387% of the oil and gas claim. 0.821%...we're seeking to pool 0.821% of the coal claim and 3.7613% of the oil and gas claim.

Q. Okay. And then it looks like you've got an Exhibit B-2, correct?

A. Yes.

Q. And that usually means that your...they're dismissing or adding folks, right?

A. Yes.

Q. And what are you doing here?

A. This particular one, we had an issue

with the Will being carried by the executors and they...it was supposed to have sold the property, but instead of selling the property, they wanted to put it into a family holding LLC. So, we just fixed the records to match the Exhibit B-3. Just to kind of show you what happened.

Q. Okay. So, the family rearranged their interest to put their correlative interest into an LLC, is that...is that what you're saying?

A. Yes. Just one particular...one portion of the heirship.

Q. Okay. Any other changes in B-3?

A. Actually, the first exhibit that was included, the Tract 4, had additional...had coal owners that were listed that were actually leased.

Q. Okay. So, they've gone away because there was a lease?

A. They should have never been there to start with. It was incorrect to start with.

Q. Okay. Okay. Any other changes?

A. No.

Q. Okay. And then we have...so, we have a revised Exhibit 2 that reflects that. We have a revised Exhibit B-3 that I would assume would be consistent with the changes that you've just discussed.

A. Yes.

Q. And, lastly, a revised Exhibit E, which presumably is consistent with the changes that you've discussed?

A. That's correct.

Q. And as long as we're on Exhibit E, what tracts are going to require escrow?

A. Tracts 3 and 4.

Q. Okay. Is that as a general matter because there are conflicts or are there other reasons for escrow?

A. Conflicts.

Q. Okay. Are there any split agreements in this unit?

A. No.

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

A. I mailed the notice and location exhibit on June the 18th, 2010 by certified mail return receipt requested. I published in the Bluefield Daily Telegraph on June the 28th, 2010.

Q. Do you want to add any folks that you haven't added in Exhibit B-2?

A. No.

Q. Do you want to dismiss any that you haven't already dismissed with regard to the revised Exhibit B-2 and B-3?

A. No.

Q. Okay. Have you brought with you today so you can provide them to Mr. Asbury, your certificates with regard to mailing and your proofs of publication with regard to this unit?

A. I did.

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

A. The notice and location exhibits.

Q. Okay, this is a Oakwood unit, correct?

A. Yes.

Q. 80 acres?

A. Yes.

Q. How many wells?

A. Two.

Q. And where are they in relation to the window?

A. Both of them were within the window.

Q. Okay. And the cost information with regards to those wells. First of all, what's the total of the two?

A. \$595,071.42.

Q. Okay.

A. And individually Z...well Z-56, estimated cost \$286,701.60. The estimated depth is 1,422 feet. The permit number is 11,457. Z-56A, the estimated costs \$308,369.82. The estimated depth 1,562 feet. The permit number 10,375.

Q. All right. Is it your opinion that if you drill or the drilling two frac wells in the window of this 80 acre unit is a reasonable way to produce the coalbed methane?

A. Yes.

Q. And is it also your opinion that if you combine a pooling order pooling the respondents named in Exhibits...in the revised Exhibit B-3 with the lease and acquisition activities that CNX has been successful in and the correlative rights claims of all owners and potential owners of the CBM will be protected?

A. Yes.

Q. And to the extent that the...there's an election option here and a deemed to have been leased provision, are you asking that the Court...that the Board adopt the standard lease terms that you previously testified to?

A. Yes.

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

MARY QUILLEN: I have just one question. The

only thing that changed on those Lowe Heirs is it just changed the name and not any of the acreage or anything, correct?

ANITA DUTY: No, just the name.

MARY QUILLEN: Just name, okay. Are there any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

MARK SWARTZ: I'm done.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: I'll second.

MARY QUILLEN: Second?

BILL HARRIS: I'll second.

MARY QUILLEN: All in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: You have approval. One abstention, Mrs. Dye.

MARK SWARTZ: Thank you. As a housekeeping matter, if you look at number thirty-six, which is the first item that allegedly gets pushed into next month, okay, it's the same Z-56. So, I'm trying to save you work next month. You've already done it. Look at that.

MARY QUILLEN: It was number forty-six, do you say?

MARK SWARTZ: Thirty-six. Thirty-six.

BRUCE PRATHER: Thirty-six.

MARY QUILLEN: Thirty-six.

MARK SWARTZ: You've already got a head start on next month. Do you see that? Just so you know.

MARY QUILLEN: I see it. Yeah. Uh-huh.

MARK SWARTZ: Okay. Then also for next month because you're going to have a new docket, I imagine, we're withdrawing thirty-eight. We know that. So, we'll tell you, David, so that you can deal with that.

SHARON PIGEON: Thirty-eight?

MARK SWARTZ: Thirty-eight.

DAVID ASBURY: Madam Chairman, do we need to call that and withdraw it?

MARY QUILLEN: The number thirty-eight. Do we need to call thirty-six---?

DAVID ASBURY: No.

MARY QUILLEN: Okay, just thirty-eight. Okay, a petition from CNX...item number thirty-eight, which will be on next month's agenda, from CNX Gas Company, LLC for pooling of coalbed methane unit S-42, docket number VGOB-10-0720-2753. This item will be withdrawn.

MARK SWARTZ: Thank you.

DAVID ASBURY: Thank you.

MARY QUILLEN: Anything else? Any others? Is that it? That's it?

MARK SWARTZ: Yes.

MARY QUILLEN: Okay.

MARK SWARTZ: In terms of housekeeping, that's it.

MARY QUILLEN: Okay. The next item on the

agenda is item number twenty-one. A petition from CNX Gas Company, LLC for a modification of the Middle Ridge I Field rules to allow for the drilling of an additional well in units AV-134, AV-141 through AV-152, AW-134, AW-143 through AW-146, AW-148, AW-150, AX-141, AX-46, AY-140 through AY-145, AZ-138, AZ-142, AZ-143, BA-134, BA-138, BB-134 through BB-137, BC-136, BC-137, BD-137, docket number VGOB-00-1017-0835-08. This was continued from the June docket. Those wishing to speak to this item, please come forward and be sworn in.

MARK SWARTZ: Mark Swartz, Anita Duty and Leslie Arrington, who needs to be sworn.

(Leslie K. Arrington is duly sworn.)

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, let me ask you some preliminary

questions, first of all, what did you do to notify people that we were going to have a hearing with regard to this request to allow infill drilling today?

A. We mailed the notice and location exhibit certified mail return receipt requested on May the 14th, 2010. We published the same in the Bluefield Daily Telegraph on May the 20th, 2010.

Q. Okay. And when you published in the Bluefield Daily Telegraph, did you publish the notice of hearing?

A. Yes.

Q. And also did you publish the map that shows the location of the units shaded that we're going to be talking about?

A. I did.

Q. Okay. Have you brought with you, so you can provide them to Mr. Asbury, your certificates with regard to mailing and the proof of publication?

A. Yes.

Q. Okay. And the...just a couple of

housekeeping with you before I get to Les' testimony. I'm thinking there are forty-five...I'm thinking that there are forty-five units within this request.

A. Yes.

Q. Okay. And some of the descriptions are from one unit through another and some of them are individual them. But when you total it up, there are forty-five units that we're talking about getting permission to drill a second well.

A. Yes.

Q. Okay. And with regard to that, is it your request that we continue the prior practice that the two wells in the unit be at least 600 feet apart?

A. Yes.

Q. And that the second well always be in the drilling window?

A. That's correct.

Q. Okay. So, that has been the...the terms of the orders in the past with regard to these we're expecting to continue that?

A. Yes, we will.

Q. Okay. And have you provided in your application, you've actually provided for those provisions, a paragraph for it, correct?

A. Yes.

Q. Okay. And also in your application you have given the exterior boundaries of the collection of the units at the second page, correct?

A. Yes, that's correct.

Q. As required by Board rules?

A. Yes.

Q. Okay. And the map that you provided with the notice shows the acreage?

A. Yes.

Q. And the individual acreages in the three legal descriptions or boundary descriptions you've stated the first acreage is a 106.39 acres, correct?

A. Yes.

Q. And then the second collection of units is an additional 587.40 acres?

A. Yes.

Q. And then the last collection of units is 1901.70 acres, correct?

A. That's correct.

MARK SWARTZ: Then I'd like to ask Les for some testimony, if that's okay. Do you have any questions for Anita before---?

MARY QUILLEN: Oh, I'm sorry. Are there any questions from the Board?

(No audible response.)

MARY QUILLEN: Continue.

MARK SWARTZ: Okay.

LESLIE K. ARRINGTON

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

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Leslie K. Arrington.

Q. Okay. And have you prepared some exhibits for the Board with regard to the...with regard to this request?

A. Yes, we have.

Q. Do you have those...you've passed them out already?

A. They already have.

Q. Have you given them this big map and then the---

A. Yes.

Q. Okay. Could you start with the large map and show them on that map in relation to other units---

A. Yes.

Q. ---what the proposal is today?

A. Yes. On the larger map, the 11" X 17", the units that we're talking about will be the ones in orange. I will give you just a quick pointer. On the orange units, you'll notice it appears that there's two

drilled wells in every unit...in a lot of those units. What happened there is the drilled well is on there and then the proposed well is on there. But when we overlaid it with the color it appears that both wells are drilled. So, that's one of the problems. This exhibit. This has about 2595 acres concluded in all of the units. In this area, with the infill drilling, you'll notice the original reserves was 510 million cubic feet of gas. With this infill well, we're going to gain approximately 187 million cubic feet of incremental reserves with the additional well.

Q. And is that...is that shown on one of your graphs?

A. Yes. That's...I think it's labeled. It actually has a six on it, which it's called "Incremental Reserves Forecast".

Q. It's the chart that's entitled "Incremental Reserves Forecast" and you've got a green line that shows one well?

A. Yes.

Q. And then a purple line that shows the incremental difference of the second well?

A. It does.

Q. Okay. And you testified before we regard to the interplay between multiple wells, but have you provided the Board with this application with additional data in that regard?

A. We have. We have provided some graphs. From the last page, being some actually drilled wells and how the interference...how the new well comes on and how the old well reacted to it. In most cases, you'll notice that the old well actually increased production.

Q. If you look at the page that has the three wells graph...this page, Les, okay.

A. Yes.

Q. With regard to...first of all, the scale that is vertical is a production---?

A. It is.

Q. ---number, correct?

A. Per day, yes.

Q. Okay. And then the horizontal scale at the bottom is your counting days?

A. Yes.

Q. And so if you look at the AW-136 and AW-136A it looks like at roughly 1100 or maybe 1200 days the second well comes on?

A. Yes.

Q. And the second well is the red line, I assume?

A. Yes.

Q. And it appears that it...the second well comes at traumatically quicker than the first one?

A. Yes.

Q. And it also appears that it kind of drags the first well with it?

A. It does.

Q. Now, that doesn't always happen as beautifully...I assume you selected this as the first one because it's just perfect, is that right?

A. It was just random.

Q. It was random, okay. It was just accident?

A. Yes.

Q. A happenstance, okay. The second one, it looks like you're coming on with AV-137 and AV-137A, again, at, you know, maybe a 1100 to 1200 days, right?

A. Uh-huh. Yes.

Q. And you've got a well that does not have quite the straight line increase, but it ultimately does come in substantially above the prior one?

A. It does.

Q. And it does not look to have had as significant or discernable of an impact on the first well?

A. It did not.

Q. Although you could argue it did, but it's not as clear?

A. That's right. Uh-huh.

Q. And then the last...the last well, what does that show in relation to the first well, the AZ-137

and 137A?

A. Well, it actually shows when the new well came on, the old well actually came up.

Q. Okay.

A. And the new well is relatively turn... relative turns came on what the original well came on.

Q. So, it's another scenario, but increased production nevertheless?

A. It did.

Q. Correct?

A. Yes, it did.

Q. And the advantage of this...or the advantages of these infill...infill drilling...there's several advantages. One, you've pointed out, there's an increase in production?

A. Yes.

Q. You get more gas sooner?

A. Yes.

Q. And you get more gas in total?

A. Yes.

Q. Does it also allow you to use existing infrastructure?

A. It does.

Q. Power, pipe, roads, and so forth?

A. It does.

Q. Okay. And, obviously, then disturb less surface?

A. As much as possible we do that.

Q. Have...did you go through the 45...first of all, do you agree there are 45 units here?

A. Yes.

Q. Okay. Did you go through those units to satisfy yourself that there is either one well or no well in each of those units?

A. Yes, we did.

Q. And is that testimony?

A. Yes, it is. I actually have a map of that to show them.

Q. Okay, did you give them one?

A. No, not of that. I did not.

Q. In terms of total recoverable reserves, what's your range here or have you depicted that on one of your charts?

A. I didn't depict that on there, but it's approximately 700 million cubic feet.

Q. (Inaudible).

A. Yes.

MARK SWARTZ: Okay. I think that's all I have of Les subjected to the questions from you all.

MARY QUILLEN: One thing. We need to identify your exhibits. We'll start with AA with the map and go through to, I believe, GG on those.

MARK SWARTZ: And the last page would be GG?

MARY QUILLEN: Uh-huh.

MARK SWARTZ: Okay, great.

MARY QUILLEN: Are there any questions from the Board members for these folks?

BILL HARRIS: Madam Chairman, let me just confirm.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: There is a...you know, the ones that Mark just spoke of, those three, the page prior to that,---.

LESLIE K. ARRINGTON: Yes.

BILL HARRIS: ---I think, is that an average. I know it says average. I would just like to hear you say that.

LESLIE K. ARRINGTON: It is an average.

BILL HARRIS: This is an average of how many wells? Most of the wells that you all do you have infill drilling for in that region or what?

LESLIE K. ARRINGTON: Let me see if Joel may know.

(Leslie K. Arrington confers with an individual.)

LESLIE K. ARRINGTON: Okay, 45.

BILL HARRIS: 45 wells. Okay, thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Ms. Jewell, did you have---?

CATHERINE JEWELL: Yes, I do.

MARY QUILLEN: ---a question or a comment?

CATHERINE JEWELL: I did. I'd like...if you have an extra copies of those exhibits, I'd like to look at them for a second.

(Catherine Jewell is given a copy of the exhibits and she reviews them.)

COURT REPORTER: Do you want me to swear her?

MARY QUILLEN: Go ahead and swear her, yes.

(Catherine Jewell is duly sworn.)

MARY QUILLEN: You may continue.

CATHERINE JEWELL: Okay. You've got his essentially...how many years do we have this showing, this data? I'm looking at the...I don't know what you would call it, but the last page here. How many...what does that...how many years do you have the production with the second well portrayed?

LESLIE K. ARRINGTON: I don't have a calculator with me, but it's approximately 800 days.

CATHERINE JEWELL: 800 days. So, you're looking

at, what, two years?

LESLIE K. ARRINGTON: A little over two years, yes.

CATHERINE JEWELL: Do you have any data that would show...you've had second wells in some of these units for over ten years. Do you have any data that would show what happened...like say you have the first well in for this amount of time and then you bring the second well in and you've extended it over maybe a period of ten years to see and compare to one unit that is in the same area how that one well behaves by itself?

LESLIE K. ARRINGTON: We probably...we probably have that. I just don't have that kind of information with me.

