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David E. Asbury Jr., Director, Division of Gas and Oil

By Decision of the Director in

Informal Fact Finding Conference 24005 (Herein "IFFH 24005")

Members of the Colley Family including:

**John Colley, Stoney Colley, Margaret Colley Bear, Holiday Ray Colley and Richard Colley
(Herein "Surface Owners")**

Vs.

**Range Resources-Pine Mountain Inc
(Herein "Permit Applicant")**

Permit Applications for Gas and Oil operations:

**Application # 15484, Horizontal Conventional Well VH-530185 with pipeline
(Herein "Application")**

Background

On February 26, 2010, the Division of Gas and Oil (DGO) received applications for permits Horizontal Conventional Well **VH-530185** from Range Resources-Pine Mountain Inc. The evidence regarding the application and objections filed support the fact, the objections were timely and appropriate under Virginia Statute.

The objections filed by members of the Colley Family against the permit applications for Application #15484, Conventional Horizontal Well Operation VH-530185 were in accordance with:

Objections Part III

§ 45.1-361.35. (C) Objections to permits; hearing.

C. The only objections to permits or permit modifications which may be raised by royalty owners are whether the proposed well work:

- 1. Directly impinges upon the royalty owner's gas and oil interest; or***
- 2. Threatens to violate the objecting royalty owner's property or statutory rights aside from his contractual rights; and***
- 3. Would not adequately prevent the escape of the Commonwealth's gas and oil resources or provide for the accurate measurement of gas and oil production and delivery to the first point to sale.***

The Mineral and Surface Owners' objections were deemed acceptable under § 45.1-361.35

Hearing Date and Place

IFFH 24005 was convened on Thursday May 13, 2010 in the conference room of the Division of Gas and Oil, 135 Highland Drive, Lebanon Virginia. All parties with standing to object to Permit Applications 15484 were notified of the time and place by United States certified mail, return receipt requested.

Appearances:

For the Colley Family: No members were present.

For Range Resources-Pine Mountain Inc.: Mr. Tim Scott, Counsel representing the company, and Mr. Phil Horn, Land Manager.

Findings of Fact:

1. In accordance with § 45.1-361.35.H, notice of **IFFH 24005** was given to the Permit Applicant and to every person with standing to object as prescribed by §45.1-361.30.
2. Members of the Colley family including: John Colley, Stoney Colley, Margaret Bear Holiday Colley and Richard Colley were notified as mineral and surface owner of properties to be affected by the proposed operations Conventional Horizontal Operation VH-530185 and, as such, has standing to object to the proposed operations.
3. **IFFH 24005** was convened at the time and place indicated in the notice. The Hearing start time was delayed from 9:00 am until 9:22 am to allow additional time for members of the objecting parties to appear.

Controlling Law and Regulation

1. Section 45.1-361.30.A (1) of the Virginia Gas and Oil Act requires that permit applicants notify all surface owners, coal owners, and mineral owners on tracts to be drilled.
2. Section 45.1-361.30.A (3) of the Virginia Gas and Oil Act requires that permit applicants notify all surface owners on tracts where the surface will be disturbed.
3. Section 45.1-361.30(D) of the Virginia Gas and Oil Act gives standing to object to permit applications to all parties receiving required notice.
4. Section 45.1-365.35(B) of the Virginia Gas and Oil Act details objections that may be filed by surface owners.
5. Section 45.1-361.35(H) of the Virginia Gas and Oil Act requires the Director to schedule an informal fact finding hearing concerning objections, and provide notice of the hearing to all parties with standing to object to the permit.
6. Section 45.1-361.35(I) of the Virginia Gas and Oil Act requires the Director to issue a decision regarding the objection if the parties to the hearing fail to reach an agreement.

I. TESTIMONY BY THE MINERAL AND SURFACE OWNER

OBJECTIONS : There were no representatives present at todays hearings from the objecting party.

II. TESTIMONY BY THE APPLICANT

Counsel Scott asked Mr. Horn to provide circumstances of the permit and known issues regarding the objections. Mr. Horn made the following comments:

- (1) The Application before the Director is a 320 acre Gas Unit for a Conventional Horizontal Gas Well VH-530185.

As to the Mineral and Surface Owners objections,

- (2) As to the Mineral and Surface Owners objections, Mr. Horn stated:
 - The Colley family has 0.21 acres within the 320 acre gas unit.
 - The heirs that objected to this application have a controlling 1/9 fractional acreage share of the 0.21 acres.
 - After being contacted by the gas unit operator, negotiations were unsuccessful regarding the 0.21 acreage ownership and later the heirs jointly signed a written letter of objection.
 - The 0.21 acres of the 320 gas unit was forced pooled as allowed under Virginia Statute: § 45.1-361.21. Pooling of interests in drilling units. The Virginia Gas and Oil Board approved the forced pooling at their regular monthly hearings on August 18, 2009 as Docket ***VGOB-09-0721-2564***.

Decision of the Director

The Virginia Gas and Oil Board acted within their statutory authority in the forced pooling the 0.21 acres, of the 320 acre gas unit, at the August 18, 2009 hearings.

Receiving no evidence of issues or testimony by the objecting party at this Informal Facting Finding Hearing, **it is the decision of the Director to proceed with the review and issuance of the permit for Range Resources-Pine Mountain Inc. Conventional Horizontal Gas Operation VH-530185.**

Right of Appeal

Any party aggrieved by this decision of the Director may appeal the decision to the Virginia Gas and Oil Board **by filing a petition with the Board within ten (10) days** following the decision (§45.1-361.36). No petition or appeal may raise any matter other than matters raised by the Director or which the petitioner put in issue either by application or by objections, proposals or claims made and specified in writing at the informal fact finding conference.

Signed this 13th day of May, 2010

David E. Asbury Jr., Director
Virginia Division of Gas and Oil