

## Virginia Department of Mines, Minerals and Energy

## Virginia Gas and Oil Board

Minutes and results of hearing, March 18, 2003

Board members present: Mr. Brent, Mr. Harris, Mr. McIntyre, Mr. Mitchell, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for the modification of Oakwood 1 Field Rules to allow for drilling of multiple wells in units DD-20 to DD-31, EE-20 to EE-31 and FF-20 to FF-31, Garden District, Buchanan Co. and New Garden District, Russell Co. VGOB-93-0216-0325-01. Continued from February.

At the February hearing, the Board heard testimony in support of the need to drill the described section of Oakwood Field on less than the currently prescribed 80-acre spacing. Approval was granted for drilling of an additional well in each unit and for an exception to a permitting moratorium, but the petition was carried forward to March to allow for additional consideration of correlative rights and administrative issues. The Board approved modification of the Field Rule to allow for: (1) the drilling of one additional well within the drilling window of any subject unit without the requirement for further Board action; (2) approval by the Gas and Oil Inspector of any well to be drilled outside the drilling window at the center of an overlain 80-acre unit and referral by the Inspector to the Board of such units which are non-voluntary.

2. Adoption of standard form orders, which are also proposed to be submitted henceforth by petitioners. Comments on the draft orders were received by the Board at the February 18, 2003 hearing. Continued from February.

Adoption of order forms was carried forward to allow for additional testing of the format by operators. The standard form orders were approved.

3. A miscellaneous petition from Pocahontas Gas Partnership to correct previous testimony given on 11/19/02 concerning the disbursement of escrowed funds for unit P-43, docket 00-0321-0777.

At the November 19, 2002 hearing testimony regarding disbursement of escrowed funds incorrectly identified one or more of the parties to the royalty split agreement. The petition before the Board is for the purpose of correcting that testimony. The testimony was corrected and disbursement was approved.

4. A miscellaneous petition from Pocahontas Gas Partnership to correct previous testimony given on 11/19/02 concerning the disbursement of escrowed funds for unit Q-44, docket 00-0321-0780.

At the November 19, 2002 hearing testimony regarding disbursement of escrowed funds incorrectly identified one or more of the parties to the royalty split agreement. The petition before the Board is for the purpose of correcting that testimony. The testimony was corrected and disbursement was approved.

5. A miscellaneous petition from Pocahontas Gas Partnership to correct previous testimony given on 11/19/02 concerning the disbursement of escrowed funds for unit P-44, docket 00-0321-0778.

At the November 19, 2002 hearing testimony regarding disbursement of escrowed funds incorrectly identified one or more of the parties to the royalty split agreement. The petition before the Board is for the purpose of correcting that testimony. The testimony was corrected and disbursement was approved.

6. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-535463, Ervinton District, Dickenson County, Virginia. VGOB-03-0318-1123.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The well is to be 458 feet closer to gas well P-190, and 635 feet closer to gas well P-34 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been submitted. The location exception was approved.

7. The Virginia Gas and Oil Board considered a petition from Equitable

Production Company for a well location exception for proposed well V-502677, Richmond District, Wise County, Virginia. VGOB-03-0318-1124.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The well is to be 127 feet closer to gas well VAP133675 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. The location exception was approved.

8. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-535699, Richmond District, Wise County, Virginia. VGOB-03-0318-1125.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The well is to be 199 feet closer to gas well V-502674, and 370 feet closer to gas well VAP133616 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been submitted. The location exception was approved.

9. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-535431, Lipps District, Wise County, Virginia. VGOB-03-0318-1126.

In the proposed V-535431 conventional gas unit, the applicant controls 98.9% of the oil and gas interests, and seeks to pool the remaining 1.1% of the interests. Unleased acreage subject to pooling totals 1.2 acres in one tract having one unleased owners. There are no unlocated owners subject to escrow. A permit application has been submitted but no permit issued as of this writing. The petition was continued to April at the request of the applicant.

10. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit AX-102, Hurricane District, Buchanan County, Virginia. VGOB-03-0318-1127.