CATHERINE JEWELL: Because I sort of out curiosity did this with some things. I do find that both wells, you know, they start decreasing what you would expect. But you are...what happens, you know, when you don't have...let me go back. You're saying that these second wells essentially will pull in a 187

additional cum...mmcfs?

LESLIE K. ARRINGTON: We are.

CATHERINE JEWELL: Okay. Over the course of how many years?

LESLIE K. ARRINGTON: Our well life is somewhere in the neighborhood of 60 years.

CATHERINE JEWELL: 60 years. Okay, and over that time what...how much...what is the minimum in cubic feet that you would have to get to make that well recoup?

LESLIE K. ARRINGTON: I don't have...I don't have that data.

CATHERINE JEWELL: Would you be...would it be fair to say that maybe it's something like...have you ever done...I mean, have you ever looked at it like a well that has produced maybe a 150 is...might be according...you might not actually get back over the course of say 20 years what you invested into it?

LESLIE K. ARRINGTON: Well, certainly that's a matter of economic decisions by---?

CATHERINE JEWELL: It's a matter of prices too,
right?

LESLIE K. ARRINGTON: It's a matter of prices.

CATHERINE JEWELL: So, if you brought this in when gas was...say in 2005 was selling at 10 versus you start bringing this in at where we're sort of flooded in the markets right now with gas, I think we would agree, and it's selling at 4 and there's no actual projected run on gas at any time soon then you might not actually recoup from the well at a...you know, it if even produced 187. I haven't seen...I mean, I don't know what that 187 is based on. But I do know that for 60 years the person...most of this is not the ownership. I see this little town down here on the map. Is that perhaps the town of Richlands?

LESLIE K. ARRINGTON: It is.

CATHERINE JEWELL: It is, okay. And are...is it pretty populated in this area?

LESLIE K. ARRINGTON: Relative terms, yes.

CATHERINE JEWELL: I mean, you've been out

there?

LESLIE K. ARRINGTON: Yeah.

CATHERINE JEWELL: Yeah, it's pretty populated. So, 60 years...and most of this is coal owner and a surface and gas owner, right?

LESLIE K. ARRINGTON: I don't know.

CATHERINE JEWELL: I think it is probably. So, the surface owner would have to have for 60 years that extra well occupying this space on this property?

LESLIE K. ARRINGTON: I assume, yes. Whoever you work a deal out with.

CATHERINE JEWELL: Do they know it's going to be here for 60 years? I think most...I think I've been told 30 years at the most. I think I was told that by you maybe say 10 years ago at least. But...and I have some questions with respect to each one of these units. Do you have a gas well currently in each one of these units?

LESLIE K. ARRINGTON: No.

CATHERINE JEWELL: You don't? But you want to

put another right next to it? I mean, it's...I'm looking here at a map, okay. I see where you've asked for increased density in one where you don't have a gas well in it and it's sitting right next to one that has two in it and it's sitting down from one that has two in it. You've asked for increased density. Wouldn't it be smarter to like make sure that each one of these wells had one in it before you come up and ask for an increased density?

LESLIE K. ARRINGTON: No.

CATHERINE JEWELL: It wouldn't be?

LESLIE K. ARRINGTON: It's going to be...it's according to where you can get the well locations. You probably should refer back to---

CATHERINE JEWELL: But, obviously, you wouldn't have asked for increased density---?

LESLIE K. ARRINGTON: You probably should refer back to the colored map in the exhibits that we gave you.

CATHERINE JEWELL: Did you change the units?

LESLIE K. ARRINGTON: No.

CATHERINE JEWELL: Okay, well...okay, when you asked for increased density for one that doesn't have one in it, do you plan to put one in there?

LESLIE K. ARRINGTON: We'll do our best.

CATHERINE JEWELL: And how many of those that you've asked for increased density already have two wells in them?

LESLIE K. ARRINGTON: No.

CATHERINE JEWELL: Does AW-133 not have two wells in it?

LESLIE K. ARRINGTON: And if you're...if you're looking at the maps---

BRUCE PRATHER: Aren't the map...aren't the maps because of that orange color?

LESLIE K. ARRINGTON: That is---

BRUCE PRATHER: Those extra wells on there aren't really there.

BILL HARRIS: Yeah, you may have missed that explanation. But he said that after this was printed

some of the units that show two wells actually don't have two wells. It's the printing---

CATHERINE JEWELL: No, I'm looking at what I ran on these units. I ran them to see if they already had because---

BILL HARRIS: And when you say, "I ran them", you're saying a search?

CATHERINE JEWELL: I looked at the DGO site to see if there was already two wells in it because the last time that I was up here, they asked for one for an additional well and both of those units already two wells in them. They had not been approved for increased density. So, you said that AW---

LESLIE K. ARRINGTON: If you'll notice, AW-133 units in the blue color that was a previous month.

CATHERINE JEWELL: That was a previous month, okay. I had one for...is it A to X...AX-134...it's hard to see, you know, the---

LESLIE K. ARRINGTON: Again, that was a previous month.

CATHERINE JEWELL: That's a previous month. Do you have anything for AZ...no approval. You've got two wells already...has AZ-134 been approved?

LESLIE K. ARRINGTON: Previous month.

CATHERINE JEWELL: Has it been approved?

LESLIE K. ARRINGTON: Previous.

CATHERINE JEWELL: And the map that you showed us, you included in here...there's a difference in this map.

LESLIE K. ARRINGTON: I'm sorry?

CATHERINE JEWELL: The map that you included with these applications was different.

MARY QUILLEN: It's the same one.

CATHERINE JEWELL: We have a black and white.

MARY QUILLEN: It's...it's the same one.

LESLIE K. ARRINGTON: Yeah.

MARY QUILLEN: It's exactly the same.

LESLIE K. ARRINGTON: It's the same.

CATHERINE JEWELL: So, you plan to have...okay, so what I was saying was you have...this is what I was

saying before. But these you are saying are not in this map?

LESLIE K. ARRINGTON: I don't know what your question is.

CATHERINE JEWELL: Okay. You have...you have all of these...everyone of these units that you're asking for increased density, you plan to have two wells in?

LESLIE K. ARRINGTON: That's certainly our plan and hopes.

CATHERINE JEWELL: But you don't have one well in---

LESLIE K. ARRINGTON: We don't have one in all of them, no.

CATHERINE JEWELL: Why do you need two wells in all of these? I mean, we have AW-146. Why is that?

LESLIE K. ARRINGTON: Well, I mean, you're looking at incremental production there.

CATHERINE JEWELL: But I haven't seen anything that extends your proposal out for a number of years.

LESLIE K. ARRINGTON: I-.

CATHERINE JEWELL: What I see is data presented for two years that shows me what happens when that second well comes on. I mean, I don't know when this 187 came on...came from.

LESLIE K. ARRINGTON: We're using wells within that reserve area as our examples. If you want something much further north...of course, you've got property much further north that you can look at and you can see those curves.

CATHERINE JEWELL: Further north, you can see a 10 year---?

LESLIE K. ARRINGTON: You can see those curves, but not that it's...not that it's going to be the same type of curves that you'll have here.

CATHERINE JEWELL: I think you know it was the time...this is a comparison. I'm pooling something from another one. We have some property, as you mentioned and in one of those there was four wells.

LESLIE K. ARRINGTON: Yes.

CATHERINE JEWELL: And the production was 1.4 million so far. That's really impressive. Of courses, unfortunately, we don't have much property in that. The one next to it, which we had like 95% of the unit, there were two wells that recently came on and it was 89,000. My question is always, when you start doing this, I have no doubt in my mind that that, you know, unit that maybe we have a 3% interest in that has four wells is sucking like mad. The gas and the other one, which we have a 9% interest in and it only had two wells. That gas comes from somewhere. You've set this up again. There's also no doubt in my mind that some of these areas, and this is up to them, when you start putting in these two wells, and who knows you'll have maybe three wells like you did with us because those didn't have increased density approvals, somebody here is being screwed. Somebody here is not being paid and their correlative rights are not being protected.

MARK SWARTZ: I do not understand that to be a question, Les. So, you don't own her an answer.

CATHERINE JEWELL: I wasn't expecting an answer anyway, but, you know, thank you.

BILL HARRIS: Madam Chairman.

CATHERINE JEWELL: Okay. I do have one more question.

MARY QUILLEN: Yes, Mr. Harris.

BILL HARRIS: No, she wasn't finished. I'll let her finish.

MARY QUILLEN: Oh.

CATHERINE JEWELL: Okay. AY-143, is that in the...this coal for approval? AY-143.

MARY QUILLEN: Yes.

LESLIE K. ARRINGTON: Yes.

CATHERINE JEWELL: Because I think I just transposed my numbers. That's why it wasn't there. AY-143 has how many wells in it?

LESLIE K. ARRINGTON: We have two proposed, but--.

CATHERINE JEWELL: How many wells are in it now?

LESLIE K. ARRINGTON: I can't answer that

without (inaudible). From the map, it appears that there's one. It appears that. I don't have the documentation. But from my map, it appears there's one there.

CATHERINE JEWELL: How about AX-143?

LESLIE K. ARRINGTON: It appears there's one. That's what it appears.

CATHERINE JEWELL: How about AY-141?

LESLIE K. ARRINGTON: Again, from the map that I have, it appears there's one.

CATHERINE JEWELL: But you just...you stated that there were no...that there was one well...under oath you said that there was one well in each one of these things, right, or not?

MARK SWARTZ: He did not!

CATHERINE JEWELL: Let me correct myself. Excuse me. If we've got a problem, I mean, you know.

MARK SWARTZ: Is that a question?

CATHERINE JEWELL: I said, let me correct myself until you jumped in and said, "He did not!". You stated

under oath that none of these units have more than one well?

LESLIE K. ARRINGTON: To the best of my knowledge and map, there appears there's one well or none.

CATHERINE JEWELL: Would you be surprised if there was two in those?

LESLIE K. ARRINGTON: Absolutely.

CATHERINE JEWELL: Well, I have no other questions.

MARY QUILLEN: Any questions from the Board?

BILL HARRIS: I actually just sort of had a follow-up question. I guess, it does have to do with economic feasibility. At what point do you...and I don't know if you can actually answer this. But at what point do you say, okay, two was enough to draw this or we need to drill more? And there is a point, I would imagine, diminishing returns and that's what, I think, she's eluding to. If you're going to drill two wells you see this increase in production initially, but 15 or

20 years out, what happens then? And, again, we've had testimony from...not just you all, but other folks that say the increased density wells will probably have a shorter overall life, but you get a higher production early. So, it's like---

LESLIE K. ARRINGTON: That is correct.

BILL HARRIS: ---get money now...well, I shouldn't phrase it like that. But you'll see more of the money in production out front than you would long term.

LESLIE K. ARRINGTON: That's correct.

BILL HARRIS: But have...do we...and she really didn't quite ask it this way, but is there any...do we have any records that show 15 or 20 years? I mean, I don't know how long we've drilling or that increased density wells...I'm sure they were drilled before---

BRUCE PRATHER: I think basically where we're kind of getting off the point here is the fact that they've got an investment in these wells. In other words, they've got \$200,000 or \$300,00 in these wells.

Basically, what they're probably is is to get that money back as soon as they can within, say, a five year range period of time. In other words, time cost them money. And so basically what...what they're deal is they're going by averages as to how long it takes them to get their money back and then that other 60 years, whatever you can get out of it is that's gravy. That's your profit off your well. So, the extension out in time doesn't mean anything. It's how fast you can get your money back.

LESLIE K. ARRINGTON: That's correct.

BILL HARRIS: But we still don't know how long these things really do...I mean, if these things die out in 20 years, then it's kind of like we're cutting off our nose despite our face. Just to use a---

MARK SWARTZ: Well, we have...let me ask though. I mean, we have wells that we have nearly 20 years in---

BILL HARRIS: Well, that was what I was asking you.

MARK SWARTZ: ---as we sit here today.

LESLIE K. ARRINGTON: We do have those type of wells and we probably...as Mark said, I won't say 20 years. I would say 15 to 18 years worth of production with several wells within the 80 acre production unit. We do have that type of information.

BILL HARRIS: In terms of economic feasibility that's...obviously, since you submitted this that's the... financially, I guess, speaking that's the way you want to proceed.

LESLIE K. ARRINGTON: Yes.

MARK SWARTZ: Well, and to just focus where that is. It's true that the Oakwood field came into being and was developed well before the Middle Ridge units.

LESLIE K. ARRINGTON: Yes.

MARK SWARTZ: And do you actually have wells in production in the Oakwood field that have been producing now for 15 to 18 years?

LESLIE K. ARRINGTON: We do have.

MARK SWARTZ: And it was a good bit of that

production in the Oakwood in conjunction with mining?

LESLIE K. ARRINGTON: Correct.

MARK SWARTZ: So, you would have numerous units in which you had multiple wells because they were drilled to degas the seam?

LESLIE K. ARRINGTON: That's correct.

MARK SWARTZ: So, is it true that at the present time you have Oakwood units that have multiple wells in those 80 acre units that you could draw at least some analogy to this field?

LESLIE K. ARRINGTON: You could. However, the Oakwood field in certain areas, the gas contents are much higher?

MARK SWARTZ: Right. Right. You know, there's a difference.

BILL HARRIS: Yeah.

MARK SWARTZ: So, there is some data...I guess, my point is that there is some data that you can point to respond to Mr. Harris' inquiry with regard to long-term production, but the Oakwood field has been

producing much longer and has some different characteristics, obviously, than the Nora Ridge, right, Les?

LESLIE K. ARRINGTON: That's right.

MARK SWARTZ: But would you expect, you know, in terms of longevity to see wells produced in the Middle Ridge for decades?

LESLIE K. ARRINGTON: Correct, we will.

BRUCE PRATHER: Basically, what happens is that you have a economic cutoff out there at some point in time and that your operating costs meet whatever income that you're generating from that well. That's when you plug it. That's basically what we're talking about. We're talking about an economic limit that's determined by your operating costs.

LESLIE K. ARRINGTON: That's correct.

MARK SWARTZ: And the problem with that is...you're obviously right. But the problem with that is it's a moving target because, you know, depending on pricing, depending on costs---

BRUCE PRATHER: Oh, absolutely.

MARK SWARTZ: I mean, you know, it is somewhat of a moving target, but there is a point at which costs and revenues intercept and that's the economic life of the well.

BRUCE PRATHER: Right.

MARY QUILLEN: Okay. Are there any other questions from the Board?

KATIE DYE: I have a question, Madam Chairman,--

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MARY QUILLEN: Mrs. Dye.

KATIE DYE: ---for Ms. Jewell. I understood you to say that there was a unit with four wells.

CATHERINE JEWELL: Not here.

KATIE DYE: Huh?

CATHERINE JEWELL: Yeah. Somewhere else.

KATIE DYE: In which you own a small percentage of property?

CATHERINE JEWELL: Yes.

KATIE DYE: Is that unit in the area of mining?

CATHERINE JEWELL: No.

LESLIE K. ARRINGTON: Projected mining.
Projected mining.

KATIE DYE: Okay.

CATHERINE JEWELL: I've not seen any projected mine plan and we own the coal.

MARY QUILLEN: Are there any other questions?

KATIE DYE: So, you own the coal in that (inaudible) but you have not seen a projected mine plan?

