

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

Minutes and results of hearing, April 15, 2003

Board members Present: Mr. Brent, Mr. Garbis, Mr. McIntyre, Mr. Mitchell, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board received a quarterly report on the Board's escrow account as administered by First Union Bank, Escrow Agent for the Board.

The account balance as of December 31, 2002 was \$6,988,647.25. During the quarter, deposits totaling \$233,937.72 and interest totaling \$18,805.03 were credited to the account. The account was debited for six-months of bank fees totaling \$30,000 and incorrectly deposited funds totaling \$14.82. The closing balance on March 31, 2003 was \$6,948,114.37. The Board requested information on interest rates and time limits for deposits.

2. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-505369, Lipps District, Wise County, Virginia. VGOB-02-11/19-1101. Continued from November 2002.

In the V-505369 conventional gas unit, the applicant controls 93.6% of the oil and gas interests, and seeks to pool the remaining 6.4% of the interests. Unleased acreage subject to pooling totals 7.3 net acres in three tracts with 13 unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued in October, 2002. Pooling was approved.

3. 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-03-03/18-1126. Continued from March.

In the proposed V-535431 conventional gas unit, the applicant controls 99.8% of the oil and gas interests, and seeks to pool the remaining 0.2% of the interests. Unleased acreage subject to pooling totals 0.18 net acres in one tract having six unleased owners. There are unlocated owners subject to escrow. A permit application has been submitted but no permit issued as of this writing. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit AV-118, New Garden District, Russell County, Virginia. VGOB-03-04/15-1136.

In the AV-118 unit, the operator controls 96.6% of the coal and gas interests, and seeks to pool the

remaining 3.4% of the interests. Acreage subject to pooling totals 1.7 acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 9/17/02 but no well has been drilled. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit AV-119, New Garden District, Russell County, Virginia. VGOB-03-04/15-1137.

In the AV-119 unit, the operator controls 95.6% of the coal and gas interests, and seeks to pool the remaining 4.4% of the interests. Acreage subject to pooling totals 2.2 net acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. A permit application has been submitted but no permit has been issued. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit AW-93, Hurricane District, Buchanan County, Virginia. VGOB-03-04/15-1138.

In the AW-93 unit, the operator controls 93.99% of the coal and gas interests, and seeks to pool the remaining 6.01% of the interests. Acreage subject to pooling totals 3.53 net acres in one tract with five unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill has been issued, and a well was drilled in August of last year. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit AZ-100, Hurricane District, Buchanan County, Virginia. VGOB-03-04/15-1139.

In the AZ-100 unit, the operator controls 100% of the coal interests and 97.6% of the gas interests, and seeks to pool the remaining 2.4% of the gas interests. Acreage subject to pooling totals 1.4 net acres in one tract with four unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements.. A permit to drill the unit was issued in October of last year. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit BA-113, New Garden District, Russell County, Virginia. VGOB-03-04/15-1140.

In the BA-113 unit, the operator controls 96.2% of the coal and gas interests, and seeks to pool the remaining 3.8% of the interests. Acreage subject to pooling totals 2.2 net acres in two tracts with five unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill has been issued, and a well was drilled in August of last year. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of

coalbed methane unit CC-31, Garden District, Buchanan County, Virginia. VGOB-03-04/15-1141.

In the CC-31 unit, the operator controls 93.8% of the coal interests and 91.2% of the gas interests, and seeks to pool the remaining 6.2% of the coal interests and 8.8% of the gas interests. Coal acreage subject to pooling totals 4.95 net acres in one tracts with one unleased owner. Gas acreage subject to pooling totals 7.03 acres in three tracts with three unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 3/17/03 but no well has been drilled. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit FF-33, New Garden District, Russell & Buchanan Counties, Virginia. VGOB-03-04/15-1142.

In the FF-33 unit, the operator controls 100% of the coal interests and 92.8% of the gas interests, and seeks to pool the remaining 7.2% of the gas interests. Acreage subject to pooling totals 6.41 net acres in three tracts with three unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements.. A permit to drill the unit was issued in January of this year, and a well was drilled in March. Pooling was approved.

11. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for combination of drilling unit allowables for units R-17 and Q-17, South Grundy District, Buchanan County, Virginia. VGOB-03-0415-1143.

By order of the Board, each 80 acre unit in the Beatrice Sealed Gob area is allocated a maximum of 350 MMCF (million cubic feet) of gas but, upon application to the Board, unit allowables may be combined and produced from a common well. The applicant seeks to combine allowable production for units R-17 and Q-17 so as to produce 700 MMCF from existing well R17-19. R-17 and Q-17 are voluntary units (no pooling required), and proceeds of production will be paid according to existing agreements. The combination of allowable production was approved.

12. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for combination of drilling unit allowables for units S-17 and S-19, Hurricane and South Grundy Districts, Buchanan County, Virginia. VGOB-03-04/15-1144.

By order of the Board, each 80 acre unit in the Beatrice Sealed Gob area is allocated a maximum of 350 MMCF (million cubic feet) of gas but, upon application to the Board, unit allowables may be combined and produced from a common well. The applicant seeks to combine allowable production for units S-17 and S-19 so as to produce 700 MMCF from existing well S17-24. S-19 is a voluntary unit (no pooling required), and proceeds of production will be paid according to existing agreements. The S-17 unit was pooled under VGOB 98-0120-0617, and the applicant seeks any necessary modification of That order to allow for production of the combined allocation of gas. The combination of allowable production was approved.

13. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-505247 Kenady District, Dickenson County, Virginia. VGOB-03-04/15-1145.

In the VC-505247 unit, the operator controls 100% of the coal interests and 98.5% of the gas interests, and seeks to pool the remaining 1.5% of the gas interests. Acreage subject to pooling totals 0.9 net acres in one tract with up to 13 unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

14. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-505090, Roberson District, Wise County, Virginia. VGOB-03/04/15-1146.

In the V-505090 conventional gas unit, the applicant controls 65.9% of the oil and gas interests, and seeks to pool the remaining 34.1% of the interests. Unleased acreage subject to pooling totals 38.45 net acres in five tracts with three unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

In other matters:

The Board approved modification of the Virginia Gas and Oil Board Regulation Section 4 VAC 25-160-30F as required by enactment of new legislation. The legislation requires increase of Board filing fees from \$100 to \$130, and exempts the change from provisions of the Administrative Process Act.

The Board was notified that operations currently assigned to Consol Energy, Inc. and Pocahontas Gas Partnership are being consolidated under the name of CNX Gas LLC. CNX Gas was instructed to draft an order listing all docket numbers which will be affected by the change.

The deadline for filing of petitions to the Board for the May 2003 hearing is 5 p.m., April 15, 2003 with the hearing scheduled for 9 a.m., Tuesday, May 13, 2003 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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