In the AX-102 unit, the operator controls 100% of the coal interests and 60.95% of the gas interests, and seeks to pool the remaining 39.05% of the gas interests. Acreage subject to pooling totals 22.0 net acres in three tracts with over 50 unleased owners. There are

conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued in October, 2002, but no well has been drilled. Pooling was approved.

11. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit AX-103, Hurricane District, Buchanan County, Virginia. VGOB-03-0318-1128.

In the AX-103 unit, the operator controls 100% of the coal interests and 99.98% of the gas interests, and seeks to pool the remaining 0.02% of the gas interests. Acreage subject to pooling totals 0.01 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit application has been submitted but no permit has been issued. Pooling was approved.

12. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit EE-31, Garden & New Garden Districts, Buchanan and Russell Counties, Virginia. VGOB-03-0318-1129.

In the EE-31 unit, the operator controls 100% of the coal interests and 19.8% of the gas interests, and seeks to pool the remaining 80.2% of the gas interests. Acreage subject to pooling totals 64.19 net acres in four tracts with three unleased owners. There are conflicting claimants, all of whom are parties to royalty split agreements, so no escrow is required. No permit application has been submitted. Pooling was approved.

13. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit EE-32, Garden & New Garden Districts, Buchanan and Russell Counties, Virginia. VGOB-03-0318-1130.

In the EE-32 unit, the operator controls 100% of the coal interests and 63.8% of the gas interests, and seeks to pool the remaining 36.2% of the gas interests. Acreage subject to pooling totals 28.99 net acres in three tracts with three unleased owners (same owners as item 12). There are conflicting claimants some of whom are subject to escrow and some of whom are parties to royalty split agreements. A permit to drill the unit was issued in January but no well has been drilled. Pooling was approved.

14. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit FF-31, Garden & New Garden

Districts, Buchanan and Russell Counties, Virginia. VGOB-03-0318-1131.

In the FF-31 unit, the operator controls 100% of the coal interests and 29.2% of the gas interests, and seeks to pool the remaining 70.8% of the gas interests. Acreage subject to pooling totals 63.5 net acres in 14 tracts with seven unleased owners. There are conflicting claimants some of whom are subject to escrow and some of whom are parties to royalty split agreements. A permit application has been submitted but no permit has been issued. Pooling was approved.

15. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit FF-32, New Garden District, Russell County, Virginia. VGOB-03-0318-1132.

In the FF-32 unit, the operator controls 100% of the coal interests and 76.1% of the gas interests, and seeks to pool the remaining 23.9% of the gas interests. Acreage subject to pooling totals 21.4 net acres in eight tracts with five unleased owners. There are conflicting claimants some of whom are subject to escrow and some of whom are parties to royalty split agreements. A permit application has been submitted but no permit has been issued. Pooling was approved.

16. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit Z-39, Garden District, Buchanan County, Virginia. VGOB-03-0318-1133.

In the Z-39 unit, the operator controls 100% of the coal interests and 77.5% of the gas interests, and seeks to pool the remaining 22.5% of the gas interests. Acreage subject to pooling totals 18.0 net acres in three tracts with three unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted but no permit has been issued. The petition was withdrawn by the applicant.

17. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit BB-100, Hurricane District, Buchanan County, Virginia. VGOB-03-0318-1134.

In the BB-100 unit, the operator controls 100% of the coal interests and 96.8% of the gas interests, and seeks to pool the remaining 3.2% of the gas interests. Acreage subject to

pooling totals 1.9 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow and owners who are parties to royalty split agreements. A permit to drill the unit was issued in January, but no well has been drilled. Pooling was approved.

18. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for a well location exception for proposed well 825092, Knox District, Buchanan County, Virginia. VGOB-03-0318-1135.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The well is to be 395 feet closer to gas well CNR24918 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. The location exception was approved.

The deadline for filing of petitions to the Board for the April 2003 hearing is 5 pm., March 14, 2003 with the hearing scheduled for 9 a.m., Tuesday, April 15, 2003 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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