CATHERINE JEWELL: No, we have no projected mine... we were told that...to obtain a lease from...to us, we were told that if we didn't agree to lease it that they...I think that...I can't remember if this was Scott Hodges or Les Arrington that they would open up and vent the gas on our property, but...and we not get anything for it because they were mine it in seven years. That was in 2000. When I spoke to Bob Wilson at that time, he said, "Oh, yeah, they can open up holes on your property and bleed it." So, we were told that we basically...you know, oh, yeah, you'd better lease it

out so you can get the gas. Now, I don't know where their mine plans are and I don't know when they plan to mine it. But I have not seen any activity and we've had a lease with Island Creek since 1968 on that particular tract. We also have a tract across the river, which I would assume would be mined earlier and I've not seen a mine plan on that. But getting back with this...and I did have a question with respect to this. And you mentioned you would plug it. How much does it cost...what's the costs? Like say 10-20 years down the road, what is the cost now of plugging a well and what would that cost be 20 years down the road?

LESLIE K. ARRINGTON: I don't have the data with me.

CATHERINE JEWELL: Okay. How much bond do you have for each one of the well...gas wells that you have to cover liability on plugging?

LESLIE K. ARRINGTON: We have a blanket bond in the State of Virginia.

CATHERINE JEWELL: Okay. And that blanket bond

is \$100,000, is that correct?

LESLIE K. ARRINGTON: I believe.

CATHERINE JEWELL: And how many wells do you have?

LESLIE K. ARRINGTON: I'm not sure of the number.

CATHERINE JEWELL: Maybe 3,000 or 4,000?

LESLIE K. ARRINGTON: Plus or minus, yes.

CATHERINE JEWELL: So, basically, what would that be maybe \$33 a well is covered by your blanket bond? Is that correct?

LESLIE K. ARRINGTON: Well, it's...the blanket bond is in case the company were to fold.

CATHERINE JEWELL: And it's...if the company folded and had 3,000 wells out there, it would be about \$33 per well that, I guess, would be contributed from the blanket bond that the company had secured?

LESLIE K. ARRINGTON: (Inaudible).

CATHERINE JEWELL: So, can you plug a well for \$33, just out of curiosity?

LESLIE K. ARRINGTON: That's not quite the question here. I believe---.

CATHERINE JEWELL: It is for the long-term thing is that...all these wells...you know, 60 years...you projected 60 years. Does that mean that a person who has that on their property, which you might have told them is 30 years or that, you know, we're going to mine in 7 years and this, you know, sort of stuff, but whatever you've told these people in this area. You know, 30 years...I've seen these wells that have not...have actually not been plugged and that are not producing. I mean---.

LESLIE K. ARRINGTON: Do we have wells that's---
?

CATHERINE JEWELL: Not producing. They have not been plugged.

LESLIE K. ARRINGTON: We do have.

CATHERINE JEWELL: And why aren't those plugged?

LESLIE K. ARRINGTON: Just economic reasons at this point or they may possibly may be able to produce

them in the future.

CATHERINE JEWELL: Is there any danger for having a well unplugged or is that just...is there anything---?

LESLIE K. ARRINGTON: As long as it's shut-in properly, I see no danger there.

CATHERINE JEWELL: Okay. So, these could just be maybe with a little put on them and they'd be all right? I'm asking these questions because I don't know that all of this is thought out for long-term.

MARY QUILLEN: Well, this is getting a little far afield from this agenda item and something specific that you would need to discuss with CNX personally about your, you know, concerns.

CATHERINE JEWELL: Well, obviously, we have property in this, okay. That's why I'm here. That's why...in this increased density.

MARY QUILLEN: Right. But all of these things are getting away from the agenda item. So, we need to kind of wrap this up---.

MARY QUILLEN: It should be a consideration in the increased density. That's all I'm saying.

MARY QUILLEN: Thank you.

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Yes.

DAVID ASBURY: I've got a couple of questions. Ms. Jewell, you're leased in part of these properties. Which units do you have specifically?

CATHERINE JEWELL: We are not leased on this. We've never received a lease for this.

DAVID ASBURY: Which properties or unit---?

CATHERINE JEWELL: AW-146.

DAVID ASBURY: I'm sorry?

CATHERINE JEWELL: AW-146.

DAVID ASBURY: Is that the only one?

CATHERINE JEWELL: That...that I know of. I mean, we haven't received...there's ones in here that you see zero in. We've got some property along there, okay. So, I don't know if it falls in that area is what I'm saying.

DAVID ASBURY: But AW-146, to your knowledge, is the only unit---?

CATHERINE JEWELL: It's in correctly...in AW-146 we have a 2.11 acre tract and a .5 acre tract, but we've only been shown that we own a .3 acre tract. That 2.11 was assigned to somebody else. But we pay taxes on it.

DAVID ASBURY: A 2.11...excuse me. A 2.11 acre tract and another one that was what?

CATHERINE JEWELL: It's .56. But what...what has actually been shown in that...in the application was...it's under here. What shows up in the application that we own...like I said, the 2.11 acre tract is assigned to somebody else and the .5 acre tract that we own we are given .22 acres.

DAVID ASBURY: So...and I'm trying to understand this as far as your testimony to the Board. Are you objecting to the pooling of AW-146?

CATHERINE JEWELL: Well, it's not before us.

DAVID ASBURY: Are...I mean, are you objecting to this petition?

CATHERINE JEWELL: For increased density, yes.

DAVID ASBURY: In unit AW-146?

CATHERINE JEWELL: Yes, I am.

CATHERINE JEWELL: And of the units which we probably have something, but it's not...we don't have yet. In other words, we own a bunch of property here---

.

DAVID ASBURY: As far as standing...as far as standing to object, you have ownership in AW-146?

CATHERINE JEWELL: Yes, sir, we have ownership in AW-146, which I filed a permit application objection to.

DAVID ASBURY: Okay.

MARY QUILLEN: Are there any other questions?

KATIE DYE: Madam Chairman, I have just one other question.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: I understand Ms. Jewell raising the issue of capping a well. Could you tell the Board, Mr. Asbury, what typically it costs to cap a well?

DAVID ASBURY: In the...we haven't had recent...the state hasn't had orphan well coverage. There was three that were done before I came with the state and that average cost...the three totaled about a \$150,000 combined.

KATIE DYE: So, the average is about \$50,000?

DAVID ASBURY: It differs in the location of the well, what...how deep the well is, the casing and all of that. Each well would be different. But currently the statute is pool bond is \$100,000 or more than for 50 wells.

KATIE DYE: Thank you.

MARY QUILLEN: Are there any other questions?

(No audible response.)

MARY QUILLEN: Mr. Swartz, do you have anything else?

MARK SWARTZ: Nothing further.

MARY QUILLEN: Okay. Do I hear a motion?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: Is there a second?

BILL HARRIS: Well, I go ahead and second.

MARY QUILLEN: All in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: Approval. You have approval. One abstention, Mrs. Dye. The next item on the agenda, number twenty-two, is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530285, docket number VGOB-10-0615-2741. This item was continued from the June docket. Those wishing to speak to this item, please come forward and be sworn, please.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

LIDDIA SINEMUS: What about me?

TIM SCOTT: Liddie---

LIDDIA SINEMUS: Liddia Sinemus.

TIM SCOTT: Could you say that a little louder,
please?

LIDDIA SINEMUS: Liddia Sinemus.

TIM SCOTT: Sinemus.

COURT REPORTER: Could you spell that last name,
please?

LIDDIA SINEMUS: Sure. It's S-I-N-E-M-U-S.

TIM SCOTT: Thank you, Liddia.

(Phil Horn, Gus Jansen and Liddia Sinemus are
duly sworn.)

(Diane Davis passes out exhibits.)

MARY QUILLEN: Mr. Scott.

TIM SCOTT: Yes, ma'am, thank you.

PHIL HORN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your

name, by whom you're employed and your job description?

A. My name is Phil Horn. I'm land manager for Range Resources-Pine Mountain, Inc. One of my job descriptions is to get wells permitted and drilled.

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

A. Yes, I am.

Q. And you're also familiar with the ownership interest within this unit?

A. That's correct.

Q. Who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns 100% of the gas in this unit.

Q. And who operates the wells from which we're seeking a well location exception today?

A. V-537714 to the northwest is operated by Equitable Production Company or EQT and 24775 well to the north is operated by Chesapeake/Appalachia, LLC.

Q. So, you said the ownership interest is completely in Range Resources-Pine Mountain, is that

correct?

A. That's correct.

Q. So, we have no correlative rights issues, is that right?

A. That's correct.

Q. How as notice given to the parties listed on Exhibit B to this hearing?

A. By certified mail.

Q. Have we provided that proof of mailing to Mr. Asbury?

A. Yes, you have.

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

MARY QUILLEN: Okay. Are there any questions from the Board for Mr. Horn?

(No audible response.)

MARY QUILLEN: Okay. You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

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

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

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

A. Yes, I did.

Q. Have you provided the Board with an Exhibit AA that shows this well in relation to the other wells from which we seek the well location exception?

A. Yes, I have.

Q. Can you tell the Board why we're seeking a well location exception today?

A. Yes. If the Board would refer to Exhibit AA, you'll see the location of the proposed well 530285 with a red circle unit around it. This well is proposed in a location down between a state road and the Russell Fork river. It's the only available location in this general area without moving the well approximately 1,000 feet to the south or southeast, which would again leave additional stranded acreage in this area and we do have future plans for drilling in those areas. So, in this case, the reason for the location exception is a topographic constraint in this area. The stranded acreage that would be left behind if we were not able to drill this well would be 98.77 acres.

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

A. 5,442 feet.

Q. And what's the potential loss of reserves if the Board doesn't grant our application today?

A. 350 million cubic feet of gas.

Q. So, Mr. Horn has testified that we have correlative rights issues, is that correct?

A. That's correct.

Q. And in your opinion, if this grant...the application is granted it will prevent waste and promote conservation, is that also correct?

A. That is correct.

PHIL HORN: That's all I have for Mr. Jansen.

MARY QUILLEN: Are there any questions for Mr. Jansen from the Board?

BILL HARRIS: Madam Chairman.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: Let me ask about your topo map, your Exhibit AA. I'm not sure what I'm seeing. Where this well is showing, is this a...is this a river that's going through there as well as a road or what's...I can't see what's happening here.

GUS JANSEN: The well that's proposed actually in a bottom area, for lack of a better term. In between the existing public road and the river, there's a wide

area there that gives us enough room to construct a well site and to drill the well in that area. That's the only viable location in this general area of this proposed unit.

BILL HARRIS: Okay. I see now from your original application, the Russell Fork is there and then that Route 605. I don't know if we've had things that close to rivers or not. Is there any other problems presented?

GUS JANSEN: We have, in fact, drilled this close to other rivers similar to this nature before and roads the same thing. But some of the concerns that you have are that you could possibly have problems with your surface casing, have an influx of water and in those cases we take the extra precaution in those areas and those are covered in our permitting process.

BILL HARRIS: Okay. Okay. Thank you.

MARY QUILLEN: Any other questions for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Are there any questions for anyone?

(No audible response.)

MARY QUILLEN: Okay. Do you have any other---?

TIM SCOTT: I'd just ask that the application be approved as submitted, Ms. Chairman.

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: The next item on the agenda is a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530281, docket item VGOB-10-0615-2742. This item was continued from the June docket. Mr. Scott.

TIM SCOTT: Thank you, Ma'am. For this particular docket item, we have Mr. Jansen and Mr. Horn who will be testifying.

MARY QUILLEN: Thanks.

(Diane Davis passes out exhibits.)

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

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

my job descriptions is to see that we get wells permitted and drilled.

Q. And you participated in the preparation of this application?

A. Yes, I did.

Q. So, you're familiar with the contents, is that correct?

A. That's correct.

Q. Are you familiar with the acreage under this unit?

A. Yes, I am.

Q. And would you please tell us who owns the oil and gas under this unit?

A. Range Resources-Pine Mountain, Inc. owns approximately 68% of the unit and Lambert Land, LLC owns approximately 30% of the unit.

Q. Who operates the well from which we're seeking the well location exception?

A. That well is currently operated by Range Resources-Pine Mountain, Inc. and our partner Equitable

Resources also has an interest in that well.

Q. So, in this particular unit, you're both an operator and an owner, is that right?

A. That's correct.

Q. Okay. As far as the notice of this hearing, how was that done?

A. By certified mail.

Q. And have we provided the proof of mailing to Mr. Asbury?

A. Yes, you have.

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

MARY QUILLEN: Are there any questions for Mr. Horn from Board members?

BRUCE PRATHER: I've got a question, Madam Chairman.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: What is a DMIR permit boundary? What is that?

PHIL HORN: That's the coal mining...strip

mining permit boundary. It's still under bond.

BRUCE PRATHER: Oh, okay.

PHIL HORN: DMIR, yes, sir.

BRUCE PRATHER: Is it...I assume that's still
then under bond?

PHIL HORN: Right. Yes. We'll make
arrangements with the holder of that permit.

BRUCE PRATHER: Okay. Okay. But you're
drilling outside of that permit area?

PHIL HORN: That's correct.

BRUCE PRATHER: Yeah.

MARY QUILLEN: I have one question. About this
location, is...what is the significance of this location
because it looks like we could move---?

PHIL HORN: I'm going to let Mr. Jansen address
that, there's a coal concern, under his testimony.

TIM SCOTT: May I go, please?

MARY QUILLEN: Yes, please.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, again, your name, by whom you're employed and your job description?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. And you participated in the preparation of this application?

A. Yes, I did.

Q. So, you are familiar with it, is that right?

A. That's correct.

Q. Would you please tell the Board why we're seeking a well location exception today?

A. Yes. I've handed out to the Board an Exhibit AA, which shows the location of the proposed well 530281. It's in the center of this map with a red circle around it and the green stippled area is the area that's associated with this well. The sort of grey

stippled area is a representation of previous mining in this area in multiple coal seams. We have positioned this well on an existing strip bench. Also, this...by positioning the well in this area, instead of moving it to the Southeast into a coal block of reserve is still remaining out there that can be mined in the future is mining is...becomes economic at whatever time. We placed the well there. Otherwise, we'd have to move the well even further to the southeast to get another suitable location down in there. This area is available. There's no more mining concerns in this particular area. So, we proposed it there. The drain...the area that would be stranded reserves if we were not able to drill at this location would be 105.72 acres.

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

A. 7,452 feet.

Q. And what's the potential loss of reserves?

A. 400 million cubic feet of gas.

Q. Okay. And in your opinion, we are...if this application is granted, we don't have any correlative rights issues, is that right?

A. That is correct.

Q. But it will prevent waste and promote conservation, is that also correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Thank you, Mr. Jansen, for clarifying that. Are there any other questions for Mr. Jansen from Board members?

(No audible response.)

MARY QUILLEN: You may continue, Mr. Scott.

TIM SCOTT: That's all I have, Madam Chairman. We'd ask that the application be approved as we submitted it.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All those in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: The next item number twenty-four on the agenda, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530279, docket number VGOB-10-0615-2743. This item was continued from the June docket.

(Diane Davis passes out exhibits.)

MARY QUILLEN: Mr. Scott.

