

## Virginia Department of Mines, Minerals and Energy

## Virginia Gas and Oil Board

Minutes and results of hearing, March 16, 2004

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

1. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for creation and pooling of conventional gas unit TC-13, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0217-1258. Continued from February.

In the proposed TC-13 conventional gas unit, the applicant controls 94.8% of the oil and gas interests, and seeks to pool the remaining 5.9% of the interests. Unleased acreage subject to pooling totals 6.7 net acres in three tracts having two unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 1/8/04 and a well has been drilled. This item was heard at the February hearing but carried forward because of notice requirements. Pooling was approved.

2. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-98, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1261.

In the AZ-98 unit, the applicant controls 100% of the coalbed methane interests and 99.98% of the gas interests, and seeks to pool the remaining 0.02% of the gas interests. Unleased gas acreage subject to pooling totals 0.01 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 on 11/12/03 and a well has been drilled. Pooling was approved.

3. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit K-45, Garden District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1262.

In the K-45 unit, the applicant controls 90.0% of the coal and gas interests, and seeks to pool the remaining 9.0% of the interests. Acreage subject to pooling totals 7.8 net acres in four tracts with six unleased owners. There are no unlocated owners or conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-113, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0316-1263.

In the BG-113 unit, the applicant controls 90.8% of the coal and gas interests, and seeks to pool the remaining 9.2% of the interests. Acreage subject to pooling totals 5.4 net acres in one tract with over 180 unleased owners. There are unlocated owners but no conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-114, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0316-1264.

In the BG-114 unit, the applicant controls 99.05% of the coal and gas interests, and seeks to pool the remaining 0.95% of the interests. Acreage subject to pooling totals 0.56 net acres in one tract with over 180 unleased owners. There are unlocated owners but no conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BH-113, New Garden District, Russell County, Virginia. Docket Number VGOB-04-0316-1265.

In the BH-113 unit, the applicant controls 98.1% of the coal and gas interests, and seeks to pool the remaining 1.9% of the interests. Acreage subject to pooling totals 1.1 net acres in one tract with over 180 unleased owners. There are unlocated owners but no conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for a well location exception for proposed well 825247, Gladeville District, Wise County, Virginia. Docket Number VGOB-04-0316-1266.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 399 feet closer to applicant's existing gas well CNR 825246 and 181 feet closer to existing Equitable gas well V-133702 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-536033, Lipps District, Wise County, Virginia. Docket Number VGOB-04-0316-1267.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 216 feet closer to existing Equitable gas well V-535454 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.

9. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-550329, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0316-1268.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 25 feet closer to existing Equitable gas well P-160 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.

10. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-550329, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0316-1269.

In the proposed V-550329 conventional gas unit, the applicant controls 80.8% of the oil and gas interests, and seeks to pool the remaining 19.2% of the interests. Unleased acreage subject to pooling totals 19.2 net acres in one tract having two unleased owner. There are unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

11. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-503809, Lipps District, Wise County, Virginia. Docket Number VGOB-04-0316-1270.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 560 feet closer to existing Equitable gas well V-3808 than the 2500 feet mandated by

spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. Carried forward to April hearing.

12. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-503809, Lipps District, Wise County, Virginia. Docket Number VGOB-04-0316-1271.

In the proposed V-503809 conventional gas unit, the applicant controls 29.2% of the oil and gas interests, and seeks to pool the remaining 70.8% of the interests. Unleased acreage subject to pooling totals 79.8 net acres in 25 tracts having 41 unleased owner. There are unlocated owners subject to escrow. No permit application has been submitted. Carried forward to April hearing.

13. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit I-16, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1272.

In the I-16 unit, the applicant controls 74.15% of the coal and gas interests, and seeks to pool the remaining 25.85% of the interests. Acreage subject to pooling totals 20.7 net acres in six tracts with 15 unleased owners. There are no unlocated owners but there are conflicting claimants subject to escrow. No permit application has been submitted. Carried forward to April hearing.

14. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit I-17 South Grundy District, Buchanan County, Virginia. Docket Number VGOB-04-0316-1273.

In the I-17 unit, the applicant controls 83.8% of the coal and gas interests, and seeks to pool the remaining 16.2% of the interests. Acreage subject to pooling totals 12.98 net acres in three tract with eight unleased owners. There are no unlocated owners but there are conflicting claimants subject to escrow. No permit application has been submitted. Carried forward to April hearing.

15. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit FF-30, Garden and New Garden Districts, Buchanan and Russell Counties, Virginia. Docket Number VGOB-02-0917-1074-01.

In the FF-30 unit, the applicant controls 100% of the coalbed methane interests and 94.0% of the gas interests, and seeks to pool the remaining 5.0% of the gas interests. Unleased gas acreage subject to pooling totals 5.3 net acres in seven tracts with five unleased owner. There are conflicting claimants but no unlocated owners subject to escrow. There are also conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 5/10/02 and a well has been drilled and is producing. Pooling was approved.

16. The Virginia Gas and Oil Board considered a petition from CNX Gas Company for combination of drilling unit allowables for units T-17, S-18 and S-20, Hurricane, South Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-99-1117-0765-01.

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-18, S-20 and a portion of T-17 so as to produce 807 MMCF from existing wells T17E-31 and T17-40. S-18 and S-20 are voluntary unit (no pooling required), and proceeds of production will be paid according to existing agreements. The T-17 unit was pooled under VGOB 92-1117-0284, and the applicant seeks any necessary modification to that pooling order. Combination of allowables was approved.

The deadline for filing of petitions to the Board for the April hearing is 5 p.m., Friday, March 19, 2004, with the hearing scheduled for 9 a.m. on Tuesday, April 20, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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