TIM SCOTT: Thank you. For this application, we have Liddia Sinemus and Phil Horn will be testifying for Range Resources-Pine Mountain.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc. And---

Q. And...sorry.

A. -trying to get wells permitted and drilled is one of my job descriptions.

Q. Thank you. Are you familiar with this application?

A. Yes, I am.

Q. And are you familiar with the ownership of the oil and gas and other minerals under this tract?

A. Yes, I am.

Q. Who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns all oil and gas in this unit.

Q. And we have a number of wells from which we're seeking a well location exception, is that right?

A. That's correct.

Q. P-187, P-218, P-21 and P-23, is that right?

A. That's right.

Q. Who operates those wells?

A. Equitable Production Company...EQT
Production Company.

Q. Do you also participate in operating those wells?

A. Yes, we do.

Q. As far as notice of this hearing, how was that effected?

A. By certified mail.

Q. And proof of mailing has been provided to the Board, is that right?

A. Yes, it has.

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

MARY QUILLEN: Are there any questions from the Board for Mr. Horn?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

LIDDIA SINEMUS

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Ms. Sinemus, we've...you've not testified before, is that correct?

A. I have not.

Q. Would you please give the Board a little bit of information about your educational and work history?

A. Certainly. I have a Bachelor of Science Degree in Geology and a Master of Science in Environmental Science both from East Tennessee State University. I started working as a geologist in 1993 for Virginia Gas Company. I worked for them until 1997. When I left there, I was Vice President of Environmental Affairs. I left there to start my own environmental

consulting company. In 1999, I started working for the Virginia Division of Gas and Oil as an inspector until 2008 when I started working for Range Resources and I'm not Senior Geologist with them.

Q. Okay. So, as far as this application is concerned, are you familiar with the contents?

A. Yes, I am.

Q. And you participated in the preparation of the application?

A. Yes.

Q. Would you please tell the Board why we're seeking a well location exception today?

A. Yes. On the Exhibit AA, which was just handed out to you, you can see the location of this well. There really is no other legal location. Without putting this well on this spot, we would lose 90.89 acres which would be stranded.

Q. And do we have a topographical issue or what's...what's the issue here?

A. That is one of the best topographical

spots to put this. As you can see, there really is...no matter which way you would adjust this, it would overlap with one of the other wells in the area.

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

A. This well is 6,358 feet.

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

A. 350 million cubic feet.

Q. Okay. So, in your opinion, we've...Mr. Horn has testified that Range Resources-Pine Mountain is the owner of the oil and gas---

A. Yes.

Q. ---under this tract. So, we have no correlative rights issues. But if the application is granted, would it prevent waste and promote conservation?

A. Yes, it would.

TIM SCOTT: Okay. That's all I have for Ms. Sinemus.

MARY QUILLEN: Any questions from the Board?

BRUCE PRATHER: Does Equitable own that 750187
and the 23 down at the bottom? Is that Equitable's too?

PHIL HORN: Yes, sir.

BRUCE PRATHER: Okay. I've never seen that 75
designation before. So, I was wondering who that was.
Okay.

MARY QUILLEN: Any other questions from the
Board?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman,
and ask that the application be approved as submitted.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All those in favor, respond by
saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval. The next item on the agenda, number twenty-five, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530237, docket number VGOB-10-0615-2744. This item was continued from the June docket.

TIM SCOTT: Madam Chairman, with regard to this application, Mr. Horn and Mr. Jansen will be testifying.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

(Diane Davis passes out exhibits.)

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

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

A. My name is Phil Horn. I'm land manager

for Range Resources-Pine Mountain, Inc. I'm in charge of the land department and in charge of getting wells cleared to be drilled.

Q. Are you familiar with this application?

A. Yes, I am.

Q. Are you familiar with the ownership of the oil and gas for this acreage?

A. Yes, I am.

Q. Do the parties who own the oil gas are listed on the Exhibit B to the...to the notice, is that correct?

A. That's correct.

Q. Who operates well number P-550314?

A. Range Resources-Pine Mountain, Inc. currently operates that well and Equitable, our partner, has an interest in it also.

Q. Okay. As far as notice of this hearing, how as that effected?

A. By certified mail.

Q. And that was provided to the Board, is

that correct?

A. That's correct.

Q. Okay, proof of mailing.

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

MARY QUILLEN: Any questions from the Board for
Mr. Horn?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're
employed and your job description.

A. My name is Gus Jansen. I'm employed by
Range Resources-Pine Mountain, Inc. as manager of
geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And would you please tell the Board why we're seeking a well location exception today?

A. Yes. I've handed out to the Board an Exhibit AA, which shows the location of proposed well 530237. We've located this well on a relatively positive topographic location that we can actually drill the well. If we end up trying to move the well in areas to the southwest, we encounter very steep terrain and we also encounter a public road down in that area, State Route 66. The nearest location we would have to move to would be probably well over 1500 feet into the southeast or to the south to find another suitable location. That is why are currently (inaudible) unit 550314.

Q. What would be the lost acreage here... stranded acreage?

A. If we were unable to drill this well at this location, the drainage area stranded would be 106.72 acres.

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

A. 7,156 feet.

Q. And the potential loss of reserves if this application is not granted?

A. 350 million cubic feet of gas.

Q. Now, with regard to this application, if it's granted, it will prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions for Mr. Jansen from the Board members?

KATIE DYE: I have a question, Madam Chairman.

MARY QUILLEN: Mrs. Dye.

KATIE DYE: Yes. This is for Mr. Asbury. Do you have the signature on the plat?

DAVID ASBURY: No, we do not.

TIM SCOTT: It's not...well, actually, it's probably under my Exhibit A. Do you have the original there, Mr...it's not under there?

DAVID ASBURY: No.

TIM SCOTT: Okay, we'll get it for you. I
apologize.

DAVID ASBURY: Good catch, Mrs. Dye.

KATIE DYE: Thank you.

TIM SCOTT: Thank you. We'll get that for you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman,
and ask that the application be approved as it was
submitted.

MARY QUILLEN: Pending a receipt---?

TIM SCOTT: Pending...yes, ma'am, of the signed
plat.

MARY QUILLEN: ---of the revised signed plat?

TIM SCOTT: Yes, ma'am.

MARY QUILLEN: Do I hear a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: I'll second it.

MARY QUILLEN: Those in favor, please respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you, ma'am.

MARY QUILLEN: And you will get that revised to--?

TIM SCOTT: Immediately. Thank you.

BILL HARRIS: If not sooner.

SHARON PIGEON: That's right. We're being tough today.

MARY QUILLEN: The next item on the agenda, number twenty-six, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530216, docket number VGOB-10-0615-2745. This item is continued from the June docket.

TIM SCOTT: Madam Chairman, with regard to this particular docket item, Mr. Jansen and Mr. Horn will be

testifying.

MARY QUILLEN: You may continue.

TIM SCOTT: We're just getting Ms. Sinemus warmed up here. So---.

MARY QUILLEN: Okay.

PHIL HORN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

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

A. Phil Horn, land manager, Range Resources-Pine Mountain, Inc. I'm in charge of the land department and getting wells drilled.

Q. And you familiar with this application?

A. Yes, I am.

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

A. Yes, I did.

Q. Can you please tell us who owns the oil

and gas under this unit?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas inside this unit.

Q. And who operates well V-535457?

A. EQT Production Company.

Q. And Range Resources also participates in the operation of that well?

A. Yes, we also have an interest in that well.

Q. Okay. Now, how as notice of this hearing provided to the parties listed on Exhibit B to the notice?

A. By certified mail.

Q. And we provided the proof of mailing to the Board?

A. Yes, you have.

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

MARY QUILLEN: Any questions from the Board members?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, please state your name, by whom you're employed and your job description.

A. Gus Jansen, employed by Range Resources-Pine Mountain, Inc. as manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And you participated in the preparation of this application, is that also correct?

A. That's correct.

Q. Would you please, by using Exhibit AA, tell the Board why we need a well location exception today?

A. Yes, if the Board will refer to Exhibit

AA, do you see the location that we proposed well 530216. This one is a little bit different. We've...our land department has worked with the surface owner in this area and we've actually positioned this well just a little bit off the center of the existing ridge line point area there that is really a better location for us. But at their requests, we've moved off of that a little bit so that they can have that land available there for their use in the future. Even if we were going to put it at that location, we'd probably be infringing upon two wells instead of one in this general area. So, again, we're requesting this exception due to topographic restraints in this area. The stranded acreage that would be left behind if we were unable to drill this well would be 99.48 acres.

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

A. 5,907 feet.

Q. And what is the potential loss of reserves?

A. 350 million cubic feet of gas.

Q. Mr. Horn has just testified that Range Resources-Pine Mountain owns 100% of the oil and gas under this unit, is that right?

A. That's is correct.

Q. So, if this application is granted...let's see, we don't have any correlative rights issues. But if the application is granted, would it prevent waste and promote conservation?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Are there any questions for Mr. Jansen from the Board members?

BILL HARRIS: Let me just ask a question about--
-.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: ---your location again. I'm just trying to see if we can move to the southeast. I know sometimes it's not...it's easier said than done. Then I know you'd have exceptions from three wells. You know...and, of course, we can't address this here. But

one of the things that does bother me is, you know, when you have circles...and you've heard this discussion and you probably participated in it yourself. When you have circles to cover these, there has to be gaps that are left. You know, I don't know. It would be great to see that filled in, but I know there's no way to do that. But what's---?

GUS JANSEN: Right. And---

BILL HARRIS: ---happening with bringing that across the road to the southeast?

GUS JANSEN: Again, on that side of the road, we did not...could not locate a suitable topographic location to bring the location further to the southeast. There are some...also some houses in that area over there too---.

BILL HARRIS: Yes.

GUS JANSEN: ---in that general area. There is a potential later on in the future to do some down spacing in this area similar to what we see in the CBM and we've done some of those here in the past---.

BILL HARRIS: Now, when you say down spacing, do you mean actually a smaller well and a smaller---?

GUS JANSEN: Doing a...have more overlap in some areas even than we have now. If we wanted to come back and try to recover additional reserves down in these areas that that may be a potential...that we've been evaluating for the past couple of years. I know that in the past, it's probably been a couple of years ago, we did several of those and we're continuing to evaluate those and to look at more locations that would try to recover some of this resources that have been left behind.

BILL HARRIS: Okay, thank you. I just wanted---

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman. We'd ask that the application be approved as it has been submitted.

MARY QUILLEN: Do I hear a motion to approve?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: I'll second.

MARY QUILLEN: All in favor, please respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

BILL HARRIS: Thank you.

GUS JANSEN: Thank you.

MARY QUILLEN: The next item agenda, number twenty-seven, is a petition from GeoMet Operating company, Inc. for pooling of coalbed methane unit 281 VA Unit A-43, docket number VGOB-10-0615-2746. This is an item...agenda item that was continued from the June docket.

TOM MULLINS: Madam Chairman, on behalf of GeoMet, my name is Tom Mullins with the Street Law Firm.

I'll let the others introduce themselves.

MARY QUILLEN: Is there anyone else that will be speaking to this agenda item?

TIM BLACKBURN: Tim Blackburn---

MARY QUILLEN: You'll be sworn in.

TIM SCOTT: ---consultant for GeoMet.

DALLAS NESTLE: Dallas Nestle, GeoMet, project manager.

RYAN CARTER: Ryan Carter, drilling and completion manager for GeoMet.

MARY QUILLEN: Okay.

(Tim Blackburn, Dallas Nestle and Ryan Carter are duly sworn.)

MARY QUILLEN: Mr. Mullins, do you have some handouts?

TOM MULLINS: I do.

(Diane Davis passes out exhibits.)

TOM MULLINS: Is it okay if I proceed, Madam Chairman?

MARY QUILLEN: Please. Yes, I think everybody

has their handouts.

DALLAS NESTLE

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your full name?

A. Dallas Nestle.

Q. And for whom do you work, Mr. Nestle?

A. GeoMet Operating Company.

Q. What are your job duties with GeoMet?

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

Q. And does that...do those job duties encompass things such as appearing before this Board to request pooling of acreage for units, coalbed methane units?

A. They do.

Q. Are you familiar with unit A-43 that

we're here on today?

A. I am.

Q. This is what we call a border unit or a unit that adjoins the state line, is that correct?

A. That is correct.

Q. So, it is not the normal 80 acre Oakwood unit, true?

A. That's correct.

Q. How many acres does this unit have?

A. 48.27 acres.

Q. And is this located in the Oakwood Field?

A. It is.

Q. Does GeoMet have drilling rights in this unit?

A. Yes, we do.

Q. Do you know of anybody in Exhibit B-3 that needs to be dismissed?

A. No.

Q. What is the percentage of the coal

ownership that GeoMet has under lease in this unit?

A. 100%.

Q. And what is the percentage of the gas ownership?

A. 75.

Q. And this is one of those units that involves what we've been calling the Rogers Cousins, is that correct?

A. That is correct.

Q. And notice was sent to those folks as required by statute, is that correct?

A. That is correct.

Q. And we just handed the return cards to the folks at the DGO office, correct?

A. Correct.

Q. All right, sir. Is GeoMet authorized to do business in the Commonwealth?

A. They are.

Q. And do you have a bond?

A. Yes, we do.

Q. Does GeoMet offer to those who voluntarily enter a lease agreement of certain lease rights?

A. Yes, we do.

Q. Could you advise the Board the terms and the leases?

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

Q. And in your experience in this area, is that a fair and reasonable offer made to folks for these rights?

A. Yes, it is.

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

A. 25%.

Q. And you have all of the coal rights, correct?

A. That's correct.

Q. There are no unknown owners in this, correct?

A. That's correct.

Q. The parties whose interests are in dispute are listed on Exhibit E, is that correct?

A. That is correct.

Q. And it's Tracts 1, 2 and 3 on the plat that's attached to your application?

A. Correct.

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

A. Yes, we are.

Q. And the gentlemen to whom correspondence should be sent is whom?

A. Joseph Stevens, land manager, GeoMet Operating Company, 5336 Stadiums Trace Parkway, Ste. 206, Birmingham, Alabama.

Q. Now, was an AFE prepared?

A. Yes, it was.

Q. And is that attached as an exhibit to the application?

A. It is.

Q. Okay. Can you tell the Board the proposed depth of this well?

A. 2,113 feet.

Q. And the estimated reserves?

A. 507 million cubic feet.

Q. What about the estimated well completion costs?

A. \$452,846.

Q. And the dry hole costs?

A. \$214,480.

Q. Does the AFE include a provision for a reasonable charge for supervising the drilling of the well?

A. Yes, it does.

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

A. Yes.

Q. Now, we have handed out to the Board

other plats, which Mr. Blackburn will be available to testify, is that correct?

A. That is correct.

TOM MULLINS: I have no other questions of this witness.

MARY QUILLEN: Are there any questions from the Board for this witness?

(No audible response.)

MARY QUILLEN: You may continue.

TOM MULLINS: Okay.

TIM BLACKBURN

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

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Okay. Would you please state your full name?

A. Tim Wesley Blackburn.

Q. What do you do for a living, sir?

A. I'm a professional geologist with T
Engineering. We're consultants for GeoMet.

Q. All right. And under your supervision,
were certain plats prepared, which we have just handed
out to the Board?

A. Yes.

Q. What do those plats depict?

A. Oh, several plats. The first one
represents the adjoining units relative to this well and
the ownership.

Q. Okay. It also depicts a proposed well
location?

A. Yes.

Q. And what does the next plat represent?

A. The next plat is an exhibit showing mine
workings in the Jawbone seam. It also shows the
existing pillar show here that we're penetrating for
this well location.

Q. Is that the reason why the proposed well
location is placed where it was?

A. It is.

Q. All right, sir. And the next plat?

A. The next plat is a plat of the Red Ash mine works. These are abandoned works. It's also a reason that the well location where it is, obviously, we're missing the Red Ash works in this case.

Q. The next plat?

A. The next plat is showing the well and the unit on a topographic map.

Q. Just to get an idea of the topography in that area?

A. Yeah.

Q. All right, sir. And there's a colored map, which is the last plat. What does it depict? Is yours colored? What does it show?

A. It shows a combination of both the Jawbone mine workings and the Red Ash.

Q. An overlay type of map?

A. Yes, it is.

TIM SCOTT: All right. I don't have any other

questions of Mr. Blackburn.

MARY QUILLEN: So, this...the location of that pillar then just justifies the well outside the window, correct?

TIM BLACKBURN: Yes.

TOM MULLINS: Yes.

MARY QUILLEN: Are there any questions from the Board members for this---?

BRUCE PRATHER: I've got one question. I see on your topo sheet here, you have a gas well that looks like it's about 1500 feet away from where your location is. Is that the closest well to this location?

TIM BLACKBURN: Which...which plat is that?

BRUCE PRATHER: It's on this thing here that...the topo map says there's a gas well. Is that the closest well to the unit that we're talking about now?

DALLAS NESTLE: To the southwest, is that the one that you're referring to?

BRUCE PRATHER: Yeah. Well, yeah, more west

than anything else. Yeah.

TIM BLACKBURN: That, of course, is a well symbol taken off of the USGS plat.

BRUCE PRATHER: Right.

TIM BLACKBURN: And there is a well at that location.

BRUCE PRATHER: Yeah. I assume it's a conventional.

TIM BLACKBURN: Pardon?

BRUCE PRATHER: I assume it's a conventional well.

TIM BLACKBURN: Yes, it is.

BRUCE PRATHER: Okay, good. All right.

MARY QUILLEN: We just need to identify these exhibits beginning with AA through EE.

TOM MULLINS: All right.

MARY QUILLEN: Are there any other questions for this witness?

(No audible response.)

MARY QUILLEN: You may continue.

TOM MULLINS: That's all I have.

MARY QUILLEN: Do I hear a motion for approval?

BILL HARRIS: Can I ask just a quick question?

MARY QUILLEN: Certainly. Mr. Harris.

BILL HARRIS: And I've asked this before, and I guess this is just for my own knowledge, where this borders into West Virginia, we still have no agreements with the West Virginia folks. So, the payout is going to be to this modified section only. Is that the way that happens?

TOM MULLINS: Yes, sir.

BILL HARRIS: Okay. Thank you.

MARY QUILLEN: Any other questions?

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Mr. Asbury.

DAVID ASBURY: As far as unitization, it's correctly shown. Mr. Harris this goes to your question. The Board nor us can we approve any well that's close or out of Virginia. This is a good map because your unit stops here. This is not a good map. I know it's only

an exhibit, but the unit show going to Virginia and West Virginia. So, we need to use this as our exhibit here.

TOM MULLINS: This was just an overlay of the Virginia Grid System---

DAVID ASBURY: Right.

TOM MULLINS: ---throughout that area.

DAVID ASBURY: And all the mapping...all the mapping is good, but as far as the unitization approved by the Board, you can't go outside of Virginia. And we area...Mr. Harris, we are continuing to pursue agreements and cooperation with both West Virginia and Kentucky. Both states have indicated that's a legislative change and it would have to be changed on that level as far as unitization.

MARY QUILLEN: Any other questions?

DAVID ASBURY: Mr. Mullins, was---?

MARY QUILLEN: Mr. Mullins.

DAVID ASBURY: Do we got green cards?

TOM MULLINS: Yes, sir.

DAVID ASBURY: Was it also published?

TOM MULLINS: Yes, it was. I've got the publication right here.

(Tom Mullins confers with Diane Davis.)

DAVID ASBURY: Thank you. Thank you, Madam Chairman.

MARY QUILLEN: Anything else from your office, Mr. Asbury?

DAVID ASBURY: No.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you.

MARY QUILLEN: The next item on the agenda, number twenty-eight, a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 437 CBM unit C-38, docket number VGOB-10-0615-2747. This item was continued from the June docket. And I assume you have...do you have handouts for this?

TOM MULLINS: I have. It should be distributed as we speak.

(Diane Davis passes out exhibits.)

MARY QUILLEN: And this will also need to be double exhibits.

TOM MULLINS: We'll identify it the same way. This well is a little different. This one has been pooled. This unit has been pooled by GeoMet in the past. What has happened is additional survey data has come in that has changed some of the mineral boundaries that were shown in the original plat. That's true for the next several that we have before this Board. So, what we propose to do is to incorporate the prior

application and that testimony, but have Mr. Blackburn explain to the Board the differences in the mine boundaries and why those have changed and why that has affected the percentages from what the Board has already approved in the past.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. So, would you, again, state your name?

A. Tim Wesley Blackburn.

Q. And you work for T Engineering, is that correct?

A. I do.

Q. And they contract with GeoMet to provide geological and surveying services?

A. Yes.

Q. And you've prepared the prior plat for the pooling of this unit and, of course, you have...your office has prepared the plat that is attached to this

application. Would you explain to the Board why there are different lines of mineral ownership?

A. The mineral boundaries in this area as with most areas are interlocked with several adjacent properties. When we first started working in this area, we relied heavily on several things for mineral boundaries. Of course, our lessor maps, mine mapping and, of course, deed description and tax records and basically anything that we could get. In the meantime, all stress that we relied heavily on prior mine mapping, the descriptions for these properties some of them extend back, you know, before the term of the century and lot of the surveying was the done in the '20s...1920s and 1930s prior to modern technology. So, as we got into this area with our surveying and (inaudible) from various parts of the project we were able to better define using GPS primarily to recover some of the monumentation on these boundaries. As a result, there has been some relatively minor changes to the property boundary representation. That's basically

what it is. It's updating of prior surveys.

Q. All right, sir. And we've handed out to the Board, in addition to the plat that was attached to the application that was prepared by your office, the same information concerning the Red Ash mine works, the Jawbone mine works, the mineral map ownership, as well as an overlay of all of those...of the two mines that overlay this property, is that correct?

A. That's correct.

Q. The one that I'll designate that's the one that's on top AA, tell the Board what that is.

A. It's just the unit...the well location... reference to a topographic map.

Q. And BB?

A. BB is a plat depicting the Red Ash mine works that will be encountered in this well.

Q. And CC?

A. CC is an exhibit showing the Jawbone mine workings. You'll see we're hitting...we're proposing to hit a solid pillar in the Jawbone.

Q. Is that one of the reasons for this well site location?

A. It is.

Q. And DD?

A. DD is a plat showing the adjoining units and mineral ownership.

Q. All right. This is as it has been corrected?

A. Yes.

Q. And then EE?

A. EE is an exhibit showing both the Red Ash in red and the Jawbone in blue. The Jawbone, like I said a while ago, is kind of a controlling factor for the well location where we're avoiding abandoned mine works.

TOM MULLINS: That's all I have for Mr. Blackburn.

MARY QUILLEN: I have just one question here on the Jawbone. The drilling in the...you said this is in a pillar.

TIM BLACKBURN: Which exhibit are you---?

MARY QUILLEN: Exhibit CC.

TIM BLACKBURN: This one? Yes, that's a solid pillar of coal right there.

MARY QUILLEN: It looks like they're large.

TIM BLACKBURN: It's a barrier block. Yes, it is large.

MARY QUILLEN: That's my question. Why...you know, why are you...is this not going to be mined or any plan for mining it?

TIM BLACKBURN: Well, to my knowledge, there's no practical way now to mine it.

MARY QUILLEN: Okay.

TIM BLACKBURN: But I've wondered the same thing often why they left such a large---.

MARY QUILLEN: Yeah. Because it's a really small one in the Red Ash, you know, which looks like a pillar. This one just look like an awful lot of wasted coal to me. Thank you.

BILL HARRIS: Can I ask something related to

that?

What are the depths of these wells? Do you know? I'm sorry, not the wells, the---

BRUCE PRATHER: The seams.

TOM MULLINS: The coal seams.

TIM BLACKBURN: In this well, the Red Ash lies at about 313 feet down the borehole. The Jawbone is about 471 feet.

BILL HARRIS: Okay. Thank you.

TIM BLACKBURN: You're welcome.

MARY QUILLEN: Just another just quick question. Is most of your drilling in that area in these two seams?

TIM BLACKBURN: Most of the---

MARY QUILLEN: Drilling in this area in these two seams?

TIM BLACKBURN: Well, now, these...these seams...if I'm following you, are at or above drainage. They're not target seams for production. But they're two seams that has been mined fairly extensively in the

area. Does that answer your question?

MARY QUILLEN: Well, I mean, I just was wondering if there were...it seems like the item...the agenda items that we've seen are in the Red Ash and the Jawbone. I just wondered if this was in that particular general area if these are the seams that---

TOM MULLINS: Maybe I can clear that up with a couple of questions.

MARY QUILLEN: Okay.

TIM BLACKBURN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. MULLINS:

Q. In the area in which this well is proposed to be located, has there been prior mining activity?

A. Yes.

Q. And that prior mining activity is in the Jawbone and Red Ash seams?

A. Jawbone and Red Ash seams.

Q. The target formations are down to the Pocahontas 3 seams and slightly below?

A. Yes.

Q. So, you will be penetrating multiple...or it's proposed to penetrate multiple coal seams. But these are the seams in which prior mining activity is purged?

A. That's correct.

MARY QUILLEN: Thank you. That clarifies it.

TOM MULLINS: Thank you.

MARY QUILLEN: Any other questions for Mr. Blackburn from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

BRUCE PRATHER: I've got one question.

MARY QUILLEN: Oh, I'm sorry, Mr. Prather.

BRUCE PRATHER: If...if you're trying to say clear up the royalty problem that has been caused by the plats not being exactly correct, I assume you've given the information to Mr. Asbury to the extent of how this

new survey is affecting the money that's coming in now and what will be in the future.

RYAN CARTER: There is no money (inaudible).

BRUCE PRATHER: Pardon?

RYAN CARTER: We've not drilled these wells.

TOM MULLINS: These wells are no producing. They've not been drilled yet.

BRUCE PRATHER: Oh.

MARY QUILLEN: These are proposed wells?

DALLAS NESTLE: Uh-huh. That's correct.

BRUCE PRATHER: Oh, these are proposed wells. Okay.

DALLAS NESTLE: Yeah.

TOM MULLINS: So, we want to fix the problem before it is a problem.

BRUCE PRATHER: Oh, okay.

MARY QUILLEN: Good job.

BRUCE PRATHER: Okay. I've been looking at this thing. It has got frog hairs. I thought the thing had been drilled.

MARY QUILLEN: You may continue.

TOM MULLINS: Incorporating the prior application, that's what we have for the Board today.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Mr. Asbury.

DAVID ASBURY: Just for our tracking purposes as far as the orders...the new order number, the 2747 as we go forward let's reference only that...in that order. So, we'll track this, today's activities and all future with the 0615-2747. Also, Mr. Harris, the reason that...the reason there was a large block in the Jawbone seam is because the Red Ash seam above the Jawbone had encountered drainage problems in the valley, if you'll look on the last page. There were concerns about mine development, the water in the Red Ash, as well as subsidence in the Jawbone seam.

MARY QUILLEN: Thank you. A good reason for that. Any other questions?

(No audible response.)

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor, respond by saying
yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you.

MARY QUILLEN: The next item on the agenda,
number twenty-nine, a petition from GeoMet Operating
Company, Inc. for pooling of coalbed methane unit 429
CBM unit D-35, docket number VGOB-10-0615-2748. This
item was continued from... pardon me, from the June
docket. And we do have handouts. We will identify them
in the same order.

(Diane Davis passes out exhibits.)

TOM MULLINS: Thank you. Again, on behalf of GeoMet, Tom Mullins and I have here with me today Mr. Tim Blackburn. This issue is the same as the prior issue. It's one in which we have previously obtained permission from the Board to pool. But we have had survey information that required us to come back before the Board and let you know that some of our percentages were off due to the survey information. Mr. Blackburn is here to explain that to the Board.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Again, would you state your name?

A. Tim Wesley Blackburn.

Q. And you work for?

A. T Engineering Company.

Q. And you are a contractor for GeoMet providing geological and survey services?

A. That's correct.

Q. You prepared or your office, excuse me, prepared the survey plat for the prior application/

A. Yes.

Q. And for this application?

A. Yes.

Q. Could you explain to the Board why we are here with a survey showing different mineral lines than the prior application?

A. As before, we relied heavily upon mine maps, tax records, of course, deed descriptions and mapping from our lessor, which was based in...based on 1920 and '30 surveying and sometimes as late as '60s and '70s for mine mapping. Since then we have been able to, for lack of a better word, modernized the survey and better...and more accurately locate the monumentation.

Q. All right, sir. And does the exhibit...the plat to the exhibit show those updated survey lines?

A. It does.

Q. Now, we've also handed to the Board

copies of a packet of plats beginning with AAA...Exhibit AAA through LLL. Could you start at the top and tell us what AA...I said triple A. I'm sorry. Could you tell me what AA is?

A. AA is an exhibit showing the unit, the proposed well and it also shows in this case two existing wells within the unit.

Q. Okay. What are the two existing wells?
I don't think that's correct.

A. I got out of step. I'm sorry. It shows the proposed well on a topographic map.

Q. All right. Could you turn to Exhibit BB and explain what that plat shows?

A. This plat shows the adjoining units, as well as the mineral boundaries of the proposed well location.

Q. Okay. And are those the corrected mineral boundary lines?

A. Yes.

Q. All right. And CC?

A. CC is the well location relative to the mine works in the Jawbone seam.

Q. Okay. And DD?

A. DD is a plat showing the proposed well location in reference to the Red Ash mine works.

Q. Is that the reason the well placement has been located where it is?

A. It is. To avoid hitting both Red Ash and Jawbone mining. So, we're avoiding the Red Ash mine at this location.

Q. Okay. And FF?

A. FF shows both the Red Ash and Jawbone as overlaying.

MARY QUILLEN: Do you mean EE?

DALLAS NESTLE: That's correct.

MARY QUILLEN: EE?

TOM MULLINS: Oh, did I skip one? I apologize. Spelling has not been my strong suit.

SHARON PIGEON: Those pesky A B Cs.

TOM MULLINS: EE. That's the last exhibit, is

that correct?

TIM BLACKBURN: That is correct, I believe.

MARY QUILLEN: Are there any questions from the Board?

(No audible response.)

MARY QUILLEN: Mr. Asbury, any questions or comments?

DAVID ASBURY: The new docket number.

TOM MULLINS: Yes, sir, we'll reference the new docket number.

MARY QUILLEN: You may continue.

TOM MULLINS: We are incorporating the prior application except for this new survey information. We ask for approval if it meets the will of the Board.

BILL HARRIS: I do have a copy of questions.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: In the original application behind, I guess, this actually pooling plat attachment A after your Exhibit where we have LBR Holdings, LLC. They have the plat tract number. Percentage ownership

is a range...oh, okay. I just now...okay. It's not a range. It's the acres and then representing...okay, okay. Forget that question. Scratch that. I do have another question. That's about the AFE. I meant to ask this earlier and I think we have...we you all have been before us before we've talked about this or asked questions about this. The depth here is about 1900 feet or so, estimated target depth. The amount is \$477,320. I noticed all of these have been a little higher than what we normally see. All of these AFE amounts for that depth. Now, I know that we are talking about different regions of the state and whatnot. But could someone address why this appears to be higher?

TOM MULLINS: Sure.

DALLAS NESTLE

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Could you state your name?

A. Dallas Nestle.

Q. Mr. Nestle, has it been the practice of GeoMet to complete more zones than what has been traditionally done in the Oakwood field?

A. It is.

Q. Is that one of the reasons why the completed well costs are higher on your AFE than some of the other operators?

A. It is.

Q. And your...do you feel...it's your opinion that your recoverable reserves reflect this additional well completion?

A. It is. Correct.

TOM MULLINS: That's it.

BILL HARRIS: Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor, respond by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you.

MARY QUILLEN: The next item on the agenda, item number thirty, a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit 432 CBM unit D-38, docket number VGOB-10-0615-2749. This item was continued from the June docket. We have handouts.

(Diane Davis passes out exhibits.)

MARY QUILLEN: And we will identify it the same as the previous starting with AA and ending with EE. Mr. Mullins.

TOM MULLINS: Yes, ma'am. This is, again, the same situation. We've had a prior application. What we will do is offer Mr. Blackburn who is trained in mineral

line differences.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Would you please state your name, sir?

A. Tim Wesley Blackburn.

Q. And, again, you're...your company provides services to GeoMet for both surveying and geological studies, is that correct?

A. Yes.

Q. And you...your firm prepared the well location...the plat for the prior application, is that correct?

A. Yes.

Q. And since that time, additional work has been performed that led you to advise GeoMet that those lines needed to be revised?

A. Yes.

Q. Could you explain to the Board that

process and what happened?

A. Initially, we based our mineral boundary surveys on field work, of course, the lessor's map, mine mapping, tax records, deed descriptions and so forth. Again, most of this surveying data that produced a lot of this mapping came from the...anywhere from the 1920s and '30s to surveying done in the '60s and '70s. And, basically, we have been able to locate some more monumentation and update some of the property monument locations.

Q. All right. And does the plat attached to the new application show that?

A. Yes.

Q. And have you also either prepared or caused to be prepared additional plats, which we have handed to the Board as exhibits?

A. I have.

TOM MULLINS: And I apologize to the Board. This was my fault. I would like to have had them in the same order in every application packet, but apparently

my...I didn't do that. There's a different top plat and I apologize.

Q. Could you tell the Board what Exhibit AA shows?

A. This is an exhibit showing the surrounding units with the proposed well location in reference to the mineral boundaries.

Q. Now, the other two well symbols located on that, what are those?

A. Those are conventional wells that are also with this unit.

MARY QUILLEN: I noticed on the through that that the BU-0046 has been plugged.

TIM BLACKBURN: Yes.

MARY QUILLEN: And that the BU-0292 is active. Who operates that?

TIM BLACKBURN: I think that is a EQT well, Equitable.

MARY QUILLEN: What's the distance between them? Do you know?

TIM BLACKBURN: Pardon?

MARY QUILLEN: Do you know the distance between those two wells?

DALLAS NESTLE: It looks like about 800 feet, doesn't it?

RYAN CARTER: It's 800 feet, the ones that are conventional and the others would be the CBMs.

TIM BLACKBURN: It is...the distance to the BU-0292 well is about 453 feet.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Now, the next plat, which is identified as BB, what does it depict?

A. It's the exhibit showing the unit...the proposed well for the plugged conventional and the producing conventional well on a topographic map.

Q. And CC?

A. CC is a...obviously, the unit and the

well reference to abandoned mine works in the Jawbone seam.

Q. And DD?

A. This is an exhibit showing the same thing referencing abandoned mine works in the Red Ash.

Q. And the last exhibit, EE?

A. It's an exhibit showing the well and unit with the Jawbone and Red Ash overlaying.

TOM MULLINS: That's all I have of this witness, Madam Chairman. Otherwise, we'd like to incorporate the prior application.

MARY QUILLEN: Are there any additional questions or questions?

BRUCE PRATHER: I've got a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: Since you're only about 400 and some feet from this Equitable well, I assume...has Equitable been informed that you're going to drill a CBM well that close to their conventional well?

TIM BLACKBURN: It so happens that this---

TOM MULLINS: Perhaps, Mr. Nestle, can answer that?

DALLAS NESTLE: They are aware of this location because we're in a farm-out agreement with them.

BRUCE PRATHER: Oh, okay.

DALLAS NESTLE: So, the location of this has been sent to them.

BRUCE PRATHER: All right.

MARY QUILLEN: Any other questions?

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Mr. Asbury.

DAVID ASBURY: Do you have the publication for this one?

TOM MULLINS: This one, I believe, we got green cards back on. I don't think there was any unknown owners.

DAVID ASBURY: Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may continue.

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

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BRUCE PRATHER: Second.

MARY QUILLEN: All in favor, respond by saying
yes.

(All Board members signify by saying yes.)

MARY QUILLEN: No...opposed?

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you.

MARY QUILLEN: The next item on the agenda, item
number thirty-one, a petition from GeoMet Operating
Company, Inc. for pooling of coalbed methane unit 213 VA
unit ZZZ-36, docket number VGOB-10-0615-2750. This is
an item that was continued from the June docket. We
will identify these exhibits the same as before starting
with AA and ending with EE.

TOM MULLINS: Thank you. On behalf of GeoMet, I

am Tom Mullins and I'm here today with Mr. Tim Blackburn. This is the same situation that we had before, a new survey... updated survey information that required us to come back before the Board on a previously approved pooling.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. Mr. Blackburn, would you please tell the Board your name?

A. Tim Wesley Blackburn.

Q. And the name of the company you work for?

A. I work for T Engineering Company. We're consultants for GeoMet.

Q. And you consulted in both surveying and geological information?

A. Yes.

Q. And you or your firm and office prepared

the original plat that was relied upon in the pooling of this unit, is that correct?

A. Yes.

Q. And you have also prepared the revised plat, which is attached to the current and pending application?

A. Yes.

Q. And those two plats show a different location of the mineral boundary lines, is that true?

A. Yes.

Q. Could you explain to the Board for the purposes of this record, what happened and why we're here?

A. Essentially, when we first prepared the initial plat, we done the field work for locating some of the monuments pertaining to deeds, lessor maps, mine mapping and so forth. A couple of particular maps were produced several years ago in the '20s and '30s. Some of the mine maps in the area later than that. But essentially, we've been able to update some of the

monument locations based on the GPS surveying.

Q. All right, sir. And does the plat attached to the pooling application, to the best of your knowledge and belief, accurately depict the mineral line locations on this unit?

A. Yes.

Q. You've also prepared and we've handed out to the Board additional plats showing mine workings and topographic features, is that correct?

A. Yes.

Q. And the top most sheet in this application...in this handout we'll refer to as AA, could you explain to the Board what that shows?

A. It's the unit for proposed well on a topographic map.

Q. All right, sir. And BB?

A. Is it he unit and the well. It also shows the adjoining units for the mineral boundaries.

Q. And this is a LBR Holdings Tract 68?

A. It is.

Q. And CC?

A. CC is an exhibit showing the Red Ash mine workings, which are abandoned. They're down in the bottom right corner there.

Q. Okay. So, most of this...this unit itself was not impacted directly by Red Ash mining?

A. No. To no extent.

Q. Okay. And Exhibit DD?

A. DD, this shows the Jawbone mining and this is active mining.

Q. Okay. Could you explain the difference to the Board? There's some of these...the top most area in the unit that contains what looks like squares within a boundary and two other areas or three that are just checked board without any other lines. Could you explain the difference between the top most area and these areas here?

A. The top most area is showing the square or, of course, pillars. This is an active mine currently being operated by Jewell Smokeless. These are

mining projections.

Q. So, this area in the central and lower areas or the southern areas are future mine plans of Jewell Smokeless?

A. That's correct.

Q. And was the well location one that you chose in consultation with Jewell Smokeless?

A. It is.

MARY QUILLEN: I have just one question for him. This looks like it's right on the border of the window. Is that considered inside or outside the window?

TIM BLACKBURN: It is actually just inside the window---.

MARY QUILLEN: Just inside.

TIM BLACKBURN: ---but it's close.

MARY QUILLEN: Okay.

Q. Okay. Exhibit EE, could you explain that one?

A. EE shows the...the bottom portion you'll see in the red is existing Red Ash works and on through

the unit those are active mine workings in the Jawbone.

Q. Okay. And, again, the central and southern parts are the future projected works that are shown---?

A. That's correct.

TIM SCOTT: I don't have any other questions of Mr. Blackburn on this unit.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

TOM MULLINS: We would incorporate our application and ask for approval of this revised plat of percentages.

MARY QUILLEN: Okay. Anything further from the Board?

(No audible response.)

MARY QUILLEN: Mr. Asbury.

TOM MULLINS: The same---.

DAVID ASBURY: I request---.

TOM MULLINS: We will do that.

DAVID ASBURY: Okay. I also had a question for Mr. Blackburn as far as the mining projection from Jewell Smokeless. This is a chosen location between GeoMet and Jewell Smokeless for the well?

TIM BLACKBURN: Yes.

DAVID ASBURY: The actual concern is the 10,000 minimum square foot barrier of protection around the well. The main line projections do not show that here, but I'm sure they will on the permit side.

TIM BLACKBURN: Yeah.

DAVID ASBURY: Okay.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Mr. Prather, did you have one?

BRUCE PRATHER: No.

TIM BLACKBURN: That number again is 10,000 square feet?

DAVID ASBURY: It depends on the depth. But it's a 100 X 100 block and it goes up to 14,000 depending on the depth.

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor of approval, respond
by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you.

MARY QUILLEN: The next item on the agenda is
item number thirty-two, a petition from GeoMet Operating
Company for pooling of coalbed methane unit 212 VA unit
ZZZ-37, docket number VGOB-10-0615-2751. This item was
continued from the June docket. We do have exhibits and
we will identify them as the previous ones AA through---

TOM MULLINS: EE.

MARY QUILLEN: ---EE.

TOM MULLINS: If I did it right.

(Diane Davis passes out exhibits.)

MARY QUILLEN: That's right. You get a gold star.

TOM MULLINS: I'm Tom Mullins here on behalf of GeoMet. I have with Mr. Tim Blackburn. This is, again, a survey correction pooling. I will offer Mr. Blackburn to explain to the Board for this application. The reasons for the change.

TIM BLACKBURN

DIRECT EXAMINATION

QUESTIONS BY MR. MULLINS:

Q. I'll ask him to please state his full name.

A. Tim Wesley Blackburn.

Q. And what do you do for a living, Mr. Blackburn?

A. I'm a professional geologist with T Engineering and consultant for GeoMet.

Q. And they all...T Engineering offers both surveying and geological services to GeoMet?

A. Yes.

Q. And did your office prepare the plat for the original pooling of ZZZ-37?

A. Yes.

Q. And also prepared the plat for the current application for this unit?

A. Yes.

Q. There is a difference between the two plats, namely the mineral boundary locations are different?

A. That's correct.

Q. Could you explain to the Board and for this record what happened and why you---

A. We---

Q. Telling the Board that this is the accurate plat.

A. Yes. The initial plat prepared based on...as before, a mixed bag of information available,

the lessor's maps, deed descriptions, mine mapping, tax maps and so forth. Since that time, we have been able to better locate some monumentation that resulted in a change in mineral boundary.

Q. All right, sir. And is the corrected plat the one attached as Exhibit A to the application?

A. Yes.

Q. All right, sir. And you've also prepared additional plats, which we have handed out to the Board and I would like to go through each one of those with you, if I could, starting with what is labeled as Exhibit AA. Could you tell the Board what that shows?

A. This is an exhibit showing the unit, as well as the adjoining unit for the mineral boundary.

Q. All right, sir. The next plat, BB, what does it show?

A. It shows the unit and proposed well location in reference to the Red Ash mine works.

Q. All right, sir. CC?

A. CC is the unit and proposed well spot in reference to a topographic map.

Q. Okay. And DD?

A. DD is an exhibit showing active mining in the Jawbone relative to the well. You can see the well location. These are active mine works of Jewell Smokeless. These are projected mine workings.

Q. All right. Is that the reason why the well spot was placed where it was?

A. It is.

Q. For mining and the Jawbone seam?

A. That's correct.

Q. And the projected mining?

A. That's correct.

Q. All right, sir. And Exhibit EE?

A. Exhibit EE shows the unit and well in relation to the existing and active Jawbone works. The projected mine workings and the Jawbone, as well as the Red Ash down in the bottom of the unit.

Q. And the Red Ash does not

actually...there has been no mining in the Red Ash seam to the best of your knowledge and belief in this unit?

A. No.

Q. All right, sir.

A. There seems to be a correction on this plat in the Red Ash. I think we'll probably need to correct that one.

Q. Okay. And that will be Exhibit BB?

A. Yes.

Q. Could you tell the Board what the correction needs to be?

A. Well, I think it's just mislabeled. It's another plat.

Q. Okay.

A. So, we'll need to supply another plat for that one, a replacement.

Q. And will you get that plat prepared and get it to me so I can submit it to Mr. Asbury?

A. Yes.

Q. And...but to the best of your knowledge

and belief, the mineral lines as depicted on the plat attached to the exhibit truly and accurately reflect the mineral boundary lines for this unit ZZZ-37?

A. Yes.

TOM MULLINS: That's all I have.

MARY QUILLEN: Any questions from the Board members?

BRUCE PRATHER: I've got a question.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: I notice on CC here you've got a pipeline designation within a 100 foot of this location. Is that your pipeline or is that a major transmission pipeline?

TIM BLACKBURN: You're speaking of this pipeline?

BRUCE PRATHER: Yeah.

TIM BLACKBURN: No, that's just an existing pipeline that's on the background topographic map. That's not ours.

BRUCE PRATHER: I mean, is it...is it a

transmission line like of Con gas or Columbia's or something?

TOM MULLINS: I believe it's Dominion's line.

TIM BLACKBURN: It's Dominion.

BRUCE PRATHER: Do you think it's Dominion?

Well, that would be...that would be Columbia.

MARY QUILLEN: I think Dominion's---.

BRUCE PRATHER: They usually have a right-of-way designation maybe 50 to a 100 feet. You're about a 100 foot off that right-of-way. Are you off the right-of-way?

TOM MULLINS: Can they have a minute to figure it out?

BRUCE PRATHER: Yeah.

(Tim Blackburn and Dallas Nestle confer.)

TIM BLACKBURN: It's a Dominion line.

DALLAS NESTLE: It's a Dominion line---.

BRUCE PRATHER: Okay.

DALLAS NESTLE: ---that comes down into Dismal Creek.

BRUCE PRATHER: That's that 265. That's that---

DALLAS NESTLE: I don't know the line number.

BRUCE PRATHER: I do.

DALLAS NESTLE: But it's the one that---.

BRUCE PRATHER: That's a 16" line.

DALLAS NESTLE: Pardon me?

BRUCE PRATHER: There's a 16" line that comes from West Virginia down to Dismal Creek.

TIM BLACKBURN: I think this was an 8".

DALLAS NESTLE: Yeah, but I don't believe it's the one that you're thinking about.

BRUCE PRATHER: Okay.

DALLAS NESTLE: This one comes down into the services of AEI station.

BRUCE PRATHER: Oh, okay.

DALLAS NESTLE: Down in that area.

TIM BLACKBURN: But I follow your concerns.

BRUCE PRATHER: I mean, all I'm saying is---

DALLAS NESTLE: Right. Sure. We're not going

build it on top of it.

BRUCE PRATHER: ---you've got to stay off that line.

TIM BLACKBURN: Yeah, we are...actually, the construction ends...from what I recall looking at it on the ground, the construction area ends about 25' before you get into the right-of-way of the pipeline.

BRUCE PRATHER: Okay. All right.

TIM BLACKBURN: So, we're...we're staying off that.

BRUCE PRATHER: Okay. I just wanted to make sure.

MARY QUILLEN: Are there any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. You may continue.

TOM MULLINS: That's all that we have, incorporating the prior the application and we will use the new application number in the order.

MARY QUILLEN: And you will send a revised AA---

?

TOM MULLINS: We will.

MARY QUILLEN: -to Mr. Asbury?

TOM MULLINS: We shall.

MARY QUILLEN: Mr. Asbury, do you have anything?

DAVID ASBURY: No.

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor of approval, respond
by saying yes.

(All Board members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TOM MULLINS: Thank you. And we will get DD
submitted just as quickly as possible. Can I ask a
miscellaneous question?

MARY QUILLEN: Certainly.

TOM MULLINS: If the Board finishes early, can we hear anymore of our applications?

MARY QUILLEN: Well, unfortunately, we don't have those.

TOM MULLINS: Oh, okay.

MARY QUILLEN: Sorry, we just have the list of them. We don't have...actually have the packets.

DALLAS NESTLE: We could hand those out if you'd like.

(Laughs.)

SHARON PIGEON: We've been awfully nice to you, Thomas.

TOM MULLINS: You have. I hesitated to even push my luck. Thank you.

MARY QUILLEN: Yeah. The next item on the agenda is item number thirty-three. A petition from CNX Gas, LLC for repooling of coalbed methane unit Q-43, docket number VGOB-00-0321-0779-03.

MARK SWARTZ: Mark Swartz appearing for CNX. I know this is going to...you're going to find this

troubling, but we would like to continue this one. We have some tract issues. So, if we could do...do you want 30 or 60?

ANITA DUTY: Just 30.

MARK SWARTZ: 30. That would be great. If you could do that until August.

MARY QUILLEN: To August?

MARK SWARTZ: August would be wonderful.

MARY QUILLEN: Okay. You haven't hurt my feelings a bit.

BRUCE PRATHER: Keep going.

MARY QUILLEN: Okay. The next item on the agenda is item number thirty-four, a petition from CNX, LLC for a repooling of coalbed methane unit P-42, docket number VGOB-93-0316-0341-02. All those wishing to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: Thank you.

MARK SWARTZ: If we could incorporate Anita's

testimony with regard to the applicant and operator, her employment and the standard lease terms from the testimony earlier today, that would be great.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

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

A. Anita Duty.

Q. What did you do to notify people that we were going to have hearing on unit P-42 today?

A. Mailed the notice and locate exhibit, certified mail return receipt requested on June the 18th, 2010. I published in the Bluefield Daily Telegraph on June the 26th, 2010.

Q. And have you provided Mr. Asbury with

your certificates with regard to mailing and your proof of publication?

A. I did.

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

A. The notice and location exhibit.

Q. Do you want to add any respondents today?

A. No.

Q. Do you want to subtract any?

A. No.

Q. So, we're good to go?

A. Yes.

Q. Okay. The repooling here was required because of a change of percentages as a result of mapping, is that correct?

A. Yes.

Q. And so you've updated the percentages in this unit to reflect more accurate mapping?

A. Yes.

Q. Okay. And, again, going back to something that we talked about earlier today. You're going to have to rerun the calculations, obviously, to square up---?

A. Yes.

Q. ---the revenue here, correct?

A. Yes.

Q. Okay. Have you provided the...strike that. This is an Oakwood 80?

A. Yes.

Q. And we're talking about three wells?

A. Yes.

Q. All outside the window?

A. They are.

Q. And the reason that's happening is because it's to accommodate a mine plan, I assume?

A. Yes. Buchanan Mine.

Q. Okay. The Buchanan Mine is under...the projections are under here or is the mine under here?

A. The projections. I'm sorry, yes.

Q. Okay. Okay. And have you provided the Board with cost data with regard to all three wells?

A. We have.

Q. And the total of the three wells is what amount?

A. \$823,854.42.

Q. And that amount is stated in the application and notice and then we've got exhibits one for each well, correct?

A. Yes.

Q. Go ahead and go through those.

A. Well 402 has a cost of \$227,762.66. The estimated depth 189832. The permit number is 2138. Well 600 has an estimated cost of \$293,258.34. The depth is 2,097 feet. The permit number is 2107. Well 601 has a cost of \$302,833.43. The estimated depth 1,934 feet. The permit number is 2112.

Q. What interest has CNX acquired in this unit and what is it seeking to pool...or repool?

A. We've acquired 99.8826% of the coal, oil

and gas claim. We're seeking to pool 0.1174% of the coal, oil and gas claim.

Q. Escrow is not required, is that correct?

A. That's correct.

Q. And in part, that's because you have some split agreements here?

A. Yes. In Tracts 2A and 2B.

Q. And are those 50/50 agreements?

A. They are.

Q. And you've listed the people that have entered into those agreements in your Exhibit EE, is that correct?

A. Yes.

Q. Is it your opinion that drilling these well in this unit is a reasonable approach to withdraw coalbed methane from within and under this unit consistent with mine plans in the area?

A. Yes.

Q. Is it your further opinion that pooling 1...pooling .1174% of the coal, oil and gas interest and

combining those interests with the interests that you've been able to acquire by lease or purchase would serve to protect the correlative rights of all owners and claimants in this unit?

A. Yes.

MARK SWARTZ: Madam Chairman, that's all I have.

MARY QUILLEN: Are there any questions from the Board for Anita?

(No audible response.)

MARY QUILLEN: See we have the certified plat in this.

BILL HARRIS: Yeah, I do have a question about the plat.

MARY QUILLEN: Uh-huh. Mr. Harris.

BILL HARRIS: And you're probably reading the note now. We had a couple of notes from the Division of Gas and Oil staff. We usually do for most of these. But one of them had comparing file documents presented to the Gas and Oil Board at hearings on March the 16th and April the 20th, 1993. The unit plat for P-42 shows

a shift of about 10 feet to the east in the unit with the upper left corner first showing at...well, north 337611 east 1,021,107 versus the present day north 337613. So, there's, I guess, a 2' difference there. Then east 1021117, which is about a 10' difference there. Was this recertified? Do you know? I mean, replotted or redrawn? I mean...I guess, I'm asking the Division also. Did you all just compare these and find that there was a difference?

DAVID ASBURY: We found the corners to be different. Off by 10'. We don't know---

BILL HARRIS: Were all the corners off? I mean, I'm wondering---

MARK SWARTZ: One would hope.

BILL HARRIS: I'm sorry?

MARK SWARTZ: It shifted 10'.

BILL HARRIS: Well---

MARK SWARTZ: Yeah.

BILL HARRIS: What's the rappel affect from this? I mean, does this not...does this not spill

over...I guess, this is a general question about surveying. Does this not spill over into other units or what happens?

MARK SWARTZ: It's a malar measurements with pen and ink compared to digitized mapping. This happens a lot. I mean, maybe not by 10'. But it's---

BILL HARRIS: I know the GeoMet folks were talking about---

MARK SWARTZ: This is a---

ANITA DUTY: This was originally pooled in '93.

BILL HARRIS: Yeah.

ANITA DUTY: So, that is the type of things that we find.

BILL HARRIS: Well---

ANITA DUTY: Yeah.

MARY QUILLEN: Well, weren't there adjustments made to any of those land owners that were affected on this?

MARK SWARTZ: Well---

ANITA DUTY: That's what we're trying to do.

MARK SWARTZ: ---the unit moved and, I guess, we're not as concerned about that. I mean, the 80 acre unit is where it is on the face of the earth, okay. But what we did do and, Anita, you know, I'll ask you point blank. But that was the point of the repooling. When we sat down and got the corners digitized and got them right on GPS. We also then remapped the interior units and the percentages changed and that's why we're here repooling it.

BILL HARRIS: Okay. Okay.

MARK SWARTZ: I'm I right?

ANITA DUTY: That's correct, yeah.

BILL HARRIS: Okay. Okay.

MARK SWARTZ: And that really is the...I mean, it's important to know where stuff is on the ground, but the important...the thing of primary importance here is within the dimensions of the unit, do we have the percentages right and that's really why we're making the trip.

BILL HARRIS: Yeah.

MARK SWARTZ: But to come back to...you know, this has been...I mean, one of the reasons that, you know, David has spent a lot of time on the exterior boundaries of all of the fields. You know, you cover a 100,000 acres on a pen and ink start and then digitize that. I mean, I don't know what some of the dimensions were, but I'm sure they were pretty traumatic.

BILL HARRIS: Yeah. What---?

MARK SWARTZ: And it's...you know, that's the reality of changing from maps that are hand drawn with pencil and ink thicknesses to electronic things that don't measure lines, you know, and GPS and so forth. So, it's...you know, we don't bring it to your attention over and over and over again. But it's...it's...you know, it's a concern. I mean, the wells, you know, are in different places too, you know, which is an issue that we sometimes get into---.

BILL HARRIS: I understand. Yeah.

MARK SWARTZ: ---as we get better at figuring out where they are.

BILL HARRIS: Yeah. I asked this years ago and I know that it would be ridiculous to do this, but it would be great if the state declared some edict that we're going to go resurvey every, you know, acre in Virginia or something. I don't know how...you know, using modern mappings---

MARK SWARTZ: I don't have the money. Well, that's the problem. I mean, you know---

BILL HARRIS: That would put people to work. You know, we're talking about putting...we could hire all kinds of folks.

MARK SWARTZ: It would be the reinvestment dollars. Instead of building roads, let's find out where they are.

BILL HARRIS: Yeah. I'm sorry, I didn't mean to---

MARK SWARTZ: No, no. But you're right.

BILL HARRIS: But when I...you know, I'm thinking ghee this is---

MARY QUILLEN: And this new plat does reflect

those adjustments that were made, correct? It looks like it does.

MARK SWARTZ: Not to the location of the unit, but to the tracts within the unit.

BRUCE PRATHER: I would imagine if you had a 10' error any place on this thing then these past wells that you've drilled that you might have been surprised sometime and not getting into a block when you thought you were going to get into one.

MARK SWARTZ: Yeah. Now, the wells though...you know, the wells are surveyed. So, I think you've got...you know, historically we've had a much better handle on well locations because of the regulations that require that they be staked and surveyed. The corners of the units, you know, it a mapping issue and not survey issue. So, you know, in terms of likelihood of mistakes...I mean, the location of an 80 acre unit on the ground is more likely to have issues than the well.

BILL HARRIS: The well.

MARK SWARTZ: Although, we've seen instances

where the well is...you know, our...because is the monuments start to move because of GPS and things, you know, then everything starts to shift. It's...you know, it's a concern that I know David is well aware of and we occasionally have to address because it's important.

BILL HARRIS: Thank you. I was just curious about that.

MARK SWARTZ: Well, it's an interesting topic. I think it's something that you guys should have in mind generally that it's...you know, it's reality.

BRUCE PRATHER: That's right.

MARY QUILLEN: And the locations of these wells to because they're outside the window and they're right up in those corner...that corner. That's, I guess, would---

BRUCE PRATHER: I think that also reflects back to these royalty owners coming and saying that my royalty is here and yours says it's over here. And the reason is the old maps are wrong. That's historically been the case.

MARY QUILLEN: Have you had anything on this or have you gotten that far yet?

ANITA DUTY: No, these are actually in the Buchanan Mine projection. You can see that some of...they're pretty much are in a row. Like you'll see it coming down like in a panel. Then you move over and then now you see the 600. I mean, that's---

MARY QUILLEN: So, it hasn't---?

ANITA DUTY: They're both there because of mining and not---

MARY QUILLEN: But that has not affected this change or this shift in this corner? It hasn't created a serious problem for this 601, right?

ANITA DUTY: No, no.

MARK SWARTZ: I think the well locations have post dated the corner locate...I'm I right?

ANITA DUTY: Yes. And they actually...I mean, they go...the topo is actually brought in from a different source. If we applied our well and it ends up on the very end of the road, I mean, I think that's a

good location.

MARY QUILLEN: And it's probably not as close as it looks on this---.

ANITA DUTY: Uh-huh.

MARY QUILLEN: ---on paper. In reality it's not---.

MARK SWARTZ: Well...well, it's maybe a third of an inch. So, it's a 133'. I mean, I'm looking at 601.

MARY QUILLEN: Right.

MARK SWARTZ: 600 is probably 200'.

MARY QUILLEN: Uh-huh.

MARK SWARTZ: And 402 is the closest. It's probably a quarter of an inch. It might be a 100'. I mean, just---.

MARY QUILLEN: Uh-huh. I mean, it just...so, the shifting of 10' really is not significant when you're looking at that?

BILL HARRIS: Well, I don't know it's not---.

MARK SWARTZ: I don't know if I would call it insignificant. It's...it's important to get it right

when you know.

MARY QUILLEN: Exactly.

MARK SWARTZ: Yeah.

MARY QUILLEN: But it's not creating a huge big problem is what I'm asking.

ANITA DUTY: Well, we actually pooled the unit to the east of it to today. We pooled it earlier.

MARY QUILLEN: Oh, okay.

ANITA DUTY: So, we fixed both of these at the same time.

MARK SWARTZ: Of course, we're creating a gap somewhere else and, you know, some day we'll deal with that. But, I mean, she's right. But she's right. I mean, we've moved this---

BILL HARRIS: This is what I'm saying. There's a repeal affect that---

MARY QUILLEN: Oh, you're (inaudible) that one, huh?

MARK SWARTZ: ---and you've got move the one next to it. You know, you're right. Yeah.

MARY QUILLEN: Okay.

MARK SWARTZ: So, don't do this in a vacuum. At least we try not to.

BILL HARRIS: Thank you. I was just---.

MARY QUILLEN: Any other questions?

DAVID ASBURY: Madam Chairman.

MARY QUILLEN: Mr. Asbury.

DAVID ASBURY: I've got a question on some of the disbursement that was done in '01 and now we're shifting acreage. Originally, there was 16 acres...16.63 acres in Tract 2, which now has become 2A and 2B. 2A and 2B only have roughly 9 acres and another 7.65 acres was shifted up into Tract 1 after the disbursement. So, from the Board's prospective out of escrow disbursement, how do we fix the disbursement that was previous done?

ANITA DUTY: Well, a 100% of this unit is paid out now. So, there's no escrow any more. So, we directly, when we do our payments directly, we will fix that. Just like we said earlier on P-43. We will go

back and make payments that are short or hold payments until they're caught up as far as overpayments.

DAVID ASBURY: So, Hurt McGuire Land Trust and Reserve Coal both will have some type of an adjustment here?

ANITA DUTY: Everybody in the unit will have an adjustment. We go back like from the very beginning of time. But it won't be an issue for escrowing because there's no more conflicts here. Everything has been resolved.

DAVID ASBURY: Can you provide how you're correcting that to go along with this document in the file because the Board did approve an escrow for Tract 2, which was fully disbursed? So, the Board doesn't know now if that...and we're hearing today that that disbursement was wrong because of how the tracts were identified. So, the Board...for tracking purposes and for the file needs to know how you're going to correct that and how you're correcting it.

MARK SWARTZ: I guess, I don't necessarily

agree---.

ANITA DUTY: What did you say about the---?

MARK SWARTZ: ---with...I mean, you know, we're going to be dealing with those two royalty owners and we're going to give them a recap. I would say it's up to them...you know, it if they have a problem with that...I mean, we know what they've received and we---

DAVID ASBURY: Right.

MARK SWARTZ: ---know what they're entitled to and we're going to be telling them that, both of them.

DAVID ASBURY: Right. And just sharing that with us for this file.

MARK SWARTZ: I guess we can do that. But---

ANITA DUTY: What did you say was incorrect? I think we may have labeled it a different tract number now, but it's still the same physical---

DAVID ASBURY: Tract 2 originally in the pooling was 16.63 acres. Tract 2 became 2A and 2B, which now only has 9 acres plus some change. So, the balance of 7.65 acres was moved from Tract 2 up into Tract 1. A

disbursement was made on Tract 2 prior to that shift of acreage, which means the disbursement approved by the Board and the testimony that the Board approved is wrong. That's why...I mean, as you correct that, the Board needs that in the file to show how it was corrected and how the owners both in Tract 1 and Tract... mainly in Tract 2, which was originally Hurt McGuire Land Trust and Reservoir Coal properties are being corrected.

MARY QUILLEN: So, tract 2 now is Tract 2A and 2B.

DAVID ASBURY: 2B.

MARY QUILLEN: So, we've got that land trust in both of those.

DAVID ASBURY: Right. And 7.65 acres that was in Tract 2 in total before was shifted up into Tract 1.

MARY QUILLEN: Uh-huh.

DAVID ASBURY: So, probably there's an overpayment of the disbursements---.

MARY QUILLEN: Right.

DAVID ASBURY: ---and CNX will have to recover that. I know CNX is part of Tract 2A and B now.

MARK SWARTZ: No. The way this is going to work... see that's why I'm asking, you know, do we really want to provide you with...the tract...the money that was due Tract 1...based on what you've asked us to assume, the money that was due Tract 1 got escrowed by mistake.

ANITA DUTY: No.

MARK SWARTZ: No? Okay, well he was telling us this Tract 2 was twice the size it currently is or is he right or wrong?

ANITA DUTY: Right. What we will do is whenever we rerun...reverse and rebook everything, what the P. J. Brown Heirs are due now that their acreage is different, will be paid a lump sum. What we overpaid James McGuire and CNX will be recouped from the payment for that payment.

MARK SWARTZ: Right. That's where I was headed. I mean, the escrow had too much money in it because

these people received more money than they should have.
So---

DAVID ASBURY: That's correct.

ANITA DUTY: But all of that will be taken care
of.

MARK SWARTZ: I agree. But what I'm saying is
there's no settle up with the escrow.

ANITA DUTY: Oh, I'm with you.

DAVID ASBURY: No. No.

MARK SWARTZ: You know, we're settling up with--
-.

MARY QUILLEN: The individuals or the---

MARK SWARTZ: The Brown Heirs having money
coming, which we are going to recoup from Tract 2 to
make it right. I mean, that's how it's going to work.
I don't know how you account with that with the escrow.

BILL HARRIS: Well, I think what he's saying
though is that when all is said and done if someone were
to come and look at that file they're showing the old
numbers.

MARK SWARTZ: No, because they'll have this new order.

ANITA DUTY: I'll do you the same report that---

MARK SWARTZ: But we'll get...we'll get you a report. But, I mean, it's...there's going to be a new order in this file and that's...we're going to go back to day one---.

BILL HARRIS: That will reflect---.

MARK SWARTZ: ---and rerun the math and settle up with these royalty owners on that basis. I mean, that's---.

MARY QUILLEN: And that information will be in that new order that will be sent to---.

MARK SWARTZ: They money won't be in the new order, but she will generate a report that we can file with you that will show it.

BILL HARRIS: Yeah, that's what I'm...yeah.

MARY QUILLEN: Right. Yeah. Right. That's

what I'm saying. That these---

ANITA DUTY: It will be like the first order never existed and you're going strictly by this. There's no escrow account. There never was one.

MARK SWARTZ: There was this amount of money that came out and here are the percentages and this is what people are doing.

MARY QUILLEN: Right. You just need documentation to back that up that this has been done---

MARK SWARTZ: And we know what we've paid them.

BILL HARRIS: Yeah.

MARY QUILLEN: ---in case anybody come in and looks at it and says, hey, you know, I'm supposed to have gotten this much, but I only got this much.

DAVID ASBURY: Yeah. My point is that the records, as they stand today, reflects an approval by the Board of an overpayment from disbursement because there was 7.65 acres in that unit disbursed. That was incorrect.

MARK SWARTZ: Right.

DAVID ASBURY: And so as you change the unit, all we need to do is reflect that adjustment in the file as tracking method. It doesn't involve the escrow at all. It only involves the record keeping for audit purposes.

MARK SWARTZ: Correct. That's what I was worried about.

ANITA DUTY: I'm with you.

BILL HARRIS: So, what they're going to provide will satisfy you then? Is that what you're saying?

DAVID ASBURY: Yes.

BILL HARRIS: As far as you know that will---?

DAVID ASBURY: Yes. And...I mean, they are now saying they're going to deal with their land owners---.

BILL HARRIS: Yeah.

DAVID ASBURY: ---in Tract 1, the P. J. Brown Heirs will know that they've got 7.65 additional acres and Hurt McGuire Land Trust and now CNX Minerals will know that their acreage in Tracts 2A and 2B is 7.65

acres less than originally pooled.

MARK SWARTZ: Well, they should already know that because if they're paying attention, they got this in the mail now.

ANITA DUTY: We notify everybody within the unit.

DAVID ASBURY: Right.

BILL HARRIS: Okay. I just wanted to---.

MARY QUILLEN: And your accounting---.

MARK SWARTZ: No, they will really figured it out when they get a big check or they get a zero check in their total unit. I mean...but, I mean---.

MARY QUILLEN: Right.

MARK SWARTZ: ---they're going to know. I mean, it's not going to be something that you're going to have to figure out because they're ultimately going--
-.

BILL HARRIS: Yeah.

MARK SWARTZ: ---to get checks that reflect what we're talking about today and that will get on their

radar for sure whether or not they've picked up on this.

MARY QUILLEN: And then you'll get a---.

MARK SWARTZ: No. Maybe or maybe not. But yes.
But we'll have an answer and an explanation---

MARY QUILLEN: Exactly. Right. Right.

MARK SWARTZ: ---, you know, they'll understand.

DAVID ASBURY: And as soon as they call Anita or
Mark, then they will call Diane and I and we wanted to
make sure that we give the same answer.

MARY QUILLEN: Exactly. That's right. Are
there any additional questions from the Board?

(No audible response.)

MARY QUILLEN: Do you have anything---?

MARK SWARTZ: No, that's it.

DAVID ASBURY: Thank you.

MARY QUILLEN: Do I hear a motion for approval?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: I'll second it.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: All in favor, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: The petition is approved. One abstention, Mrs. Dye. Okay, the final item, folks. Number thirty-five, a petition from CNX Gas Company, LLC for repooling of coalbed methane unit AA-10, Prater and Hurricane District, docket number VGOB-90-0905-0012-01. Those wishing to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: Okay. You may continue.

ANITA DUTY

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

MARK SWARTZ: I would like to incorporate her prior testimony regarding the operator and the applicant, her employment and the standard lease terms, if I might.

MARY QUILLEN: That will be incorporated.

MARK SWARTZ: Thank you.

Q. Anita, is this a repooling?

A. Yes.

Q. And because?

A. The same issues like the previous one.

This mapping---

Q. A change in the mapping?

A. Just title...uh-huh.

Q. Okay. Okay. And what did you do to notify the folks that would be affected by this repooling that there was going to be a hearing today and their interests might go up or down?

A. I mailed the notice and location exhibit certified mail return receipt requested on June the 18th, 2010. I published in the Bluefield Daily Telegraph on June the 28th, 2010.

Q. And have you provided Mr. Asbury with your certificates of mailing and your proofs of publication or are you about to?

A. I'm about to.

Q. Okay. Do you want to...do you want to add any respondents to your list today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Okay. And this is another Oakwood 80, is that correct?

A. Yes.

Q. And how many wells are we talking about?

A. Two.

Q. And it looks like in this instance, I think, they're both within the drilling window?

A. Yes.

Q. Have you provided the Board with data concerning those wells?

A. I have.

Q. First of all, what...what's the combined well costs?

A. \$574,613.86.

Q. Okay. And then the individual wells would be what?

A. Well AA-10, the estimated cost \$235,550. The depth is 2,367.8. The permit is 1528.

Q. I'm sorry, what?

A. 1528.

Q. 1528?

A. Uh-huh.

Q. And the other well?

A. AA-10A, the estimated cost \$339,063.86. The depth is 2,540 feet. The permit number is 10,771.

Q. What interest has the applicant acquired within the unit or interest and what is it that you're

seeking to pool?

A. We've acquired 100% of the coal claim. 97.8375% of the oil and gas claim. We're seeking to pool 2.1625% of the oil and gas claim.

Q. Okay. And since you filed this application, have you done any revisions?

A. I have a revised Exhibit E.

Q. Okay.

A. It's actually just a label.

Q. Okay. And the revision to Exhibit E pertains to Harrison-Wyatt, I think. I'm I right?

A. Yes.

Q. And the change is from what to what?

A. It's actually being...let me see.

Q. You had the Big X tract number changed, which is more for your purposes than the Board.

A. Yeah.

Q. I think it went from Big X Tract 15 to 39 and the acreage changed, is that correct?

A. Yes.

Q. Okay. So---?

A. It's just a identification of that Big X Tract.

Q. Okay. And that's the only change when you compare what you've tendered today as a revised Exhibit 3 to what you've filed?

A. Yes.

Q. Okay. No other revised exhibits?

A. No.

Q. Okay. And, obviously, there's an escrow requirement and that is set forth in the revised Exhibit E and it pertains to Tract 3?

A. Yes.

Q. And it's a traditional conflict?

A. Yes.

Q. Okay. And then you also here have a split agreement or some split agreements that pertain to what tract?

A. Tract 3 also. I need to revise that label to. I didn't...I revised the E, but not the EE.

Q. I'm sorry?

A. I revised it on the E, but not the EE.

Q. Okay. So, the tract number you didn't
straightened out on the EE---?

A. No.

Q. ---so, you need to revise that?

A. Yeah.

Q. Okay. But there are some split
agreements and are they 50/50 agreements?

A. They are.

Q. Okay. Is it your view that if you
combine a pooling order pooling to minimum interest
outstanding in this unit with the leases and
acquisitions that the applicant has been able to
accomplish that the correlative rights of all owners and
claimants will be protected?

A. Yes.

Q. Is it your opinion that drilling two
frac wells in the drilling window of this unit is a
reasonable way to develop the coalbed methane from

within and under this unit?

A. Yes.

MARK SWARTZ: Madam Chairman, I think that's all I have.

MARY QUILLEN: What did you say that you needed to revise on Exhibit EE?

ANITA DUTY: It's just the label where it says, "Big X Tract 15." It's actually Big X Tract 39. It doesn't match the tract ID. It's important because Harrison-Wyatt they do deeds instead of actually royalty split agreements. They're specific to which Big X Tract that is affected.

MARY QUILLEN: Okay. It should be 39 because it's 39 on E?

ANITA DUTY: Yes.

MARY QUILLEN: So, it should be 39?

MARK SWARTZ: Right.

ANITA DUTY: Right.

MARY QUILLEN: And you will send a revised EE to---?

ANITA DUTY: Yes.

MARY QUILLEN: ---Mr. Asbury's office?

ANITA DUTY: Yes, I will.

MARY QUILLEN: Okay. Any questions from the Board?

(No audible response.)

MARY QUILLEN: Do you have anything else, Mr. Swartz?

MARK SWARTZ: Nothing else.

MARY QUILLEN: Nothing else, okay. Do I hear a motion to approve with the Exhibit EE...revised EE to be sent to Mr. Asbury's office?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: A second?

BILL HARRIS: Second.

MARY QUILLEN: Those in favor of approval, respond by saying yes.

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

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: Okay, you have approval with one abstention, Mrs. Dye.

MARK SWARTZ: Anita, actually, has the kind of report that you're going to get to give you an example just so you can see.

ANITA DUTY: I had it for AA-10 because I asked the question to the accounting department how they would track it and they brought that to me. I didn't realize I had it.

MARK SWARTZ: It will actually show the extent to which you need to be recouped.

ANITA DUTY: Per well even though it's not a unit.

DAVID ASBURY: Just something.

MARY QUILLEN: The last---.

MARK SWARTZ: Well, I hope that approving your prior minutes is not contentious and that---.

(Laughs.)

MARY QUILLEN: Thank you, Mr. Swartz.

MARK SWARTZ: You're welcome. You all have a good evening.

BRUCE PRATHER: Thank you.

BILL HARRIS: Thank you. You too.

MARY QUILLEN: The last item on the agenda is approval of the June 2010 minutes. I'm assuming everybody had an opportunity to read those minutes. Are there any revisions?

(No audible response.)

MARY QUILLEN: None? Do I hear a motion to approve the minutes?

BRUCE PRATHER: Motion to approve.

MARY QUILLEN: A second?

BILL HARRIS: I was not here. So, I'm not sure if it's appropriate for me to second it.

MARY QUILLEN: We need a second, if there's---.

BILL HARRIS: Were you here, Katie?

KATIE DYE: I will second it. Yes.

MARY QUILLEN: Okay. Those in favor---.

KATIE DYE: One thing that I did notice about these minutes. It didn't reflect our closed session last month.

BILL HARRIS: I don't think it would.

SHARON PIGEON: (Inaudible).

MARY QUILLEN: The closed session is not in the minutes. It's not on the record.

BILL HARRIS: No, that's not usually.

KATIE DYE: Oh, okay.

BILL HARRIS: Do you mean the subject of it or the fact that there was a closed session called?

KATIE DYE: The fact that we done one, does it not reflect that?

MARY QUILLEN: Not in the minutes.

KATIE DYE: Okay.

MARY QUILLEN: Any other questions?

BILL HARRIS: Is that...well---

MARY QUILLEN: Okay. We have a motion and a second. All in favor of accepting the minutes as submitted, respond by saying yes.

(All Board signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay. Accepted.

DAVID ASBURY: Madam Chairman, before go off the record, I've got---

MARY QUILLEN: Yes, sir.

DAVID ASBURY: In regards to the next month's presentation by Robertson, Farmer, Cox & Associates---

MARY QUILLEN: Yes.

DAVID ASBURY: ---I have information for the Board members to consider that will be presented. Again, this is information discussed in closed session--
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MARY QUILLEN: Yes.

DAVID ASBURY: ---that will be reviewed at the next meeting. It is for Board members at this time.

(David Asbury passes out information.)

DAVID ASBURY: Thank you.

(Off record discussion.)

MARY QUILLEN: The meeting is adjourn.

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 10th day of August, 2010.

NOTARY PUBLIC

My commission expires: August 31, 2013.